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

Final report

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Evaluation carried out on behalf of the European Commission
Strategic, country-level evaluation of the European Union's cooperation with Serbia over the period 2012-2018

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The opinions expressed in this document represent the authors’ points of view which are not necessarily shared by the European Commission or by the authorities of the countries involved.
FINAL EVALUATION REPORT

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<tr>
<td>CARDS</td>
<td>Community Assistance for Reconstruction, Development and Stabilisation</td>
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<td>CFCU</td>
<td>Central Financing and Contracting Unit</td>
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<td>CRIS</td>
<td>Corruption in State Institutions</td>
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<td>CSF</td>
<td>Community Support Framework</td>
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<td>CSO</td>
<td>Civil Society Organisation</td>
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<td>DG NEAR</td>
<td>Directorate-General for European Neighbourhood and Enlargement Negotiations</td>
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<td>EC</td>
<td>European Commission</td>
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<td>ECRAN</td>
<td>Environment and Climate Regional Accession Network</td>
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<td>EQ</td>
<td>Evaluation Question</td>
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<td>ERP</td>
<td>Economic Reform Programme</td>
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<td>ESRP</td>
<td>Employment and Social Reform Programme</td>
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<td>EUD</td>
<td>European Union Delegation</td>
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<td>GRECO</td>
<td>Group of States Against Corruption</td>
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<td>IDP</td>
<td>Internally Displaced Person</td>
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<td>IFI</td>
<td>International Financial Institution</td>
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<td>IPA</td>
<td>Instrument for Pre-Accession Assistance</td>
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<td>ISP</td>
<td>Indicative Strategy Paper</td>
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<td>JC</td>
<td>Judgement Criteria</td>
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<td>MEL</td>
<td>Monitoring, Evaluation and Learning</td>
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<td>MIPD</td>
<td>Multi-annual Indicative Planning Document</td>
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<td>NAD</td>
<td>Needs Assessment Document</td>
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<td>NIPAC</td>
<td>National IPA Coordinator</td>
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<td>NJRS</td>
<td>National Judicial Reform Strategy</td>
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<td>OECD/DAC</td>
<td>Organisation for Economic Cooperation and Development/Development Assistance Committee</td>
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<td>PAR</td>
<td>Public Administration Reform</td>
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<td>ROM</td>
<td>Results-Oriented Monitoring</td>
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<td>ReSPA</td>
<td>Regional School for Public Administration</td>
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<td>SAA</td>
<td>Stabilisation and Association Agreement</td>
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<td>SBS</td>
<td>Sector Budget Support</td>
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<td>SEIO</td>
<td>Serbia–EU Integration Office</td>
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<td>SIGMA</td>
<td>Support for Improvement in Governance and Management</td>
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<td>SMC</td>
<td>Sector Monitoring Committee</td>
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<td>TAIEX</td>
<td>Technical Assistance and Information Exchange</td>
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<td>TEN-T</td>
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<td>Western Balkans Investment Facility</td>
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Abstract

This evaluation aims to provide an assessment of the European Union’s cooperation with Serbia on its path to EU accession, as well as its implementation, over the period 2012-2018. It covers EU cooperation including policy dialogue and IPA financial assistance at the national level and addresses eight evaluation questions which inform both accountability and learning for future EU cooperation.

The evaluation reviewed key documentation relating to the delivery of EU cooperation and results achieved across the six Indicative Strategy Paper sectors. A process tracing and contribution analysis approach was taken to identify and confirm the contributions of EU cooperation with higher level outcomes in four areas: public administration reform, judicial reform, environment and education. Analysis of contribution led to insights on what worked in EU cooperation with Serbia.

The findings of the evaluation confirm the EU’s clear and positive contribution to reform in Serbia and highlight areas of good practice which could be modelled in other sectors or countries to good effect. The report also identifies areas in which EU cooperation could be strengthened to improve the effectiveness and the accountability of its cooperation. While the findings and recommendations are specifically relevant to Serbia, they could be of interest to EU, national authorities and practitioners working in other Enlargement contexts.
Executive summary

This is the final report of the strategic, country-level evaluation of the European Union’s (EU) cooperation with Serbia over the period 2012-2018. The evaluation aims to ‘provide an assessment of the European Union’s cooperation with Serbia on its path to EU accession, as well as its implementation, over the period 2012-2018’. It assesses national-level EU cooperation including both policy dialogue and financial assistance through the Instrument for Pre-accession Assistance (IPA). The eight evaluation questions support accountability and learning for future EU cooperation. EU cooperation is reviewed across the six Indicative Strategy Paper (ISP) sectors, with in-depth analysis of: public administration reform, judicial reform, environment, and education.

Key findings against evaluation questions

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

EU cooperation is aligned with Serbia’s priorities on its path towards EU accession. Planning and programming of EU assistance aligned with priority needs and rose to the challenges which the Fundamentals First agenda intended to tackle. The longer-term perspective given by the ISP under IPA II has supported a more strategic approach. New tools such as the Economic Reform Programme (ERP) and Sector Budget Support (SBS), have made EU assistance more strategic in planning and implementation. A solid set of evaluations at the end of IPA I contributed to learning and enhanced programming under IPA II.

There are several areas where relevance could be strengthened. The ISP approach sets out priorities over a longer period but accompanying national strategic documents lack detail on the realities of how priorities will be achieved. While recognising that it is challenging, both policy dialogue and financial assistance need to bring greater efforts to bear on tackling negative national-level trends, such as related to media freedom and parliamentary accountability, that are undermining the effectiveness of support for reform.

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

The EU’s cooperation strategy with Serbia over the evaluation period has had clear and lasting effects on legislation and policy, institutional capacities and civil society. Government policy and legislation is more in line with the requirements of EU accession as a result of contributions from EU cooperation. While the strength and significance of this change varies, it is visible in each sector. The EU has used its dialogue with Serbia effectively in addressing governance issues and the fight against corruption and has improved its approach to these areas in policy formulation and project design. The public administration reform (PAR) process has been facilitated by the EU accession agenda and EU integration is the driving force for PAR at the national level. PAR is hampered because the agreed principles of public administration are not fully accepted, likely due to prevailing political interests. This relates particularly to the establishment of an impartial and professional civil service at higher-level positions.

In the rule of law and fundamental rights sector, there is a clear link between EU accession requirements, Serbia’s strategic frameworks, legislation and policy and EU assistance. What is not so clear is the link between EU assistance and implementation of policy and legislation. This is particularly true in relation to the fight against corruption and a number of areas of fundamental rights, notably freedom of expression and the media.
Dialogue is the main mechanism by which policy and legislative change are influenced. The relevant Stabilisation and Association Agreement (SAA) sub-committees raise issues and follow up on key actions. There are clear links between dialogue and EU financial assistance in the area of environmental protection, while in judicial reform and PAR, the links are less explicit. In-depth technical analysis, notably the SIGMA initiative and the Judicial Functional Review, provide evidence and understanding of root causes which inform both dialogue and design of IPA-funded actions. The introduction of SBS as a modality appears to respond to many of the issues raised in the 2011/12 sector evaluations, including ownership, fragmentation, and political commitment.

**EQ 3 To what extent has the EU’s cooperation strategy raised, over time, Serbia’s awareness of the general principles the EU stands for and/or the EU’s positive contributions?**

Evidence suggests that while the EU works hard at promoting both awareness of its support to Serbia and EU values, it has little control over the dominant media narrative. Public awareness of EU project support to Serbia appears to be growing, and the EU is seen (correctly) as the largest donor to Serbia. The public is generally in favour of the reforms promoted by the EU accession process, though they may not necessarily associate issues such as the fight against corruption with specific EU values. The biggest challenge remains in the political and media domains. This is related to the extent to which political leaders in Serbia, and the media that they influence, are seen to promote both the EU principles and the EU’s contributions. There is a divergence within the country, which is being exploited for domestic and international political reasons and this inhibits the adoption of European values.

**EQ 4 To what extent have the effects described in EQ2 contributed to Serbia’s political and economic reform and preparation for EU membership?**

Over the years, Serbia has progressed moderately in preparedness for EU membership with direct contribution of EU per sectoral and horizontal support. Consecutive EU progress reports found that Serbia has made progress particularly in terms of improved legislative and strategic base and public services. Serbia’s overall slow progress in meeting requirements for EU membership is related more to political and contextual factors than the provision of EU cooperation. Nevertheless, from variations in the extent to which EU cooperation has been able to contribute to Serbia’s political and economic reform, it was possible to identify a number of factors that affect EU contribution to impact. These include political commitment, working across interlinked institutions for ‘system-wide’ interventions, scale of support, continuity and long-term engagement. Further factors relating to the ability of EU cooperation to contribute to capacity development of state institutions include the extent to which it supports institutions’ ability to develop themselves, and accountability for results not just outputs.

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

There were several examples of good practice in the design and programming of assistance, particularly in relation to the sector approach and consultation for the development of the ISP for IPA II. Persistent delays remained in the translation of programmed priorities into contracted actions. Indirect management of IPA funds by the national authorities was affected by delays caused primarily by human resource constraints. Improvements over time nevertheless confirm that indirect management should be seen as an effective means of building administrative capacities for eventual management of EU structural funds.

The approach to monitoring, evaluation and learning (MEL) has useful components but is not sufficiently strategic or systematic. Key elements of the MEL system, including sector monitoring committees, ROMs and project reporting, do not provide sufficient coverage of the intermediate changes between project outputs and country-level outcomes. Consequently, monitoring focuses on implementation and delivery, at the expense of assessing contribution to institutional capacities and performance.
EQ 6 To what extent has the use of different instruments and modalities contributed to achieving programme results?

Across each sector, there was consensus that the modalities and management modes were appropriately used. Concerns identified in the 2012/13 round of evaluations that technical assistance (TA) projects were too small and fragmented were partially addressed with the adoption of the SBS modality. Twinning works well, though expectations are greater than the modality can offer. The introduction of decentralised management of EU funds could have been smoother and more graduated.

SBS is the modality that provides the greatest potential for future support to reform of national administration. It needs more careful design, more focus on outcomes and greater attention to the how, the theory of change. But provides a more comprehensive, system-wide and well-monitored approach to reform, and enables engagement at high political levels in order to address critical challenges.

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

EU strategic frameworks provide overarching guidance for programming of assistance at country and regional level. These frameworks include the accession perspective, naturally, but also EU initiatives such as the framework for the EU Trans-European Transport Network (TEN-T), the EU’s Strategy 2020 and macro-regional strategies such the Danube Region Strategy. They provide guidance for planning of IPA instruments at national and regional levels and inform multi-country initiatives such as the Western Balkans Investment Framework (WBIF). Regional and EU-wide initiatives such as SIGMA and the European Training Foundation provide valuable complementarity and policy direction. Coherence between regional and national IPA programming has improved since 2014.

The sector approach made programming for EU cooperation assistance more strategic and coherent under IPA II than under IPA I. It enabled broader participation, which in turn contributed to greater alignment of other donors’ and international financial institutions’ (IFIs’) support. Sector coordination of implementation was weaker and more fragmented, with fewer opportunities for donor and civil society participation.

Priority setting by IFIs was not always well coordinated with other international assistance. There were reports of ‘competition’ between IFIs, the EU and bilaterals to finance the most attractive, ready projects. A cause of this is the absence of single coordinated channels to manage investment finance in the national administration.

EQ 8 How does the approach of the EU in Serbia differ from that of other actors, and to what extent does this help or hinder the effectiveness of its assistance?

The EU accession perspective is a powerful driving narrative which provides direction and clarity for national and international actors. The EU has a superior set of cooperation tools, both in range and scale. It has the ability to convene and marshal additional support from IFIs, bilateral donors and other international organisations. It has the potential to realise a significant contribution to reform. Line Directorate-Generals (DGs) provide in-depth policy support and example solutions from EU Member States. In comparison with some other leading international actors, the EU devotes less attention to monitoring, evaluation and learning.

Conclusions and lessons learned

Strategy and programming. EU pre-accession assistance is appropriately focused on EU priorities and reforms needed for Serbia to meet the requirements of the EU acquis. Programming of EU assistance under IPA II became notably more strategic than under IPA I. More attention could be given to the underlying logic of how goals will be achieved to enhance effectiveness of programming. The processes required to translate programmed priorities into contracted actions took too long in many cases.
Support for reforms and capacity development. The use of SBS modalities in Serbia have demonstrated the potential to overcome many of the shortcomings of ‘classical’ technical assistance (TA) identified in earlier evaluations. This provided lessons that can inform other modalities for support to reform and capacity development. System-wide interventions are more likely to contribute to greater impact and sustainability. The SIGMA initiative to benchmark and monitor progress in PAR offers an example for other sectors. Investing in the ability of the national authorities to manage institutional change itself is critical for sustainability. Accountability mechanisms were vital elements of more successful interventions.

Support for investments. The EU has supported not just investment in key infrastructure but has contributed significantly to the policy and planning frameworks, particularly in the area of transport. Indirect management of IPA funds proved to be an appropriate mechanism for enabling the Government of Serbia to fund critical investments, despite suffering from inefficiencies. Progressive improvement demonstrates learning by the national authorities. The national authorities’ management of investment funding needs to be rationalised.

Transparency, accountability and participation. Where there were effective accountability mechanisms, interventions were more likely to deliver their goals. Intervention design should consider incentives and accountability for achieving results. This includes greater use of monitoring mechanisms as well as closer linkage to dialogue mechanisms. Engagement of civil society, business and social partners could be used to greater effect.

Monitoring, evaluation and learning. There were examples of good practice and useful MEL instruments. However, the approach to MEL is not sufficiently structured or strategic to provide accurate, evidence-based and real-time insight into how the EU cooperation is effecting change at the country level.

Recommendations

R1. It is recommended that the EU provide, if requested, appropriate technical support to the national authorities to assist in preparation of the IPA III strategic response. The support should include assistance for considering how goals are best achieved,

R.2. It is recommended that the EU work to strengthen links between policy dialogue and programming of financial assistance both at the design stage and during implementation.

R3. It is recommended that the EU continue to work with national authorities to identify opportunities for applying the SBS modality for supporting reforms.

R4. It is recommended that DG NEAR work with EU Delegations (EUDs) as well as the body of staff and consultants that support SBS to strengthen practice in the Western Balkans.

R5. It is recommended that the EU continue to work with national authorities to identify opportunities for applying the SBS modality for supporting reforms.

R6. It is recommended that the EU ensure 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

R7. It is recommended that the EU work closely with IFIs to engage and support the Government of Serbia to create single institutional arrangements for managing investments in infrastructure.

R8. It is recommended that the EU works with the national authorities to ensure that measures are in place to continuously develop the national capacities for managing EU funds. It is particularly relevant to maintain the engagement of DGs Regio, Agri and Employment to inform and support national policymaking capacities, and offer guidance in the use of EU funds for implementation of policy measures.

R9. With a view to the underdeveloped social dialogue, it is recommended that DG NEAR and the EUD ensure that there is systematic involvement of social partners, businesses and civil society in a wider range of support for reforms in Serbia.
R10. It is recommended that DG NEAR develop additional mechanisms for supporting moves towards budget transparency from the side of the Government of Serbia, with a view to strengthening performance and accountability of financial assistance.

R11. It is recommended that the EU work with the national authorities to develop and operationalise an overarching MEL framework for EU cooperation at the country level, and to ensure that there is robust real-time evidence to demonstrate contribution to impact of EU cooperation.

R12. It is recommended that the EU work with the national authorities to redefine the role and scope of work of the National IPA Coordinator (NIPAC) with regard to monitoring of EU-funded actions under IPA III, with a particular focus on monitoring their contribution to reforms at sector level.
Sommaire


i. Principales conclusions tirées des questions d’évaluation

QE 1 Dans quelle mesure la coopération de l’Union européenne avec la Serbie a-t-elle permis de relever les divers défis/besoins auxquels la Serbie est confrontée dans le cadre de son adhésion à l’UE et de ses propres processus de réforme ?

La coopération de l’Europe est conforme aux priorités de la Serbie dans le cadre de son adhésion à l’UE. La planification et la mise en œuvre de l’aide de l’UE répondent aux priorités existantes et sont à la hauteur des défis que le programme « les Fondamentaux d’abord » entend relever. La perspective à long terme donnée par l’ISP au titre de l’IAP II a favorisé une approche plus stratégique. De nouveaux outils, dont le Programme de Réforme économique (PRE) et l’Appui budgétaire sectoriel (ABS), ont rendu l’aide de l’UE plus stratégique en matière de planification et de mise en œuvre. Un ensemble cohérent d’évaluations à la fin de l’IAP I a permis de tirer des enseignements et de renforcer la programmation au titre de l’IAP II.

Plusieurs domaines pourraient être renforcés. L’approche du DSI définit des priorités à plus long terme, tandis que les documents stratégiques nationaux qui l’accompagnent manquent de détails sur les réalités de la réalisation des priorités. Bien qu’il s’agisse d’un véritable défi, tant le dialogue politique que l’aide financière doivent s’efforcer davantage de lutter contre les tendances négatives au niveau national, telles que celles liées à la liberté des médias et à la responsabilité parlementaire, qui sapent l’efficacité du soutien aux réformes.

QE 2 Quelles ont été les répercussions de la Stratégie de coopération de l’Union européenne avec la Serbie au cours de la période d’évaluation (par exemple sur le renforcement des capacités) ?

Les retombées de la Stratégie de coopération de l’Union européenne avec la Serbie au cours de la période d’évaluation ont été manifestes et durables sur la législation et la politique, les capacités institutionnelles et la société civile. La politique et la législation du gouvernement sont davantage conformes aux exigences de l’adhésion à l’UE grâce aux contributions de la coopération européenne. Bien que la portée et le poids de ce changement varient, il est visible dans chaque secteur. L’UE a su faire usage de son dialogue avec la Serbie de manière efficace pour aborder les questions de gouvernance et la lutte contre la corruption et elle a amélioré son approche de ces domaines dans la formulation de politiques et la conception de projets. Le processus de Réforme de l’administration publique (RAP) a été grandement favorisé par le programme d’adhésion à l’UE et l’intégration à l’UE en constitue le moteur à l’échelle nationale. Or, les principes convenus de l’administration publique ne sont pas pleinement acceptés, probablement en raison des intérêts politiques qui prévalent, ce qui entrave la mise en œuvre de la RAP. Ce dernier point porte notamment sur la mise en place d’une fonction publique impartiale et professionnelle aux postes de haut niveau.

Dans le secteur de l’État de droit et des Droits fondamentaux, il existe un lien évident entre les conditions d’adhésion à l’UE, les cadres stratégiques, la législation et la politique de la Serbie et l’aide de l’UE. En revanche, le lien entre l’aide de l’UE et la mise en œuvre de la politique et de la législation n’est pas aussi bien défini. Ce constat vaut tout particulièrement pour la lutte contre la corruption et un certain nombre de volets des droits fondamentaux, notamment la liberté d’expression et des médias.
Le dialogue se veut le principal mécanisme qui permet d’influencer les changements politiques et législatifs. Les sous-comités ASA (accord de stabilisation et d’association) concernés soulèvent certains problèmes et garantissent le suivi des actions clés. Il existe des corrélations incontestables entre le dialogue et l’aide financière de l’UE dans le domaine de la protection de l’environnement, tandis que dans le domaine de la réforme judiciaire et de la RAP, les liens sont moins explicites. Des analyses techniques approfondies, notamment l’initiative SIGMA et le réexamen fonctionnel du système judiciaire, fournissent des preuves et une compréhension des causes profondes qui éclairent à la fois le dialogue et la conception des actions financées par l’IAP. La mise en œuvre de l’ABS en tant que modalité semble répondre à de nombreuses questions soulevées dans les évaluationssectorielles de 2011-2012, notamment l’appropriation, la fragmentation et l’engagement politique.

**QE 3 Dans quelle mesure la stratégie de coopération de l’UE a-t-elle, au fil du temps, sensibilisé la Serbie aux principes généraux défendus par l’UE et/ou aux contributions positives de l’UE ?**

Les données disponibles suggèrent que si l’UE s’efforce de promouvoir à la fois la prise de conscience de son soutien à la Serbie et de ses valeurs, elle exerce un contrôle limité sur le discours dominant des médias. Le public semble de plus en plus conscient du soutien apporté par l’UE à la Serbie dans le cadre de projets et l’UE est considérée (à juste titre) comme le plus grand bailleur de fonds de la Serbie. La population se prononce généralement en faveur des réformes promues par le processus d’adhésion à l’UE, bien qu’elle n’associe pas nécessairement des questions telles que la lutte contre la corruption à des valeurs européennes spécifiques. Le plus grand défi demeure dans les domaines politique et médiatique. Il est lié à la mesure dans laquelle les dirigeants politiques de Serbie, et les médias qu’ils influencent, sont perçus comme promouvant à la fois les principes de l’UE et les contributions de l’UE. Une divergence règle au sein du pays, laquelle est exploitée pour des raisons politiques nationales et internationales, ce qui entrave l’adoption des valeurs européennes.

**QE 4 Dans quelle mesure les effets décrits dans la QE 2 ont-ils contribué à la réforme politique et économique de la Serbie et à sa préparation à l’adhésion à l’UE ?**

Au fil des ans, la Serbie a modérément progressé dans sa préparation à l’adhésion à l’UE grâce à la contribution directe de celle-ci par le biais d’un soutien sectoriel et horizontal. Les rapports de suivi consécutifs de l’UE ont montré des avancées en Serbie, notamment en termes de renforcement de la base législative et stratégique et des services publics. La lenteur générale des progrès réalisés par la Serbie pour satisfaire aux exigences de l’adhésion à l’UE est davantage liée à des facteurs politiques et contextuels qu’à la concrétisation de la coopération avec l’UE. Néanmoins, au vu des variations constatées dans la mesure où la coopération de l’UE a pu contribuer à la réforme politique et économique de la Serbie, un certain nombre de facteurs influent sur la contribution de l’UE à l’impact ont pu être dégagés. Parmi eux, l’engagement politique, la collaboration entre des institutions liées entre elles pour des interventions « à l’échelle du système », l’ampleur du soutien, la continuité et l’engagement à long terme. D’autres éléments également associés à la faculté de l’UE de contribuer au renforcement des capacités des institutions publiques comprennent notamment la mesure dans laquelle elle soutient la capacité des institutions à se développer par elles-mêmes, et la responsabilité des résultats et pas seulement des produits.

**QE 5 Quels sont les facteurs qui ont contribué ou entravé la mise en œuvre efficace de l’aide financière de l’UE, avec une attention particulière accordée aux structures et processus de planification, de suivi et de gestion, à la surveillance et à l’établissement de rapports ?**

Plusieurs exemples de bonnes pratiques ont été relevés dans la conception et la programmation de l’aide, notamment en ce qui concerne l’approche sectorielle et la consultation pour l’élaboration de la DSI pour l’IAP II. La traduction des priorités programmées en actions contractuelles a continué à accuser des retards récurrents. La gestion indirecte des fonds de l’IAP par les autorités nationales a été affectée par des retards dus principalement à des contraintes de ressources humaines. Les améliorations apportées au fil du temps confirment néanmoins que la gestion indirecte doit être considérée comme un moyen efficace de renforcer les capacités administratives pour la gestion à terme des fonds structurels de l’UE.
L’approche de suivi, d’évaluation et d’apprentissage (MEL) comporte des éléments utiles, mais n’est pas suffisamment stratégique ou systématique. Les éléments clés du programme MEL, notamment les Comités de suivi sectoriel, les ROM et les rapports de projet, ne couvrent pas suffisamment les changements intermédiaires entre les entrants du projet et les résultats au niveau national. Par conséquent, le suivi se concentre sur la mise en œuvre et la réalisation, au détriment de l’évaluation de la contribution aux capacités et aux performances institutionnelles.

QE 6 Dans quelle mesure l’utilisation de différents instruments et modalités a-t-elle contribué à l’obtention des résultats du programme ?

Tous les secteurs s’accordent à dire que les modalités et les modes de gestion ont été dûment observés. Les préoccupations identifiées lors du cycle d’évaluation de 2012-2013, selon lesquelles les projets d’assistance technique étaient trop restreints et fragmentés, ont été partiellement levées avec l’adoption de la modalité ABS. Le partenariat s’avère donc efficace, même si les attentes dépassent les potentialités de cette formule. Le recours à la gestion décentralisée des fonds européens aurait pu être plus souple et plus progressif.

L’ABS est la formule qui offre le plus grand potentiel de soutien futur à la réforme de l’administration nationale. Sa conception nécessite la plus grande attention, une réflexion plus poussée sur les résultats et une plus grande prise en compte du comment, de la théorie du changement. Mais elle prévoit néanmoins une approche de la réforme plus approfondie, plus systémique et mieux encadrée, et permet un engagement à des niveaux politiques élevés afin de relever les défis essentiels.

QE 7 Dans quelle mesure les différentes composantes de la coopération de l’Union européenne avec la Serbie sont-elles complémentaires les unes des autres, en accord avec les politiques du gouvernement et harmonisées avec le soutien d’autres bailleurs de fonds ?


L’approche sectorielle a renforcé le rôle stratégique et la cohérence de la programmation de l’aide à la coopération de l’UE dans le cadre de l’IAP II par rapport à l’IAP I. Elle a favorisé une participation plus étendue, ce qui a contribué à un meilleur alignement du soutien des autres bailleurs de fonds et des IFI. La coordination sectorielle de la mise en œuvre s’est avérée moins efficace et plus fragmentée, avec moins de possibilités de participation des différents acteurs (bailleurs de fonds et société civile).

La définition des priorités par les IFI n’a pas toujours été bien coordonnée avec les autres aides internationales. Des rapports font état d’une « concurrence » entre les IFI, l’UE et les organismes bilatéraux pour le financement des projets les plus prometteurs et les plus faciles à mettre en œuvre. L’absence de canaux uniques concertés pour la gestion du financement des investissements au sein de l’administration nationale en est une cause.

QE 8 En quoi l’approche de l’UE en Serbie diffère-t-elle de celle des autres acteurs, et dans quelle mesure cela contribue-t-il ou nuit-il à l’efficacité de son aide ?

La perspective d’adhésion à l’UE constitue un argument puissant offrant aux acteurs nationaux et internationaux une orientation et une visibilité claires. L’UE dispose d’un ensemble d’outils de coopération de qualité supérieure, tant en termes de portée que d’échelle. Elle est en mesure de mobiliser et de rassembler des aides supplémentaires auprès des IFI, des bailleurs de fonds bilatéraux et autres organisations internationales. Elle peut potentiellement apporter une contribution significative à la
réforme. Les DG opérationnelles assurent un soutien politique approfondi et présentent des solutions pratiques proposées par les États membres de l’UE. Par rapport à certains autres acteurs internationaux de premier plan, l’UE accorde moins d’attention au suivi, à l’évaluation et à la formation.

**ii. Conclusions et enseignements tirés**

**Stratégie et programmation** L’aide de préadhésion de l’UE est correctement ciblée sur les priorités de l’UE et les réformes nécessaires pour permettre à la Serbie de satisfaire aux exigences de l’acquis communautaire. La programmation de l’aide de l’UE au titre de l’IAP II est devenue nettement plus stratégique que celle de l’IAP I. Une plus grande attention pourrait être accordée à la logique sous-jacente de la manière dont les objectifs seront atteints pour renforcer l’efficacité de la programmation. Les processus nécessaires pour traduire les priorités programmées en actions contractuelles ont pris trop de temps dans de nombreux cas.

**Appui aux réformes et au renforcement des capacités** Le recours aux modalités ABS en Serbie a montré qu’il était possible de surmonter bon nombre des lacunes constatées dans les évaluations antérieures de l’assistance technique "classique". Ces enseignements peuvent servir de base à d’autres formules de soutien aux réformes et au renforcement des capacités. Les interventions à l’échelle du système sont davantage susceptibles de contribuer à un impact et une durabilité accrus. L’initiative SIGMA visant à évaluer et à suivre les progrès de la RAP offre un exemple pour d’autres secteurs. Investir dans la capacité des autorités nationales à gérer le changement institutionnel lui-même est essentiel pour la durabilité. Les mécanismes de responsabilisation sont des éléments essentiels à l’efficacité des interventions.

**Soutien aux investissements** L’UE a non seulement soutenu les investissements dans les infrastructures clés, mais a contribué de manière significative aux cadres politiques et de planification, en particulier dans le domaine des transports. La gestion indirecte des fonds de l’IAP s’est révélée être un mécanisme approprié pour permettre au gouvernement serbe de financer des investissements essentiels, malgré les dysfonctionnements observés. Une amélioration progressive démontre que les autorités nationales apprennent. La gestion du financement des investissements par les autorités nationales doit être rationalisée.

**Transparence, responsabilité et participation** Lorsqu’il existe des mécanismes de responsabilisation efficaces, les interventions ont davantage tendance à atteindre leurs objectifs. La préparation des interventions doit tenir compte des mesures d’incitation et de la responsabilisation nécessaires à leur réussite. Cette approche implique un recours accru aux mécanismes de suivi ainsi qu’un lien plus étroit avec les mécanismes de dialogue. L’engagement de la société civile, des entreprises et des partenaires sociaux pourrait être mis à profit pour de meilleurs résultats.

**Suivi, évaluation et enseignement** Certains exemples de bonnes pratiques et d’instruments MEL se sont avérés utiles. Toutefois, l’approche MEL n’est pas suffisamment structurée ou stratégique pour fournir un aperçu précis, fondé sur des preuves et en temps réel de la manière dont la coopération de l’UE entraîne des changements au niveau national.

**iii. Recommandations**

**R1.** Il est recommandé que l’UE fournisse, sur demande, un soutien technique approprié aux autorités nationales pour les aider à préparer la réponse stratégique de l’IAP III. Ce soutien devrait comprendre une aide à la réflexion sur la façon la plus efficace d’atteindre les objectifs.

**R2.** Il est recommandé que l’UE s’efforce de renforcer les liens entre le dialogue politique et la programmation de l’aide financière, tant au stade de la conception que de la mise en œuvre.

**R3.** Il est recommandé que l’UE continue à travailler avec les autorités nationales pour dégager les possibilités d’appliquer le mécanisme d’appui budgétaire sectoriel pour soutenir les réformes.

**R4.** Il est recommandé que la DG NEAR travaille avec les DUE ainsi qu’avec l’ensemble du personnel et des consultants qui soutiennent l’ABS afin de renforcer la pratique dans les Balkans occidentaux.
R5. Il est recommandé que l'UE investisse dans la constitution d’une base de connaissances pertinente sur les mesures efficaces de réforme des institutions gouvernementales partenaires.

R6. Il est recommandé que l’UE garantisse que les interventions destinées à renforcer les capacités institutionnelles placent le lieu de contrôle de la gestion des réformes fermement auprès des institutions et agences gouvernementales afin qu’elles mènent leurs propres réformes.

R7. Il est recommandé que l’UE travaille en étroite collaboration avec les IFI pour engager et aider le gouvernement de Serbie à créer des arrangements institutionnels uniques pour la gestion des investissements dans les infrastructures.

R8. Il est recommandé que l’UE travaille avec les autorités nationales pour s’assurer que des mesures sont en place pour développer en permanence les capacités nationales de gestion des fonds de l’UE. Il est particulièrement important de maintenir l’engagement des DG Regio, Agri et Emploi pour informer et soutenir les capacités d’élaboration des politiques nationales et proposer des conseils sur l’utilisation des fonds de l’UE pour la mise en œuvre des mesures politiques.

R9. Le dialogue social étant faiblement engagé, il est recommandé que la DG NEAR et les DUE veillent à la participation systématique des partenaires sociaux, des entreprises et de la société civile à un plus large éventail de mesures de soutien aux réformes en Serbie.

R10. Il est recommandé que la DG NEAR développe des mécanismes supplémentaires visant à soutenir les efforts de transparence budgétaire du gouvernement serbe, en vue de renforcer les performances et la responsabilité de l’assistance financière.

R11. Il est recommandé que l’UE travaille avec les autorités nationales pour développer et rendre opérationnel un cadre global de suivi, d’évaluation et d’apprentissage pour la coopération de l’UE au niveau du pays, et pour garantir l’existence de preuves tangibles, en temps réel démontrant la contribution à l’impact de la coopération de l’UE.

R12. Il est recommandé que l’UE travaille avec les autorités nationales pour redéfinir le rôle et le champ d’action du NIPAC dans le cadre du suivi des actions financées par l’UE au titre de l’IAP III, en mettant particulièrement l’accent sur le suivi de leur contribution aux réformes au niveau sectoriel.
Извршни резиме

Ово је завршни извештај пројекта Стратешке евалуације сарадње Европске уније са Србијом током периода 2012-2018. године. Циљ евалуације јесте да се "обезбеди процена сарадње Европске уније са Србијом на њеном путу приступања ЕУ, као и њеном спровођењу, током периода 2012-2018. године". Процењује се сарадња са ЕУ на националним нивоу, укључујући дијалог о политикама, као и финансијска помоћ обезбеђена путем Инструмента за претприступну помоћ (ИПА). Намена датих осам евалуационих питања била је да се пружи подршка у области одговорности и учења за потребе будуће сарадње са ЕУ. Сарадња са ЕУ анализирана је у шест сектора дефинисаних у Индикативном стратешком документу (ИСД), са дубинском анализом: реформе јавне управе, реформе правосуђа, сектора животне средине и образовања.

iv. Кључни налази у односу на евалуациона питања

ЕП 1 У којој мери се сарадња Европске уније са Србијом бавила низом различитих изазова/потреба са којима се Србија суочава на свом путу ка приступању ЕУ и у оквиру сопствених реформских процеса?

Сарадња са ЕУ усклађена је са приоритетима Србије на њеном путу ка приступању ЕУ. Процес планирања и програмирања помоћи ЕУ усаглашен је са приоритетним потребама и успешно се носи са изазовима које је агенда „Прво основе” требало да решава. Дугорочна перспектива коју нуди ИСД у склопу ИПА II обезбедила је подршку за јачање стратешког приступа. Нови алати, као што су Програм економских реформи (ЕРП) и Секторска буџетска подршка (СБП), повећали су степен стратешке природе помоћи ЕУ, како у процесу планирања, тако и спровођења. Јединствен сет евалуација на крају ИПА I допринео је процесу учења и унапређеног програмирања у склопу ИПА II.

Постоји више области у којима би се могла унапредити релевантност. Приступом из ИСД утврђују се приоритети током дужег периода, међутим пратећи национални стратешки документи не дају информације о томе какоће ти приоритети заправо бити остварени. Иако прихватамо да је ово питање пуно изазова, и дијалог о политикама и финансијска помоћ морају да усмере веће напоре на решавање негативних трендова на националном нивоу, као што су питања у вези са слободом медија и парламентарном одговорношћу, која подривају делотворност подршке за реформе.

ЕП 2 Који су били ефекти стратегије ЕУ за сарадњу са Србијом током периода евалуације (нпр. у погледу изграђе капацитете)?

Стратезија сарадње ЕУ са Србијом током периода евалуације имала је јасне и трајне последице по законодавство и политике, институционалне капацитете и цивилно друштво. Као резултат доприноса које је дала сарадња са ЕУ, повећана је усклађеност политика Владе и законодавства са захтевима приступања ЕУ. Иако интензитет и значај ове промене варирају, она је приметна у свим секторима. ЕУ је делотворно искористила дијалог са Србијом за решавање питања рукувођења и борбе против корупције, и унапредила је свој приступ овим областима приликом формулисања политика и осмишљавања пројеката. Агенда за приступање ЕУ је поспешила процес реформе јавне управе (РЈУ), а европске интеграције су покретачка снага за РЈУ на националном нивоу. РЈУ је отежана због тога што договорена начела јавне управе нису у потпуности прихваћена, врло вероватно због превладавајућих политичких интереса. Ово се нарочито односи на успостављање непристрасне и професионалне јавне службе на високим позицијама.

У сектору владавине права и основних права постоји јасна веза између захтева процеса приступања ЕУ, стратешких оквира Србије, законодавства и политике, као и помоћи коју пружа ЕУ. Оно што није толико јасно јесте веза између помоћи ЕУ и спровођења политика и законодавства.
Ово је нарочито случај у вези са борбом против корупције и у низу области које се базе темом основних права, првенствено слободе изражавања и медија.

Дијалог је главни механизам кроз који се врши утицај на промену политика и законодавства. Релевантни под-одбори ССП отварају питања и прате спровођење кључних активности. Постоје јасне везе између дијалога са ЕУ и финансијске помоћи ЕУ у области заштите животне средине, док су у области реформе правосуђа и РЈУ везе мање изричите. Дубинске техничке анализе, првенствено СИГМА иницијатива и Функционална анализи праваосуђака, дају податке и утичу на разумевање основних узрока на којима се темељи како дијалог, тако и осмишљавање активности финансираних путем ИПА. Чини са да увођење СБП као модалитета одговара на бројна питања која су се јавила током секторских евалуација спроведених 2011/2012. године, укључујући питања власништва, фрагментације и политичке одговорности.

**ЕП 3 У којој мери је стратегија сарадње са ЕУ заступа, односно о позитивним доприносима ЕУ?**

Подаци указују да иако ЕУ напорно ради на подизању свести о својој подршци Србији и о вредностима ЕУ, нема разрађена концепција која утежи ниво свести у Србији о ЕУ и о вредностима ЕУ. Делује да свест јавности о ефикасности и доприносу ЕУ у различитим области, као што су борба против корупције, реформа правосуђа, заштита животне средине и управљање структурним фондовима ЕУ, може да се повећа. Дела се у области вршења политичког и економског сарадња ЕУ са Србијом, као и у области вршења политичког сарадња ЕУ са Србијом, као и у области вршења политичког сарадња ЕУ са Србијом.

**ЕП 4 У којој мери су ефекти описани у питању 2 допринели политичкој и економској реформи у Србији и припремама за чланство у ЕУ?**

Током протеклих година Србија је умерено напредовала у погледу спремности за чланство у ЕУ, уз непосредан допринос ЕУ по секторима, као и хоризонталну подршку. Узастопни Извештаји ЕУ о напредку утврђено је да је Србија остварила напредак у финансијској политици, у оквиру генералних уговора о правним насилним формама и у области финансијских услуга. Спремност и нагласак ЕУ са јавности о својим активностима и финансијским уговорима ЕУ у Србији, као и у области вршења политичког сарадња, ЕУ се виде као највећи донатор Србији. Јавност је за редукторе и експерте који се осматрају за потребе домаће и међународне политике, што омета прихватење европских вредности.

**ЕП 5 Који су чиниоци допринели или ометали ефикасно спровођење финансијске помоћи ЕУ, уз посебан осврт на структуре за планирање, праћење и руковођење, као и процесе, надзор и извештавање?**

Било је неколико примера добре праксе у осмишљавању и програмирању помоћи, најчешће у вези са секторским приступом и консултацијама за развој ИСД за ИПА II. И даље постоје стална кашњења у превођењу у програмирани приоритети у уговорене активности. На посредно управљање ИПА са узастопним Извештајима о садарењу и идентификацији у области финансијске помоћи ЕУ, мање је сачинено и систематско у складу са циљевима ЕУ.

Приступ Србије праћењу, оцењивању и учињењу (ПОУ) садржи корисне компоненте, али је недовољно стратешки и систематичан. Кључни елементи система ПОУ, укључујући Секторске одборе за праћење, нарушење узмерено на резултате (РОМ), и извештавање о пројектима, не обезбеђују
довољан степен покривености прелазних промена између резултата пројеката и исхода на нивоу земље. Последично, праћење се усмерава на спровођење и извршење, на штроб процени доприноса интервенција институционалним капацитетима и учинку.

**ЕП 6 У којој мери је примена различитих инструмената и модалитета допринала остваривању програмских резултата?**

За сваки од сектора постојао је консенсус о томе да су модалитети и режими упрavljanja коришћени на одговарајући начин. Проblems наведени у евалуацијама из 2012/13. године, да су пројекти техничке помоћи претерано мали и уситњени, делимично су решени усвајањем модалитета СБП. Тврдни добро функционише, иако су очекивана већа него што модалитет може да понуди. Увођење децентрализованог управљања ЕУ фондовима могло је да буде несметане и постепене.

СБП је модалитет који нуди највећи потенцијал за будућу подршку реформи државне управе. Потребнo му је пажљивије осмишљавање, већи фокус на исходе и више пажње посвећене питању како, односно теорији промене. Међутим, он нуди свеобухватнији приступ реформама који се протеже на читав систем и добро се прати, и омогућује ангажовање на високим политичким нивоима ради решавања кључних изазова.

**ЕП 7 У којој мери су различите компоненте сарадње Европске уније са Србијом узајамно комплементарне, усклађене са политикама Владе, и усаглашене са подршком других донатора.**

Стратешки оквири ЕУ нуде оквирне смернице за програмирање помоћи на нивоу земље и региона. Ови оквири, наравном, укључују перспективу приступања, али и иницијативе ЕУ као што су ТЕН-Т транспортни оквир, ЕУ Стратегија 2020 и макро-регионалне стратегије као што су Стратегија за дунавски регион (ЕУСДР), Обезбеђују смернице за планирање ИПА инструмената на националном и регионалном нивоу, као и уласне информације за мултинационалне иницијативе као што је Инвестициони оквир за Западни Балкан (WBIF). Регионалне и ЕУ иницијативе као што су СИГМА и Европска фондација за обуку обезбеђују важне комплементарне доприносе и смернице за политике. Од 2014. године унапређена је кохеренција између регионалног и националног ИПА програмирања.

Секторски приступ је учинио програмирање ЕУ помоћи више стратешким и кохерентнијим у оквиру ИПА II у односу на ИПА I. Омогућио је шире учешће, што је потом допринело већем усаглашавању подршке других донатора и МФИ. Секторска координација спровођења била је слабија и уситњена, уз мање прилика за учење донатора и цивилног друштва.

Приоритети које су утврдиле МФИ нису увек били добро координирани са осталим међународним помоћи. Било је извештaja о "надметању" између МФИ, ЕУ и билатералне за финансирање најатрактивнијих и најспремнијих пројеката. Један разлог за то је недостатак једноличног алата за упоредно програмирање. У поређењу са појединим другим водећим мултинационалним актерима, ЕУ посвећује мање пажње праћењу, оцењивању и учењу.

**ЕП 8 На који начин се приступ ЕУ у Србији разликује од других актера, и у коjojoj мери то потпомаже или омета делатност њене помоћи?**

Перспектива приступања ЕУ представља моћан покретачки наратив који обезбеђује управљање и јасноћу националним и међународним актерима. ЕУ поседује супериоран скуп алата за спровођење, тако и обима. Поседује способност да окупи и усаглашавање подршке других донатора и МФИ. Секторска координација спровођења била је слабија и уситњена, уз мање прилика за учење донатора и цивилног друштва. Било је извештaja о "надметању" између МФИ, ЕУ и билатералне за финансирање најатрактивнијих и најспремнијих пројеката. Један разлог за то је недостатак једноличног алата за упоредно програмирање. У поређењу са појединим другим водећим међународним актерима, ЕУ посвећује мање пажње праћењу, оцењивању и учењу.
Закључци и научене лекције

Стратегија и програмирање. Претпоставна помоћ ЕУ на одговарајући је начин усмерена на приоритете ЕУ и реформе које су Србији потребне да би испуњила услове правних тековина ЕУ. Степен стратешког програмирања помоћ ЕУ у оквиру ИПА II приметно је већи него у оквиру ИПА I. Већа пажња могла би да се обрати на основну логику како ће циљеви бити остварени да би се додатно унапредиле делотворност програмирања. Процес неопходан да би се програмирани приоритети превели у уговорене активности у појединим случајевима је трајао предуго.

Подршка за реформе и развој капацитета. Примена модалитета СБП у Србији показала је потенцијал за превазилажење многих недостатака "класичне" ТП утврђених током претходних еvaluација. Овим су обезбеђене лекције које могу да послуже као улазне информације за друге модалитете подршке за реформе и развој капацитета. За интервенције на читавом систему већа је вероватноћа да ће допринети већем утицају и одрживости. СИГМА иницијатива - обезбеђување договорених мерила за праћење у односу на јасно дефинисане показатеље - функционисала је добро за подршку реформи јавне управе и нуди пример за друге секторе. Улагање у способност националних органа да сами управљају институционалним променама од кључне је важности за одрживост. Механизми одговорности били су кључни елементи успешнијих интервенција.

Подршка за инвестиције. ЕУ је подржала не само улагања у кључну инфраструктуру, већ је у значајној мери допринела и политичком и планском оквиру, нарочито у области транспорта. Посредно управљање ИПА фондовима показало се као одговарајући механизам којим је Влади Републике Србије омогућено да финалису јавне инвестиције, упркос тој што пати од неефикасности. Прогресивна побољшавања показвају да национални органи учи. Требао је рационализовати управљање инвестиционим финансирањем од стране националних органа. Транспарентност, одговорност и учешће. У случајевима у којима су постојали делотворни механизми одговорности било је вероватније да ће интервенције испунити своје циљеве. При осмишљавању интервенција требало би разматрити подстицаје и одговорност за остваривање резултата. Ово укључује већу примену механизма за праћење, као и ближе везе са механизмима за дијалог. Ангажовање цивилног друштва, привреде и социјалних партнера могло би се искористити ради већег ефекта.

Праћење, оцене и учење. Постојали су примери добрих пракси и корисних инструмената за ПОУ. Међутим, приступ ПОУ није довољно структуриран, нити стратешки постављен како би обезбедио прецизан увид, у реалном времену и заснован на подацима, у начин на који сарадња са ЕУ доводи до промена на националном нивоу.

vi. Препоруке

П1. Препоручује се да ЕУ на захтев обезбеди одговарајућу техничку подршку националним органима који ће помоћи у припреми ИПА III стратешког одговора. Подршка би требало да укључује помоћ у разматрању како на најбољи начин остварити циљеве.

П2. Препоручује се да ЕУ ради на јачању веза између политичког дијалога и програмирања финансијске помоћи, како у фази осмишљавања, тако и током спровођења.

П3. Препоручује се да ЕУ настави да ради са националним органима да би проналазила прилике за примену модалитета секторске буџетске подршке за подршку реформама.

П4. Препоручује се да DG NEAR ради са делегацијама ЕУ, као и са корпусом запослених и консултаната који подржавају СБП, како би се унапредила пракса на Западном Балкану.

П5. Препоручује се да ЕУ уложи у развој релевантне базе знања о томе шта функционише у реформама партнерских владиних институција.
П6. Препоручује се да ЕУ обезбеди да интервенције осмишљене ради изградње институционалних капацитета поставе центар контроле управљања реформама чврсто у оквире владиних институција и агенција, тако да оне саме могу да воде своје реформе.

П7. Препоручује се да ЕУ блиско сарађује са МФИ како би ангажовала и подржала Владу Републике Србије у креирању јединствених институционалних аранжмана за управљање инвестицијама у инфраструктуру.

П8. Препоручује се да ЕУ сарађује са националним органима како би обезбедила постојање мера за континуиран развој националних капацитета за управљање ЕУ фондовима. Нарочито је релевантно очување ангажовање генералних директората за регионе, пољопривреду и запошљавање ради обезбеђивања узаних елемената и подршке за националне капацитете за доношење политика, као и смерница за примену ЕУ фондов ради спровођења мера из политика.

П9. Са перспективом недовољно развијеног социјалног дијалога, препоручује се да DG NEAR и ДЕУ обезбеде да постоји систематска укљученост социјалних партнера, привреде и цивилног друштва у широ низ видова подршке за реформе у Србији.

П10. Препоручује се да DG NEAR развије додатне механизме за подршку Влади Републике Србије за кретање у смеру буџетске транспарентности са перспективом јачања учина и одговорности у области финансијске помоћи.

П11. Препоручује се да ЕУ сарађује са националним органима ради развоја и операционализације кровног оквира за праћење, оцењивање и учење у погледу сарадње са ЕУ на националном нивоу и да обезбеди постојање робусних података у реалном времену којима би се приказао допринос утицају сарадње са ЕУ.

П12. Препоручује се сарадња ЕУ са националним органима како би се редефинисала улога и надлежности НИПАК-а у погледу праћења активности које ЕУ финансира у скопу ИПА III, са посебним фокусом на праћење њиховог доприноса реформама на нивоу сектора.
1  Context of the evaluation and methodology

1.1  Purpose

This is the final report of the Strategic, country-level evaluation of the European Union’s cooperation with Serbia for 2012-2018, Framework Contract COM 2015, EuropeAid/137211/DH/SER/Multi. The aim of the evaluation is to ‘provide an assessment of the European Union’s cooperation with Serbia on its path to EU accession, as well as its implementation, over the period 2012-2018.’

More specifically, the evaluation will assess the European Union’s cooperation strategy with Serbia against the following evaluation criteria from the European Commission’s Better Regulation Guidelines and the OECD/DAC […]: relevance, effectiveness, impact, coordination, complementarity and coherence, efficiency and EU added value.

The main evaluation questions are as follows.

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

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

EQ 3. To what extent has the EU’s cooperation strategy raised, over time, Serbia’s awareness of the general principles the EU stands for and/or the EU’s positive contributions?

EQ 4. To what extent have the effects described in Q2 contributed to Serbia’s political and economic reform and preparation for EU membership?

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

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

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

EQ 8. How does the approach of the EU in Serbia differ from that of other actors, and to what extent does this help or hinder the effectiveness of its assistance?

This report is structured to provide concise responses to each of these questions. It also offers overall conclusions, lessons learned and recommendations. More detailed evidence and original data can be found in the annexes to this report.

1.2  Scope

The evaluation time frame looks at the period from 2012 to the end of 2018. It is aimed to assess national-level EU assistance including non-financial assistance such as policy dialogue, as well as financial assistance – primarily the Instrument for Pre-accession Assistance (IPA). This period spans both the IPA I (2007-2013) and IPA II (2014-2020) instruments. The programming basis to which the evaluation refers is the Multi-annual Indicative Planning Document (MIPD) 2011-2013, the Indicative Strategy Paper (ISP) 2014-2020 (2014), and the Revised ISP 2014-2020 (2018). The evaluation excluded from its scope: factors that are clearly political in nature, such as the political dialogue between Belgrade and Pristina;
regional assistance, which is covered by separate evaluations, cross-border cooperation, likewise covered by a separate evaluation; and EU funding programmes such as Erasmus +.

### 1.3 Context

Serbia is a country in the Western Balkans, with a population of 6.9 million, mostly ethnic Serbs, but with sizeable minorities of Hungarians, Bosniaks, Albanians, Roma and others. The 2007 financial crisis hit Serbia hard; after 2012, Serbia began a slow economic recovery, with per capita gross domestic product (GDP) rising 23% from EUR 5,145 in 2012 to EUR 6,330 in 2019. Unemployment decreased notably from nearly 25% to 13% over the same period. Emigration, however, remained significant, and the consequent decline in working age population is a factor in the improved employment data. Poverty remains a widespread problem, despite the ‘at risk of poverty and social exclusion’ (AROPE) rates decreasing between 2014-2016 from 43.1% to 38.7%. Inequality has also fallen slightly, but remains one of the highest in Europe (after Russia and Bulgaria).

Serbia emerged from war and the breakup of Yugoslavia in the early 2000s and has since been pursuing a path towards EU membership. The country applied for EU membership in 2009, following which a Stabilisation and Association Agreement (SAA) between Serbia and the EU was signed, in 2010 (and entered into force in 2013). Serbia was granted official candidate status in 2012, and formal negotiations for membership began in 2014. As of mid-2020, 18 out of 34 negotiation chapters had been opened, and two provisionally closed.

EU assistance to Serbia is guided by a series of ‘Enlargement Strategies which set out the political priorities for support to the enlargement region’. The 2011-2012 strategy emphasised the lessons learned from Croatia’s successful membership bid. A credible enlargement process, providing a clear accession perspective based on strict conditionality, is key for enhancing reforms in the enlargement countries and provides the citizens of the enlargement countries with tangible results already along their path towards the EU. The subsequent strategy, from 2013, highlighted the Fundamentals First approach. This was in response to the recognition that these areas require long-term efforts and reforms need to begin as early as possible. The message was that ‘countries need to tackle issues such as judicial reform and the fight against organised crime and corruption early in accession negotiations. This maximises the time countries have to develop a solid track record of reform implementation, thereby ensuring that reforms are deeply rooted and irreversible. This strategy also placed more emphasis on fundamental rights, and announced the creation of a ‘Roma facility’ to support social inclusion of this vulnerable minority. The 2018 Enlargement Strategy reaffirmed the emphasis on fundamentals first, and noted that joining the EU is more than a technical process, it is ‘a generational choice, based on fundamental values, which each country must embrace more actively, from their foreign and regional policies right down to what children are taught at school’.

Between 2011 and 2018, the European Union programmed EUR 1.2 billion through the IPA national programme. A similar amount was contracted, including EUR 300 million for decentralised/indirect management by the Government of Serbia. Annex 1 contains a detailed breakdown of the EU’s financial and non-financial assistance to Serbia. The aims of EU financial assistance to Serbia are defined in the

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2. https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=RS calculated using current exchange rate of USD 1 = EUR 0.8557
IPA regulations, and these are taken as the main reference point for this evaluation. For IPA II, the general objective is defined in Article I of the IPA II regulation, as follows:

The Instrument for Pre-accession Assistance for the period from 2014 to 2020 (‘IPA II’) shall support the beneficiaries listed in Annex I in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries in order to comply with the Union’s values and to progressively align to the Union’s rules, standards, policies and practices, with a view to Union membership.⁹

# Serbia Timeline 2010-2020

**Figure 1:** Serbia timeline 2010-2020

<table>
<thead>
<tr>
<th>Political</th>
<th>EU related</th>
<th>Country</th>
<th>Financial/operational</th>
</tr>
</thead>
</table>

### 2007-2013 IPA I
- **Regional**
  - Serbia Indicative Strategy Paper 2014-2020

### 2014-2020 IPA II
- **Country**
  - MIPD 2009-2011
  - MIPD 2011-2013

### European Union/EC
- **Enlargement strategy 2011-2012**
- Enlargement strategy 2013-2014 – “Fundamentals First”
- Enlargement strategy 2015
- “Credible Enlargement Perspective” 2018

- 2014 IPA II starts
- DG NEAR created
1.4. **Methodology**

This section gives a summary of the overall evaluation methodology. For a more detailed description, see Annex 2.

The IPA II regulation sets out the requirement for monitoring the IPA instrument, as follows: ‘Progress towards achievement of the specific objectives set out in paragraph 1 shall be monitored and assessed on the basis of pre-defined, clear, transparent and, where appropriate, country-specific and measurable indicators’. This requirement is realised through the annual Commission progress reports for each IPA beneficiary country, which provide detailed and evidence-based assessment of each country’s progress towards EU membership in accordance with the Copenhagen criteria.\(^{10}\) The progress reports do not, however, examine the links between EU assistance and the outcomes achieved by the prospective Member States. This evaluation, in its response to the evaluation questions, seeks to contribute to the evidence base that demonstrates a causal contribution between EU policy dialogue and financial support and the overall outcomes observed.

The basic reference framework for the evaluation was an evaluation matrix (Annex 2), based on the eight evaluation questions. For each question, judgement criteria were identified which provided the conceptual basis for answering the question. Each judgement criteria in turn had a set of indicators which aimed to provide the evidence base for the judgement criteria. The overall evaluation had four levels of analysis, each of which contributed evidence for answering the evaluation questions:

1. **Context** – desk-based analysis of the events and trends over the period under review, and identification of potential external contribution factors influencing EU assistance, including data analysis of donor assistance to Serbia.
2. **Portfolio** – data-driven analysis of the whole set of EU assistance at the country level, based on programming data and contracted/expenditure data.
3. **Sector** – desk and field analysis of the thematic sectors of EU assistance, based on reports, monitoring data, and field interviews. The aim was to understand the scale, scope and relevance of EU assistance within each sector and to identify key sectoral changes achieved with a likely contribution of EU assistance.
4. **Intervention** – desk and field analysis of specific EU-funded interventions to identify the mechanisms through which each intervention achieved outcomes.

The research was organised in four phases: inception, desk, field, and synthesis.

**i. Inception phase**

The inception phase focused on clarifying the requirements for the evaluation and establishing the methodology. During this phase, available documents were collected and catalogued, and team resources allocated to the various tasks.

**ii. Desk phase**

The *desk phase* was structured according to six sectors\(^ {11}\) in the Revised Indicative Strategy Paper, plus additional research at the context and portfolio level. The aim was to provide a detailed analysis of the outcomes of EU assistance in each sector, and evidence-based answers to the evaluation questions. The findings from each component of the desk analysis were drawn together into a single desk report,

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\(^{10}\) ‘The Commission’s annual reports referred to in Article 4 shall be taken as a point of reference in the assessment of the results of IPA II assistance.’ IPA II Regulation article 2, para 3 (Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II)).

\(^{11}\) The Revised ISP had seven sectors: (1) Democracy and Governance, (2) Rule of Law and Fundamental Rights, (3) Environment and Climate Action and Energy, (4) Transport, (5) Competitiveness and Innovation, agriculture and rural development, (6) Education, Employment and Social Policies, and (7) Regional cooperation and territorial cooperation. The last sector, being primarily about regional cooperation which was outside the scope of the evaluation, was excluded.
with sector-specific annexes. For each sector, a logic model was reconstructed based on programming documentation, to identify the planned inputs, outputs and outcomes. These were a key reference point in assessing results against plans.

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

### iii. Field phase

The **field phase** methodology was designed to provide a means to fill this data gap. The approach selected was to focus on four ‘focus areas’, within the sectors, as follows:

- Public Administration Reform projects including sector budget support and its complementary assistance;
- Support to the judiciary;
- Environment – decentralised management of wastewater and water management, and centralised management of selected energy projects;
- Education sector budget support and complementary support.

The field phase took a longitudinal approach to understanding each studied intervention, based on a conceptual model, below.

![Figure 2: Conceptual model](image)

Key interlocutors were interviewed and asked to provide evidence for how each of these steps took place, and what factors in each stage contributed or constrained outcomes at the next step. The result of the field phase was (i) a revised set of data against the evaluation matrix, including additional field data, and (ii) a contribution analysis for each focus area. The contribution analysis identified contributing and constraining factors both internal to interventions and external, together with an assessment of the significance of the contribution factor to the outcomes.

### iv. Synthesis phase

Finally, the **synthesis phase** methodology brought all the collected data together in response to the evaluation questions. In addition to the portfolio and sectoral data, a comparative analysis of the contribution analyses identified those factors that appeared to be common across the focus areas, and were potentially systemic, or at least more frequent than isolated occurrences within a single intervention.

This final report identifies the main findings from the research process presented above. The detailed findings for each sector and focus area, including contribution analyses, can be found in annexes 4 to 9.
Figure 3: Overall logic model

1. **Democracy and Governance**
   - IPA II EUR 253m

2. **Rule of Law and Fundamental Rights**
   - IPA II EUR 108m

3. **Environment, Climate Action and Energy**
   - IPA II EUR 91m

4. **Transport**
   - IPA II EUR 65m

5. **Competitiveness Innovation, Agriculture Rural Development**
   - IPA II EUR 54m

6. **Education, Employment and Social Policies**
   - IPA II EUR 46m

7. **Regional and Territorial Cooperation**
   - IPA II EUR 16c

8. **Reconciliation, Good Neighbourly Relations and Regional Cooperation**
   - Implementation of key EU policies.

9. **Strengthened Rule of Law, Fundamental Rights, Governance**

10. **Stronger Economy**
    - Serbia meets criteria for EU accession

11. **Application of EU rules and standards**
    - Reconciliation, good neighbourly relations and regional cooperation

2 Assessment against evaluation questions

2.1 EQ 1 Relevance

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

<table>
<thead>
<tr>
<th>EQ 1 Judgement criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>JC 1.1 EU pre-accession assistance programming – including the type, quantity and quality of inputs provided and type of activities planned – was appropriate to the specific political and institutional contexts and needs of the beneficiary</td>
</tr>
<tr>
<td>JC 1.2 the EU’s cooperation with Serbia responded to new and arising issues and needs encountered over the evaluation period</td>
</tr>
</tbody>
</table>

This section reviews the relevance of the EU’s cooperation with Serbia, drawing evidence from data analysis of EU and other donor support to Serbia, desk reviews of six sectors of EU assistance to Serbia, and interviews in the four focus areas. In-depth information can be found in the annexes to this report.

2.1.1 Pre-accession assistance programming

Since 2010, Serbia started to plan and coordinate its international assistance using a sector approach. Its needs have been carefully and systematically set out in the ‘NAD’ documents (Needs of the Republic of Serbia for International Assistance). The process of developing these documents has involved consultation with stakeholders, including national authorities, donors and civil society. These documents consolidate the aims of national strategies and highlight the areas where international support is needed. The sector approach has been driven by guidance in development assistance, originating with the OECD Paris Declaration. Although the NAD has been helpful in consolidating general reform programmes across 12 sectors and thematic areas, the prioritisation remained general.15 Further, it did not have sufficient political backing nor clear and explicit links between the NAD priorities and government budget commitments.

Also guiding Serbia’s overall direction are the many individual strategies addressing discrete issues, and its National Programme for the Adoption of the Acquis. The wide range of issues that need to be addressed and the absence of clear prioritisation within these, meant that EU programming did not have clear guidance on priorities from the side of the government – at least in formal documentation, including the NAD.18,19

The introduction of the 7-year ISP under IPA II and the intensive consultation around this was the primary mechanism for identifying priorities. The longer-term nature of the ISP compared to the predecessor 3-year MIPDs provided IPA programming with a platform on which to identify sectoral priorities as well as greater possibilities for logical sequencing of assistance. The possibility to revise the ISP mid-term allowed for adjustment in response to progress and events.

i. Funding allocations

The funding allocations under IPA I and IPA II were broadly in line with the strategic priorities defined in the MIPDs and ISPs. The overall difference between allocations under IPA I and IPA II show a strong increase in funding for

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14 This link is explicitly acknowledged in the NAD 2014-2017, p.11.
16 For more detailed analysis of the strategies please see the Annexes. For example, Annex 4 section 2.3 and Annex 5 section 2.4.
18 In 2011 there were around 80 sector strategies and plans, according to SEIO – “Setting up a More Effective Aid Coordination Mechanism in Serbia, Belgrade, April 2011, http://www.evropa.gov.rs/Evropa/PublicSite/AidCoordination.aspx
19 The strategies are analysed by sector in the Annexes. See, for example, Annex 4 PAR, section 2.3, and Annex 5 ROL, section 2.4.
rule of law and fundamental rights, and democracy and governance sectors (110% and 172% respectively), which follow the EU’s ‘Fundamentals First’ agenda (see table 1 below).

Table 1: Comparison between IPA I and IPA II programming

<table>
<thead>
<tr>
<th>IPA I</th>
<th>EUR millions</th>
<th>IPA II</th>
<th>EUR millions</th>
<th>Difference EUR millions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justice and home affairs</td>
<td>117.0</td>
<td>Rule of law and fundamental rights</td>
<td>246.2</td>
<td>129.2</td>
<td>110</td>
</tr>
<tr>
<td>Public administration reform</td>
<td>164.0</td>
<td>Democracy and governance</td>
<td>446.4</td>
<td>282.4</td>
<td>172</td>
</tr>
<tr>
<td>Social development</td>
<td>171.0</td>
<td>Education, employment and social policies</td>
<td>123.7</td>
<td>-47.3</td>
<td>-28</td>
</tr>
<tr>
<td>Private sector development, agriculture and rural development</td>
<td>218.0</td>
<td>Competitiveness and innovation, agriculture and rural development</td>
<td>336.5</td>
<td>118.5</td>
<td>54</td>
</tr>
<tr>
<td>Transport</td>
<td>146.0</td>
<td>Transport</td>
<td>64.8</td>
<td>-81.2</td>
<td>-56</td>
</tr>
<tr>
<td>Environment, climate change and energy</td>
<td>192.0</td>
<td>Environment, climate change and energy</td>
<td>321.8</td>
<td>129.8</td>
<td>68</td>
</tr>
</tbody>
</table>

**ii. Alignment with national needs**

There is a range of evidence visible in the sector reports appended to this document that provides detail on the **appropriateness of the EU’s pre-accession assistance programming** (judgement criteria 1.1) to the political and institutional contexts and needs of the beneficiary. In the report on the democracy and governance sector, the ‘alignment of the EU assistance objectives and approaches related to the democracy and governance with Serbia’s priorities on its path towards EU accession’20 is visible. This report also notes the ‘extensive analysis of national capacities and needs presented in EU programming documents’ as well as the responsiveness of interventions and measures to those needs.21 Further, the same sector report comments on the evidence available that ‘interventions have been responsive to challenges noted in EU progress reports and priorities and gaps presented in the strategic documents of the Government of Serbia with regards to PAR’.22

The sector report on the Rule of Law and Fundamental Human Rights Sector Report, found in annex 5, resonates with these findings. It notes that documentation

analysed for the evaluation demonstrates a high level of correlation between the institutional contexts and needs of the beneficiary and the EU’s pre-accession assistance. Of particular importance in this judgement is the range of Serbia’s own legislation, policy, strategy and action planning which points to Serbia’s commitment to EU membership and alignment with EU systems and structures. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements.23

This sector report also points to the alignment of EU funding with the Government of Serbia strategies and policies, specifically mentioning the National Judicial Reform Strategy, the National Anti-Corruption Strategy and the Action Plan for Chapter 23.24

While the correlation with needs analysis and strategy was noted in the sector report, so too was the range of evidence that indicates a need for greater correlation between provided financial assistance and strategic priorities.

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20 See Annex 4: Democracy and Governance Sector Report, Sector 1, Section 5.1 Relevance, judgement criteria 1.1.
21 Ibid.
22 Ibid.
23 Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5.1 Relevance, judgement criteria 1.1.
24 Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5.1 Relevance, judgement criteria 1.1.
Actions which are supported are defined within strategies, but to what extent does the provided assistance actually ensure achievement of the strategy – is a consistent question from field enquiry. As can be seen in Annex 7 to this report (Sector 4 – Transport), the link between EU transport legislation and Serbian priorities is well established and provides a clear context for transport development and policy. That EU transport policy focuses on ‘efficient, safe, and free movement of people and goods … by means of integrated networks using all modes of transport’ indicates this correlation. Further, Government of Serbia policy aligns with EU initiatives related to the Pan-European transport corridors (TEN-T), including Serbia’s own sections of Corridor X and Corridor VII (Danube River), as well as of the Corridor branches Xa and Xb. The Roadmap to a single European transport area is specifically and directly relevant to Serbian priorities and policy, and the development of transport infrastructure in Serbia is a direct reflection of EU focus on large EU axis routes (TEN-T and SEETO) which are considered important for movement of goods and citizens.

The EU prioritised support to the environment, climate change and energy sector under IPA II, as before under IPA I, which is fully in line with the NAD’s priorities in this sector.

Within each of the sectors, allocations of funding to project interventions were well in line with the priorities identified in the NAD and other relevant sector strategies. The comprehensive nature of the NAD document meant that there were many options for relevant interventions. Programming difficulties related more to prioritisation and sequencing than to identification of potentially relevant interventions. Programming in sectors that were not as much in the centre of political attention, such as environment, human resource development and transport, was straightforward. Programming in areas where agreement on priorities and actions was less clear, such as rule of law and fundamental rights was more difficult. Common areas of interest for intervention in justice reform, for example, related to efficiency of the court system rather than fundamental reform and establishment of an independent judiciary. High-level policy dialogue assisted the programming process to create agreement on support for interventions in areas where there was less consensus around the direction of reform.

A specific issue, control of corruption, was consistently identified as a priority in EU assessments and programming, but nevertheless was difficult to translate into practical action supported by EU funds. This was largely due to the challenge of identifying practical action upon which both Government of Serbia and the EU could agree. Over the evaluation period, EUR 4.3 million was contracted to tackle corruption in state institutions. The EU did support a number of projects funded by the Civil Society Facility with civil society and media organisations that addressed some aspects of government transparency and the fight against corruption.

### iii. From decentralised to indirect management

Under IPA I, beneficiaries had the opportunity to establish operational programmes (OP), available under Components III, IV and V of IPA I. These structures were intended to mirror those required to manage EU structural funds for Member States, including having a direct link to the respective line DG. Under this arrangement, an OP for Human Resources Development would have a direct link with DG Employment; OP Regional Development with DG Regio; and OP Rural Development (actually, IPARD) with DG Agriculture. This direct link formed a critical part of the pre-accession assistance, notably in supporting policymaking capacities. Serbia invested considerable effort in preparing for OP under IPA I, though these were not followed through to implementation. Under IPA II, multi-annual programmes (except IPARD) no longer had the formal direct links to the line DGs, and this was identified as disappointing by interlocutors in the national authorities. They regarded this as a weakening of the capacity-building support for policymaking that would have been provided through direct engagement with line DGs. National authorities perceived the line DGs as having more relevant policymaking and funds management experience for eventual management of EU structural funds than DG NEAR. It was also perceived by the national

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25 Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5.1 Relevance, judgement criteria 1.1.
26 See Annex 7: Transport Sector Report, Sector 7, Section 5.1 Relevance, judgement criteria 1.1.
30 See Annex 7: Transport Sector Report, Sector 7, Section 5.1 Relevance, judgement criteria 1.1.
31 Screening report, Serbia, Chapter 23 – Judiciary and fundamental rights pp.21-27. The priority issues for the Judiciary are (1) Independence, (2) Impartiality and accountability, (3) Professionalism/Competence/Efficiency, and (4) War Crimes.
32 From 2011 to 2016 only EUR 1.1 million was allocated to projects tackling corruption in state institutions (CRIS Nos 325924 and 302053). In 2017 a contract was signed for EUR 3.2 million for the project Prevention and Fight against Corruption CRIS no. 386597.
authorities as a negative signal of the EU’s commitment to accession. A notable exception is with IPARD II, under which DG Agriculture directly provides support and policy engagement.

iv. Funds for investment and reforms

Between 2011 and 2017 inclusive, the EU allocated EUR 1.2 billion of assistance from the national programmes of the IPA I and II instruments, averaging EUR 172 million per year. This represents approximately 2% of total annual government spending, and a small proportion of the investment that Serbia has estimated it would need to meet EU standards. In the environment sector, for example, the NAD document estimates that ‘an annual investment of about EUR 235 million [is required] in order to achieve the implementation of the Landfill and Urban Waste Water Directives by 2030’. This requirement is more than all the IPA national annual contribution, and IPA has contributed an average of EUR 36.2 million per year from 2011-2018 for the entire environment, climate change and energy sector. The relevance of IPA national programme support to these capital investment requirements depends in part on its ability to leverage additional funds from grant and loan sources. There is limited evidence of blending and cooperation between the EU and IFIs working in the environment sector in Serbia within the IPA national programme. Significantly more blending is noted through the Western Balkans Investment Framework (WBIF), which is supporting construction of Waste Water Treatment Plants in Serbia, among other projects. The IFIs have provided substantial loan funding for key investments without supporting IPA funds.

IPA funding that was focused on financing reforms were highly significant in relation to the needs. Government funding in the public sector is often committed to funding fixed costs such as salaries, with little flexibility to finance reforms. In the education system, for example, it was noted that more than 90% of government expenditure was committed to current expenditures, mostly staff costs, while funds to pay for reforms were scarce. IPA contributions as investments in system reform offer greater significance because they complement constrained public finances and are large in relation to both government’s own capability to finance reform, and funding from other donors.

Given the relatively limited funds available from IPA, it was relevant for IPA II to shift the emphasis towards institutional reforms in priority sectors linked to the Fundamentals First agenda, and away from ‘hard’ infrastructure compared to IPA I. This is in line with the strengths of the IPA instrument. The investment in Fundamentals First earlier in the IPA II period also reflected the concern that such reforms take time, and require an early start.

v. Response to lessons learned

There was substantial investment in evaluation during the IPA I cycle to inform programming for IPA II. An evaluation of the CARDS instrument highlighted issues with institution-building support, particularly in terms of impact and sustainability. It recommended that future financing instruments allow for greater ownership by national authorities for capacity development funding, and particularly to ensure their involvement in the design of institution-building projects. Co-financing by national authorities was suggested to increase ownership. The evaluation also highlighted the issues with weak monitoring and evaluation frameworks, linked to poor quality objectives and indicators.

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33 Ministry of Finance budget expenditure data, including current and capital expenditures, National Bank of Serbia exchange rates, IPA programme allocations by annual programme, average figure 2011-2017 = 1.94%.
35 The WBIF is subject to a separate evaluation, and was agreed to be outside the scope of this evaluation.
36 WBIF has supported Serbia with EUR 16.5 million in grants for projects worth EUR 756 million in the environment sector as of May 2020 (https://wbif.eu/beneficiaries/serbia).
37 From 2012 to 2018, USD 4.4 billion was disbursed to Serbia as Official Development Assistance loans. Source OECD QWIDS, authors’ calculations.
39 Since 2014 the Government of Serbia has not published government expenditure data by ministry or sector, only at the highest aggregated level of government. This restricts this evaluation’s ability to verify these figures, which were provided by credible, well-informed and well-placed interlocutors.
40 Community Assistance for Reconstruction, Development and Stabilisation (CARDS) was a programme to support the Western Balkans, and a precursor to the IPA instrument. See https://en.wikipedia.org/wiki/Community_Assistance_for_Reconstruction_Development_and_Stabilisation.
41 Ex post evaluations of CARDS programmes in the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, Serbia, Montenegro, Kosovo, and the former Yugoslav Republic of Macedonia) Final Evaluation Report, 2013, EPRD Ltd.
The IPA I 2011 mid-term evaluation also highlighted the same issues with objectives and indicator-setting in the strategic documents. The difficulties created by annual revision of MIPDs at the time compounded the challenge of measuring performance, because time frames for achieving objectives were continually shifting. The evaluation also highlighted the need for longer-term multi-annual programming, enabling clearer sequencing of interventions, as well as greater involvement and ownership of national authorities and particularly the NIPACs.\(^{42}\)

The longer-term nature of IPA II programming through the ISP responds to concerns raised in the IPA I evaluation. The introduction of SBS as a modality responded well to the challenges of ownership in institution-building projects. There was no appreciable increase in the duration of project interventions, and quality of indicators and monitoring remained variable. There were subsequently no significant investments or initiatives to increase the quality of monitoring, and roles were divided and contested between the EU and the Government of Serbia.

At sector level, there was a round of in-depth evaluations in 2012-2013 examining each sector against the OECD/DAC evaluation criteria.\(^{43,44}\) These evaluations together provided an aggregated assessment of donor performance per sector, including EU support. Overall, interventions were relevant and effective, though there were efficiency constraints. The biggest issues arising were related to impact and sustainability, with many interventions unable to demonstrate that they had achieved any significant or lasting change\(^{45}\) (see also Annex 1, section 1.2.2). These issues were echoed also in 2014 by the European Court of Auditors: ‘audited projects produced their planned outputs but suffered from weaknesses regarding their design, implementation and sustainability’ (ECA 2014, p.5).

These challenges are well recognised among interlocutors in EUD, Ministry for European Integration and contractors interviewed for this evaluation. With the notable exception of SBS interventions, it is not clear that other actions introduced to respond to these issues, such as the adoption of the sector approach, the focus on a lesser number of sectors with larger-scale interventions and the orientation toward fundamentals, has so far had the desired effect. Two recent sources provide evidence in relation to project-level interventions. These suggest that there are continuing problems with design, particularly setting indicators and providing baseline data, as well as sustainability. An assessment of ROM reports conducted in Serbia said that ‘while the quality of intervention logic is assessed as good in 52% of the interventions, the quality of the indicators is less good …mainly due to a lack of baselines …and of targets’. The same analysis claims that ‘there are problems with sustainability. The three main sustainability questions are among the lowest proportion of green traffic light scores’.\(^{46}\) These findings are supported by an evaluation of social inclusion actions in 2020, which identified problems with programme indicators, lack of provision of baseline data, and attributed problems of impact and sustainability to the public administration.\(^{47}\)

This evaluation’s primary findings suggest that larger-scale interventions and SBS may be more effective in addressing the issues identified in earlier evaluations. SBS interventions have been accompanied by stronger indicator-setting and monitoring data collection.

\(^{43}\) Relevance, Effectiveness, Efficiency, Impact, Sustainability – OECD Development Assistance Committee https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm
\(^{46}\) Summary analysis of ROM review results for Serbia between 2015 and 2019, Integration, on behalf of ROM Focal Point EUD Belgrade, Republic of Serbia, 7 November 2019, p.3.
2.1.2 Response to events and emerging challenges

EU cooperation responded well to urgent challenges during the programming period and introduced new mechanisms to respond to emerging chronic needs. Serbia faced two significant events over the period; the 2014 flooding and the 2015/2016 migration crisis. In both cases, the EU provided significant funding to assist Serbia to mitigate the effects, recover and prepare for potential future crises.\(^{48}\)

The period under review also saw some key positive and negative trends which could have affected programming as well as the outcomes of financial assistance. On the positive side, there was a decline in unemployment and a rise in employment rates – albeit assisted by high levels of emigration of young, qualified people.\(^{49}\) The economy grew steadily thanks to inward investment and steadily improving economic conditions.\(^{50}\)

The Economic Reform Programme (ERP) process was introduced in 2015 partially emulating the European Semester for Member States. The process is designed as a mechanism to influence change in national economic and fiscal policies, and to strengthen economic governance. The influence of the ERP on IPA programming became evident in the 2018 revision to the ISP 2014-2020: e.g. ‘The EU will support in particular the education and employment reforms foreseen in the ERP exercise’ (Revised ISP p.46).

The government’s annual ERPs progressively had greater detail for specific reform measures. It is likely that the influence of the ERP should be more apparent in the programming for IPA III. There were two critical negative emerging trends in Serbia during the evaluation period which would impact both the reform processes and Serbia’s compliance with the Copenhagen criteria. It was not clear whether programming was able to respond to these. Political change in the 2012 and the 2014 elections were followed by increased constraints on freedom of media\(^{51}\) and decreasing levels of scrutiny and accountability of government by the Parliament.\(^{52}\) These trends were noted in the Revised ISP. Decreasing transparency and accountability increases the risk that the Government of Serbia is not held to account in terms of its commitment to deliver on agreed reforms and faces less scrutiny to ensure that reforms are delivered efficiently and fairly.

Stakeholders were aware of the trends, though it is not clear that there were ready and practical responses through programming of EU financial support. Instead, the response was more likely to be political and diplomatic. Indeed, the EU was supporting parliamentary contacts between the European and Serbian Parliaments. The issue of parliamentary accountability resonates widely across the reform processes in government, and weak accountability has an impact on the effectiveness of reform processes. With regard to media freedom, the EU was very aware of the challenges, and primarily aimed its response through the Civil Society Facility (IPA 2015).\(^{53}\) However, funding to civil society and media outlets did not address the causes of the problem, which were rooted in government and political party actions.\(^{54}\)

The key issue is that while these ‘slow burn’ trends are recognised, there is limited capability of financial assistance alone when faced with reluctance from the national authorities. If there are no realistic funding opportunities to support the necessary reforms, funding, however conditioned, can achieve little. Longer-term processes, such as political dialogue, are needed, but are slower to respond.

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\(^{48}\) As a flood response, EUR 30 million were reallocated from IPA 2012 and EUR 65 million from IPA 2014. In addition, EUR 20 million were allocated for the project Regional Reconstruction and Improvement of Flood Protection Infrastructure in the Sava River Basin that covers the regions in Bosnia and Herzegovina and Serbia. The EU provided around EUR 3 million in emergency aid (mainly from DG ECHO) in 2015 and 2016 partly through international non-governmental organisations and partly through the Government of Serbia. Some EUR 43 million was provided to Serbia through the MADAD trust fund for Syrian refugees and Turkey. Source: EU Aid Explorer https://euaidexplorer.ec.europa.eu/content/explore/recipients_en

\(^{49}\) See Annex 9: Education, Employment and Social Sector.

\(^{50}\) See Annex 1: Serbia context and EU assistance.


\(^{52}\) E.g. CRTA 2019, Roadmap on Good Governance for State Institutions in the Republic of Serbia on the basis of the Regional Index of Openness of State Institutions, Based on the measuring for 2018, November 2019 https://crta.rs/en/roadmap-on-good-governance


\(^{54}\) TAIEX-financed peer reviews on media freedom did analyse, and provided recommendations, on the root issues.
2.1.3 Duration from programming to implementation

At the level of project interventions, the long lead in times from programming to implementation decrease the relevance of the interventions. Contextual changes and interventions supported by other donors mean that, often, projects require re-design to remain relevant. In extreme examples, such as education budget support, the capacity-building complementary assistance which was intended to run in parallel with the SBS itself, began work four months before the SBS was completed. This theme is addressed in more detail in section 0, Efficiency.

2.1.4 EQ 1 Conclusions

There is evidence of alignment of EU assistance objectives and approaches with Serbia's priorities on its path towards EU accession. The EU has managed to implement a mix of financial and non-financial support across the reference period of the evaluation, responding to the identified needs and priorities of the Government of Serbia towards fulfilment of the European agenda. A high level of correlation exists between the institutional contexts and needs of the beneficiary and the EU's pre-accession assistance. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements. Of particular importance in this judgement is the range of Serbia's own legislation, policy, strategy and action planning documentation, all of which points to Serbia’s commitment to EU membership and alignment with EU systems and structures.

Planning and programming of EU assistance to Serbia has responded well to the main challenges facing the country in its accession path. It is closely aligned with priority needs and has answered the challenges which the Fundamentals First agenda was intended to tackle. The longer-term perspective given by the ISP has supported a more strategic approach. Combined with new tools available, such as the ERP and SBS, EU assistance looks more strategic both in planning and in implementation. Rapid response to emergencies has also increased the relevance of EU support for Serbia. A solid set of evaluations at the end of IPA I contributed to learning and programming under IPA II. The shift of focus away from investment in infrastructure and towards supporting institutional reform reflects the strengths of the IPA instrument.

However, there are several areas in which relevance could be strengthened. Dialogue related to environment has illustrated the potential of links between dialogue and programming, and there is scope to strengthen these links in other sectors. The ISP approach provides a means to set out priorities over a longer period. It does not, however, say much about how these priorities link to each other, or indeed how the priority changes will be achieved. It is focused more on what to change (and why) but does not address the ‘how’. Time lags between programming and implementation need to be reduced. Finally, while recognising that it is very challenging, both policy dialogue and financial assistance need to bring greater efforts to bear on tackling the trends that are undermining the effectiveness of support for reform.

2.2 EQ 2 Effectiveness

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

This section primarily focuses on the ‘results’ level of the logic model. The expected results represented were compiled from strategic programming of IPA I and II (through the MIPD and ISP papers), using the sector structure of the latter. The results can be put into four categories:

i. legislative and policy reform (e.g. ‘Legal framework for efficient fight against corruption is strengthened’, ‘Improved constitutional and legal framework’);

ii. state institutional capacity change (e.g. ‘A sounder PFM system, improved accountability, reliability, transparency’, ‘capacity for EU funds management is enhanced’), and including public infrastructure;

iii. strengthened capacities of civil society;

iv. improvements in the business enabling environment.
Detailed evidence of Serbia’s achievements against these results can be found in the EU progress reports. These reports provide an excellent evidence base for understanding what has changed in Serbia in relation to the requirements of EU membership. The progress reports do not (and are not intended to) provide an assessment of how the reported results, or absence of results, were achieved. Since this evaluation question asks about the effects of the EU’s cooperation strategy, it is necessary to dig deeper to understand the nature of the EU contribution to results. In cases where the expected results were achieved, evidence was sought to assess whether and to what extent EU actions contributed to their achievement. In cases where the expected results were not achieved, the assessment aimed to shed light on the reasons why not. For both sets of cases, this evaluation also identifies some of the lessons learned. The assessment in this section draws evidence from a contribution analysis focused on the four focus areas. These contribution analyses identified plausible mechanisms by which EU cooperation contributed to desired change and documented the evidence for these mechanisms. The contribution analyses can be found in the sector reports which are annexed to this report.55

### 2.2.1 Legislative and policy reform

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

This section identifies the evidence for an EU contribution to legislative and policy change. The agenda for legislative reform is a demanding one and the pace of legislation has not always kept up with expectations. In particular, new legislation in energy, environment and climate change is lagging.56 The assessment of Serbia’s preparedness for taking on the responsibilities of EU membership did not advance significantly between 2015 and 2019 (see table 2 below). While these headline assessments report slow progress overall, at the level of individual legislation and sectors there is some movement. Here we highlight the progress in key sectors and identify the main factors that have contributed to legislative and policy change.

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Table 257: Level of preparation level of preparedness and level of progress 2015-2019

<table>
<thead>
<tr>
<th>Serbia Assessments in EC Progress Reports 2015-2019</th>
<th>Level of preparation</th>
<th>Level of progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Administration Reform</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Functioning market economy</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 1: Free movement of goods</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 2: Freedom of movement for workers</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 3: Right of establishment and freedom to provide services</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 4: Free movement of capital</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 5: Public procurement</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 6: Company law</td>
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<td>4</td>
</tr>
<tr>
<td>Chapter 7: Intellectual property law</td>
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<td>4</td>
</tr>
<tr>
<td>Chapter 8: Competition policy</td>
<td>3</td>
<td>2.5</td>
</tr>
<tr>
<td>Chapter 9: Financial services</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 10: Information society and media</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 11: Agriculture and Rural Development</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Chapter 12: Food safety, veterinary and phytosanitary policy</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 13: Fisheries</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 14: Transport</td>
<td>3</td>
<td>3.5</td>
</tr>
<tr>
<td>Chapter 15: Energy</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 16: Taxation</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 17: Economic and monetary policy</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 18: Statistics</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chapter 19: Social Policy and employment</td>
<td>3</td>
<td>3</td>
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**Level of preparedness** on scale of 1–5: 1 Early stage, 2 Some level of preparation, 3 Moderately prepared, 4 Good level of preparation, 5 Well-advanced. **Level of progress** on scale of 1–5: 1 Backsliding, 2 No progress, 3 Some progress, 4 Good progress, 5 Very good progress.

### i. Rule of law and judicial reform

The sector report for rule of law and the judiciary provides extensive coverage of legislative and policy reform, including a range of legislation, strategies and policies that have been drafted, and those that have been adopted, as well as detailing those that have not yet come into effect. The contribution analysis for this sector also notes that the ‘full range of Serbia’s legislation, policy, strategy and action planning point to Serbia’s commitment to EU membership and alignment with EU systems and structures’.

Legislative and policy progress has been slow over the evaluation period. The level of preparedness for Chapters 23 and 24 remained at ‘some level of preparation’ from 2015 to 2019. A key barrier to more legislative progress in specifically judicial reform has been the long-pending constitutional reforms. There is some reluctance to support...

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57 Source: evaluation team analysis of EC Serbia Country Reports 2015-2019
58 Source: EU Progress Reports 2015-2019, evaluation team analysis. Note that the assessment methodology and rating system changed in 2015, so comparison with earlier reports is not strictly possible. The timing of the release of the report changed between 2016-2018, so there is no report for 2017.
59 See Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5.2 Effectiveness and impact, judgement criteria 2.1.
60 See Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section Overall contributions to the justice sector.
legislative change relating to the judiciary while required constitutional reforms have not been agreed. Further, there is a significant divergence of opinion within the sector (across national authorities and other stakeholders) on the importance and form of ‘judicial independence’. This lack of agreement on basic principles is an important contributing factor to the slow progress of reform.

A review of the minutes of the SAA Sub-committee on Justice, Freedom and Security, show active engagement and dialogue between the EU and the Government of Serbia. The dialogue addresses key issues consistently over the evaluation period, such as judicial reform and the fight against corruption. It demonstrates the importance of cooperation between actors, including, for example, the Council of Europe (GRECO and the Venice Commission), and OSCE ODIHR. The minutes also demonstrate the utility of sharing information between EU-supported projects and the dialogue participants: information from twinning experts provided the basis for questions on the interpretation of draft legislation, for example.

The sample interventions for this sector did not have legislative change within their remit, and so there is no supporting evidence available to link EU financial assistance with legislative change for this sector.

ii. Public administration reform

In public administration reform, concerted focus on the sector has achieved some notable legislative and policy successes, such as the successive strategies for PAR and public financial management. The 2016 Law on Administrative Procedures was credited with strengthening the legal base for the provision of public services, particularly through the ‘once only’ principle by which public authorities cannot demand the same information from citizens more than once. The Law on the Planning System has introduced greater rigour into the planning and coordination of public policy, particularly by introducing basic standards for strategies and programmes within government and coordinating their development between interested institutions. This could have far-reaching effects on the quality of administration’s organisational development and implementation of reform.

Three EU initiatives, working in concert, are credited with making significant contributions to the legislative and policy context relating to the public administration. The PAR Special Group was formed as a high-level dialogue mechanism within the framework of the SAA, in recognition of the subject’s important role in the overall EU accession process, while recognising that there is no specific body of EU legislation with which to align (unlike for the negotiation chapters). Interviewed stakeholders from the national authorities noted that consultative programming processes and policy dialogue within the framework of the PAR Special Group sessions brought important improvements and benefits in terms of understanding needs and then responding to them appropriately. PAR Special Group minutes note policy-level decisions taken within the group, and follow up at the next meeting, effectively maintaining the momentum for policy development. Interlocutors in the national authorities noted that the PAR Special Group was an effective mechanism for maintaining commitment and focus on PAR.

The second is the SIGMA initiative. SIGMA is a joint initiative of EU and OECD, whose ‘key objective is to strengthen the foundations for improved public governance’. Its involvement provided an evidence-based foundation for policy reform and design of reform measures as well as advisory support. The SIGMA initiative has taken a two-step approach to supporting public administration reform. The first step was to agree a set of principles, the ‘Principles of Public Administration for EU candidate countries and potential candidates’. These ‘define what good public governance entails in practice and outlines the main requirements to be followed during the EU

61 OSCE = Organization for Security and Co-operation in Europe; ODIHR = Office for Democratic Institutions and Human Rights
63 Official Gazette No. 18/16.
64 SIGMA 2019, p.33.
65 Official Gazette 30/18.
67 Annex 4, Democracy and Governance, Section 5, indicator 1.1.1.
69 Annex 4, Democracy and Governance, Section 5.2, introduction.
70 http://sigmaweb.org/about/
integration process’. The second step is to regularly assess compliance against these principles.\textsuperscript{71} The SIGMA initiative is credited with bringing ‘coherence in understanding of the scope and reach of PAR, with elaboration of PAR areas, principles and indicators to help measure the status of reforms. Stakeholder interviews noted that this created a turning point in the manner to which both the EU and national stakeholders understood the sector as a whole.’\textsuperscript{72} The SIGMA principles are credited with assisting the government in creating a more realistic and coherent strategy for PAR, which was based on the indicators in the SIGMA principles.

A key factor in ensuring the positive contribution to the PAR process in Serbia is SIGMA’s strategic positioning in relation to the Serbia and the EU. SIGMA is viewed as a neutral but friendly partner of both the Serbian government and the EU. Stakeholder interviews emphasise that the technical capacity and expertise of the SIGMA pool of experts are strong and the support is reliable and constructive. The creation of a sound indicator framework for monitoring of PAR in Serbia is another contributory factor.

The third is the introduction of the \textbf{Sector Budget Support} contract for public administration reform in 2016. This large (EUR 70 million) SBS contract is credited with making EU support more coherent and more strategic. In relation to the SBS influence at the policy level, there are (at least) two plausible mechanisms by which it contributed to policy reform. The first is during the preparation for the SBS, and the motivation which it generates for government to meet the general conditions, particularly in relation to required standards for public financial management. The second is during implementation, when the enhanced dialogue has the opportunity to feedback on progress and to address stalled and arising policy issues. The evidence for both these mechanisms being used to full effect is not strong. The fact of the SBS approval indicates that Serbia complied with the general conditions, but the evidence available does not confirm the link between preparation of the SBS and changes in public financial management. Similarly, there is no mention of the SBS (or other IPA funding) in the notes from the PAR Special Group meeting in 2019.\textsuperscript{73}

\textit{iii. Environment}

In environment, significant EU legislation has been transposed or partially transposed into the Serbian lawbooks, but the scope of the legislation is so large that the overall level of preparedness remains low. Progress was made in the horizontal legislation for environment, waste management, water and air quality, industrial pollution, chemicals and civil protection. However, there has been a lack of alignment with the acquis in climate change (Annex 6, Sector 3 Environment Climate Action and Energy Sector Report, section 5.2). Serbia adopted a transposition and implementation plan in 2015 and this helped to move legislation forward. By the end of 2018, Serbia had achieved a higher level of alignment with the acquis.\textsuperscript{74} Despite expectations, Chapter 27 had still not been opened by the time of this report.

Minutes of the dialogue through the SAA Sub-committee for Transport, Energy, Environment, Climate Action and Regional Development clearly show the advocacy by the European Commission for development and adoption of policy and legislation across the range of environmental issues, including climate change. The minutes show a strong link between dialogue and EU financial assistance, with frequent recommendations by dialogue participants encouraging Serbian authorities to use IPA assistance in preparation and implementation of legislation.

Twinning projects provided technical assistance in the transposition of the EU acquis into Serbian law.\textsuperscript{75} Other factors, such as Serbia’s status as contracting party to the Energy Community,\textsuperscript{76} also stimulated adoption of legislation, often supported by IPA-funded technical assistance projects.\textsuperscript{77} Close cooperation with the Swedish government and the Swedish Environmental Protection Agency (SEPA) provided coordinated approach to

\footnotesize{71} http://sigmaweb.org/publications/principles-public-administration-eu-candidate-countries-and-potential-candidates.htm
\footnotesize{72} Annex 4, Democracy and Governance, Section 6 Contribution Analysis.
\footnotesize{74} EC Serbia 2019 Report.
\footnotesize{75} E.g. two twinning projects under IPA 2012 contributed to the environmental legal framework: ‘Strengthening the capacities of authorities responsible for CITES and wildlife trade regulations enforcement in Serbia’ and ‘Creation of a monitoring, reporting and verifying system for the successful implementation of the EU Emissions Trading System.
\footnotesize{76} https://www.energy-community.org/
\footnotesize{77} In 2013, the Law on Efficient Use of Energy was adopted, followed by the adoption of the Energy Law (2014) and several by-laws (2015) relevant for transposing the so-called Third Energy Package.
supporting the Government of Serbia. Technical expertise provided by SEPA supported Serbia in preparing its negotiating platform for Chapter 27, as well as an EU-funded project that supported preparation of the supporting documents for the Negotiation Position for Chapter 27. This resulting Negotiation Position for Chapter 27 was adopted by the Government of Serbia at the beginning of 2020.

Overall, however, there are indications that environmental policy and legislation was a relatively low priority for the government. The Green Fund, although established 4 years earlier, had not yet become fully operational by 2020, and only a small amount of funding has been allocated to energy efficiency (one budget line around EUR 1.2 million per year). Staff shortages hamper the operation of key environmental institutions. Low political commitment likely reduces the pace at which the necessary policy and legislation are adopted, and quality is affected by not having appropriate expertise in place.

iv. Education

Support for policy and legislative reform in education has largely focused on two aspects. First is the link between education and the economy, through support for vocational education and training and in creation of a national qualifications’ framework. The second is fundamental rights, the rights of national minorities and marginalised groups to education. Long-term advocacy and technical assistance by the EU in support of vocational education and training did influence a shift in emphasis of education policy, with additional support from Germany and Switzerland and technical and policy support via the European Training Foundation. By the end of the evaluation period, Serbia had established a national qualifications framework and a national qualifications agency and was continuing to support to the further development of the national qualifications framework and relevant qualifications.

The ERP was a key instrument in influencing and monitoring Serbia’s policy progress in this area (among others).

Dialogue through the SAA Sub-committee on Justice, Freedom and Security is the primary forum in relation to fundamental rights, including education. The dialogue minutes contain notes relating to efforts to improve the education system for national minorities (e.g. in the 5th SAA Sub-committee Meeting in October 2018), suggesting that the EU has a clear influence on national policy in this area. The minutes do not mention IPA funding or EU financial assistance in the context of education and fundamental rights, which may indicate an uneven sharing of information between policy and programme personnel in the EC.

EU support through an SBS contract served to strengthen the action plan for implementation of the Education Reform strategy. The SBS primarily supported implementation of one of the government’s main priorities in education, reform of mainstream primary and secondary education to be more pupil-centred and outcome-focused. Alongside this support, the SBS also encouraged reforms in education for national minorities and disadvantaged Roma communities. Based on interviews with current and former education officials, it is clear that the SBS, in combination with SAA policy dialogue, and negotiations for Chapters 26 (education) and 23 encouraged – and achieved – policy reform in this area.

The SBS also established a high-level dialogue forum specifically for education reform. Based on interviews with participants and meeting notes, it is clear that these forums were able to bring high-level people – ministers of Education, Labour and Employment, Youth and Sports, as well as senior officials from other key government offices – together for a focused dialogue on education reform. This level of seniority is rare even in the SAA sub-committee dialogues. Interviewees reported that these dialogues were able to increase understanding and commitment to education reform of high-level officials formally outside the education system, but who play a key role in supporting reforms.

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78 Swedish Sida-funded project ‘Environment Accession Project 3’ (ENVAP 3).
81 Annex 6, Environment, Climate Action and Energy, section 6 Contribution analysis.
82 Annex 9, Education, Employment and Social, Section 5.2, indicator 2.1.8.
83 The Commission Assessment of the Economic Reform Programme of Serbia (2019-2021) notes Substantial implementation of the previous recommendation to ‘involve closely all relevant actors for the country-wide roll-out of dual learning’, for example.
84 E.g. minutes of meeting on 30 October 2018 of the ‘Interministerial Council for Monitoring and Steering Reforms in the Field of Education and Creating Conducive Environment and Resources Necessary for a Comprehensive Implementation of the Education Reform’.
Evidence of influencing reforms for minorities’ education was reported through interviews. Particularly those so-called ‘kin’ states of national minorities living in Serbia. Through the EU accession process and the decisions on whether to provisionally close Chapters, these Member States can exert influence to ensure that the rights of ‘their’ minorities are protected and respected.

2.2.2 Strengthening of state institutions

The theoretical framework for this evaluation identified both organisational capacity and organisational performance as aspects of the ‘strength’ of state institutions. It was assumed that increased organisational capacities are needed to contribute to improved organisational performance, but that improved performance does not necessarily follow from increased capacities. ‘Capacity’ is conceived of as a combination of organisational factors, including leadership and strategy, human resources, financial, physical resources, structures, systems and processes. Performance relates to the services and products provided by the institution, their quality and relevance, cost effectiveness, and contribution to the institutional goals and strategies.

This section summarises the evidence available of the contribution of EU assistance to both organisational capacities and organisational performance. The documentary evidence of both areas is weak, and so we rely more heavily on field evidence for these findings. Project-level reporting tended to focus on outputs (such as people trained, workshops held, manuals produced, software developed, etc.) rather than on whether any of these things changed the intended organisations/institutions. The reporting was better for SBS interventions, but there was still a tendency to rely on output rather than outcome reporting. ROM reports and project-level evaluations partially provided relevant data, but project coverage was uneven.

i. Rule of law and judicial reform

In the rule of law sector, the strongest positive outcomes are in relation to the efficiency of the courts, with significant reductions in the size of the backlog of cases. The work on case law harmonisation is proceeding well and is likely to contribute to a more effective and efficient judiciary. Further, EU assistance to the Ministry of the Interior contributed to drafting of human resource management regulations, assisted with assessment of the functions of the human resource management service and, following from an earlier Sida-funded project, contributed to organisational structures and job descriptions. This support also contributed to the continuous monitoring and evaluation of the human resource management service. This EU support was directly relevant to strengthening the functioning of the Ministry of the Interior.

The Implementation of Anti-Discrimination Policies in Serbia project’s stated purpose was the ‘strengthened institutional capacity of the Ministry of Human Rights and Minorities, Public Administration and Local Self-Government/Directorate for Human and Minority Rights and the Office of the Commissioner for the Protection of Equality’, and both project and ROM reporting indicate this strengthening of institutional capacity has taken place. Support for the Commission for the Protection of Equality has led to a strengthening in its support for victims of discrimination. An increase in the number of formal complaints coming from the local level is a key indicator of improved performance.

Justice sector capacity development interventions were guided by a 2014 Judicial Functional Review, which provided a comprehensive analysis of the performance and challenges of the justice system. On the other side, little evidence was provided that indicates any significant growth in capacity in judicial sector institutions. Ongoing blocks to constitutional change are specifically hampering the work of the Action with the High Judicial Council.

85 See Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5.2 Effectiveness and Impact, judgement criteria 2.2.
87 See Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5.2 Effectiveness and Impact, judgement criteria 2.2.
This Council is not currently demonstrating the independence and accountability envisaged in the judicial reform strategy.

Synthesis of the evidence in the sector analysis highlights many factors influencing EU contributions to institutional strengthening within the sector. The most significant are summarised here.

- Quality of planning and analysis. The Judicial Functional Review was widely commented as excellent framing document, the National Judicial Reform Strategy (NJRS) was seen as a clear strategy forward, and the Action Plan for Chapter 23 provided well-defined directions linked to the NJRS and the Functional Review.
- Continuity with other projects. Support for the Supreme Court of Cassation followed on from previous initiatives.
- The actions were at a more technical level, in terms of systems and processes, and did not enter into areas that were of a ‘political’ nature in addressing the functioning of the judiciary.

Nevertheless, the outcomes of actions were constrained by:

- An indirect or unclear link between the planned outcomes of specific actions and the overall priorities and objectives of reform in the sector. Funding for actions was provided within a strategic framework, but the provided funding did not necessarily contribute to strategic outcomes – and/or it was not required to report on how strategic priorities are being delivered.
- Reporting on actions did not convey improvements in capacity. As a consequence, learning in real-time about what works is hampered.

There were several additional constraints outside the control of project/programme support, including: the deep divisions about the content of the proposed Constitution reform in relation to the judiciary and judicial reform, without which many judicial reforms could not be achieved; and the shallow quality of human resources in the key institutions.

**ii. Public administration reform**

A comparative review of EU progress reports over the period between 2012 and 2018 shows capacity improvements across public administration for which an EU contribution can be clearly identified. These include e-governance, budget planning and preparation, mid-term planning and programme-based budgeting in SABs and LSG units. The support to enhancing the role of the National Academy of Public Administration in provision of professional development activities at both national and local levels has been one of the ‘key steps towards establishing a unified and integrated system of professional development in all parts of the public administration, which has been running for almost a decade’. The European Integration Facility (EIF) 2016 Report reported that in terms of the institutional framework, Serbia had established structures to coordinate and carry out the process of accession negotiations.

The European Integration Facility 2016 addressed challenges relating to the inadequate administrative capacity to adopt more modern methodologies in order to comply with the European Statistical System and to respond to the requirements for delivery of national accounts data and official statistics according to ESA 2010. The sector report also notes projects designed to support local self-governments with components related to PAR. Specifically in relation to the PAR SBS contract, significant improvements were noted in the field of e-services, policy planning and legislative drafting. Improvements were also noted to some extent in participatory decision-making mechanisms.

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88 See Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 6, Overall contributions to the justice sector.
90 See also Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5.2 Effectiveness and Impact, judgement criteria 2.2.
91 External Evaluation of Serbian Public Administration Reform, p.50.
92 See Annex 4: Democracy and Governance Sector Report, Sector 1, section 5.2.
94 European Integration Facility 2016, European Commission, p.4.
95 European Integration Facility 2016, European Commission, p.6.
96 See Annex 4: Democracy and Governance Sector Report, Sector 1, Section 5.2 Effectiveness and Impact, judgement criteria 2.2.
Some key challenges persist, despite EU engagement. These relate to merit-based recruitment, ‘rightsizing’ of the state administration and the lack of administration accountability.97 Also, data collected through document review and stakeholder interviews point to push-backs in implementation of the EU principles of public administration due to lack of political will or prevailing political interests. This relates particularly to establishment of impartial and professional civil services, including appointments at higher-level positions.

The democracy and governance sector report notes that EU support and the perspective of EU accession have been important drivers for strengthening institutions. PAR has been seen as a sector that needs strengthening in order to take up the wider set of reforms required within EU accession path, and this prioritisation has contributed to increasing attention on capacity development. Accession is also a clear driver in terms of improving administrative capacity for managing EU funds.98

The move to a sector-based approach brought together financial and non-financial assistance (policy dialogue, advocacy) that had previously been disconnected. The sector approach also facilitated horizontal connections across sectors, for example in relation to the justice sector and the fight against corruption, and in relation to public finance management.99

The introduction of SBS for PAR reinforced the sector approach. It was agreed across all stakeholder groups that SBS brought a new momentum for the reform and also helped improve the relevance and strength of the support, and decreased fragmentation. Interviewees involved in PAR also noted that participatory programming approaches, in particular for the PAR SBS, helped to design more relevant and necessary support interventions.100

The system-wide approach of the PAR SBS was credited with contributing to wider reforms tackling some of the fundamental issues facing public administration. This included, for example, investment in e-services which brought results whereby new services were made available digitally via a central online service portal.101 The evaluation of the PAR Strategy in Serbia found significant savings were being made thanks to these e-services.102

Nevertheless, there were significant challenges in translating EU financial and non-financial assistance into concrete capacity improvements, and in providing evidence of capacity change. Success of project-level interventions was often undermined by systemic factors such as high staff turnover and employment conditions that did not recognise or reward on merit, and political influence on senior staff appointments, as well as IMF-inspired restrictions on new employment. The effectiveness of interventions was often constrained by inaccurate or superficial assessment of root causes of the problems they aimed to address.103 104

Review of project-level interventions showed that projects generally deliver on their planned outputs but have difficulty in demonstrating capacity and performance improvements. Delivery of outputs, such as delivery of training and production of guidance documents, was frequently taken as evidence of capacity improvements. Evidence for actual change in behaviours and outcomes was weak.105

Interviews with all stakeholders pointed to the selection and quality of experts as a key factor that affects delivery of assistance and its success. National stakeholders emphasised that their participation in selection processes

97 EU Progress Report for Serbia 2018, p.11.
98 See Annex 4: Democracy and Governance Sector Report, Sector 1, Section 6, Contribution Analysis.
99 See Annex 4: Democracy and Governance Sector Report, Sector 1, Section 6, Contribution Analysis.
100 See Annex 4: Democracy and Governance Sector Report, Sector 1, Section 6, Contribution Analysis.
101 See: http://euprava.gov.rs/
102 The Evaluation of PAR Strategy in Serbia (p. 87) noted: ‘In the period from June 2017 to October 2018, 500,000 hours in waiting time were saved for the issuance of 500,000 savings of about RSD 750 million, or EUR 6.33 million. In general, 70% of citizens of Serbia confirm that the public administration pursues a user-oriented service delivery (i.e. digitalisation policy) while 56% confirm their awareness of the simplified administrative documents. These include over 20,000 birth registrations in all 58 Serbian maternity wards 230,000 health insurance IDs, over 10,000 kindergarten enrolments, etc. The Directorate for E-Government (now ITE) estimated that the implementation of e-LGAP will achieve savings for citizens of Serbia exceeding five million hours, which they had hitherto spent in queues, as well as about one million working hours of civil servants. Thanks to this service offered via the e-portal, citizens will be exempted from payment of many fees, resulting up until the end of 2017 in savings of about RSD 750 million, or EUR 6.33 million.’
104 See Annex 4, Democracy and Governance Sector, Section 5.2 Effectiveness and Impact, JC 2.2.
105 See Annex 4: Democracy and Governance Sector Report, Sector 1, section 5.2 and section 6.
helps to procure good expertise and that there is a noted difference in experts selected by only the EU and those where national stakeholders also participated in selection.\textsuperscript{106}

The time lag between programming and start of implementation of actions was identified as a constraining factor, particularly in relation to the complementary assistance for the PAR SBS, but also in other technical assistance projects. Long delays require a re-design during the inception phase to ensure that TA remains relevant.

\textit{iii. Environment}

In the environment sector, specific project interventions led to both capacity and performance change in institutions – an example being the investment in equipment and training for improved air and water quality monitoring.\textsuperscript{107} It was too early to evaluate effectiveness of infrastructure investments for solid waste and wastewater treatment financed under IPA II: two projects were not contracted, three were ongoing, and two were completed at the time of research for this evaluation. For projects under IPA I, an earlier evaluation indicated that ROM scores ‘C’ (problems) for effectiveness ‘were given to the waste and water infrastructure construction due to the delayed construction’.\textsuperscript{108} By the end of 2019, the construction of a Waste Water Treatment Plan in Raška municipality was in the final stages.\textsuperscript{109}

A new methodology for prioritisation and selection of infrastructure projects was developed in 2014, which enabled ‘the creation of Single Project Pipeline which represents a unique overview of infrastructural projects with a particular focus on their maturity’. Preparation of technical documentation for large infrastructure projects in the environment and energy sector of the Single Project Pipeline has been supported through Project Preparation Facility under IPA Country Programme of 2013, 2014 and 2016.\textsuperscript{110}

Capacity in the environment sector had been adversely affected by a large staff turnover between 2012 and 2014. In some cases, whole agencies were closed, such as the Agency for Energy Efficiency, and 10 years of capacity-building efforts simply disappeared. Similarly, the closure of the Chemicals Agency in 2012 had an impact on administrative capacities, highlighted in the EU progress report 2014.\textsuperscript{111} This issue was included in EU and Serbia policy dialogue, and later led to support by EU projects.\textsuperscript{112} Low levels of staffing in environment sector institutions remained a chronic constraint throughout the evaluation reference period, which likely reflected the low level of commitment of the Government of Serbia to addressing environmental issues. Interviews with national authorities and EU stakeholders suggested that capacity-building efforts were hampered by the short-term and narrow focus of interventions, and consequently were unable to address underlying issues. Despite some targeted capacity improvements, the performance of the institutions charged with environmental protection remained weak. The weaknesses were system-wide, rather than with any single institution. For example, the mechanisms for enforcement of legislation, including inspection and the court system, were not fit for purpose. As a consequence, investments such as the four new regional waste landfill sites remained under-utilised.\textsuperscript{113} Municipalities continued to use sub-standard alternatives because of the lower cost and went unpunished.\textsuperscript{114}

One of the main capacity development interventions in the environment sector (but not only this sector), was the introduction of decentralised management (indirect management under IPA II) at the end of the IPA I period. While the large number of decentralised projects at the end of IPA I created initial bottlenecks, Government of Serbia authorities gradually put in place the mechanisms to manage EU funds for environmental projects, particularly infrastructure projects. There were observed improvements, for example, in project selection which has moved

\textsuperscript{106} See Annex 4: Democracy and Governance Sector Report, Sector 1, section 6, Contribution Analysis.

\textsuperscript{107} Project ‘Establishment of an integrated environmental monitoring system for air and water quality’, CRIS 354230 and 354226.


\textsuperscript{109} Raška WWTP project monthly progress report, December 2019, p.6.

\textsuperscript{110} see Annex 6: Environment Climate Action and Energy sector report, section 5.2.

\textsuperscript{111} EC 2014 p.58 ‘The newly formed department in the Ministry of Agriculture and Environmental Protection has taken over all the functions of the Chemicals Agency, which has closed. However, technical posts have been reduced by 30 %. Further strengthening of administrative capacity is therefore necessary, especially in the field of risk assessment of biocidal products.’

\textsuperscript{112} E.g. ECHA IPA project ‘Preparatory measures for the participation of candidate and potential candidate countries in work and cooperation with the European Chemicals Agency’, funded under IPA Multi-country Programme, and Twinning project ‘Further development of chemicals and biocides products management in the Republic of Serbia’, IPA 2013, SR 13 IB EN 03.

\textsuperscript{113} Although the amount of disposed waste at these regional landfills increased since 2012 by 165%, in 2018, only 19.7% of the generated municipal solid waste ended up in this landfills or 3.8% of a total generated waste (non-hazardous and hazardous) in Serbia. Calculation based on the data from the Report on waste management for the period from 2011 to 2018, http://www.sepa.gov.rs/download/Otpad_2011_2018.pdf

\textsuperscript{114} See Annex 6: Environment Climate Action and Energy sector report, section 5.2, indicator 2.1.5
towards selecting projects for their contribution to strategic priorities instead of the level of readiness. There is still, however, a long way to go to strengthen administrative capacities for managing EU funds in the environmental sector.

Linked to the introduction of indirect management, the evaluation reference period has seen the selection of infrastructure projects become more oriented towards the needs of accession. This could have a contribution from the SAA dialogue, which is noted to encourage links between accession requirements and IPA support.

Inclusiveness of project design and implementation processes was credited with contributing to the effectiveness of projects. Involvement of various stakeholder organisations in selection committees contributed to cooperation during project implementation. This in turn is linked to the introduction of decentralised management of IPA funds: decentralised management contributed to the participation and involvement of host agencies. The responsible stakeholders were included in each project stage from the very beginning. Interviews with key beneficiaries, including the ministries, confirmed that they were consulted in the conception and design phase of projects, and this helped them to express their needs and better address the issues that appear during implementation of projects.115

Nevertheless, several common themes appeared as constraints in achieving stronger institutions. Insufficient funding for the key agencies, linked to the perception that environmental issues are a low political priority, mean that the agencies remain understaffed; high staff turnover increases the burden, and means that key staff are relatively inexperienced and have suboptimal skills.116

Timing of capacity-building support has also been shown to be critical in some cases. One sample project, ‘Sustainable Development in The Energy Sector’, developed analyses on fuel quality monitoring and green-house gas emissions. However, there were no opportunities in terms of policy or legislative initiatives being prepared that the analyses could flow into.117

iv. Education

EU-supported reforms in the Education sector achieved some notable capacity and performance improvements. The institutional framework — legislation and agency — for supporting the National Qualifications Framework is a clear EU success, aligning with the European Qualifications Framework. Measures put in place to train teachers for minority language pupils and to provide textbooks enable the education system to improve provision for Serbia’s minority population, at least in primary education.118 There are improvements in the provision of vocational education and training curriculum to better meet the needs of the labour market119 and ‘the introduction of the national dual education model is increasing in scope and aims to improve the relevance of vocational education’.120

One critical intervention support by the EU was the SBS contract for education, which provided EUR 24 million from 2017 to 2019 in support of the implementation of the Government’s Strategy for Education Reform and action plan. Two projects for monitoring and capacity building respectively were intended to provide complementary support. The first component of the SBS aimed to assist the introduction of outcome-based learning in schools (primary and secondary), with the intention of boosting educational outcomes.

SBS-supported activities trained some 36,786 educational professionals121 in outcome-based, student-oriented teaching methods. The total number trained was approximately half of the total teaching cadre in Serbia — a significant achievement. However, this training did not translate into any evidence of changed practice in the classroom, for three main reasons. First, there was no mechanism in place to monitor classroom practice in this context; second, observers say that they have not seen any changes to classroom practice; and third, the institutions responsible have reflected on this experience, and conclude that the training itself was insufficient,

115 see Annex 6: Environment Climate Action and Energy sector report, section 6, Contribution analysis.
118 EU Progress Report 2019 p.29.
119 EU Progress Report 2019, p.78.
120 EU Progress Report 2019, p.49.
though necessary, to achieve the desired results. They recognise that more work should have been done to support schools, school directors and professional staff to put in place the systems and support for teachers to actually change their practices.\textsuperscript{122}

In other SBS components there was no available data at the time of writing to demonstrate whether there is any improved performance. Under component 2, indicators were set as outputs (number of textbooks provided, number of teachers trained), not in terms of improved education quality for minorities. Under component 3 regarding Roma education, outcome indicators were set, but the data on which it relies has not yet been published.\textsuperscript{123} The establishment of the legal framework and institutions for the National Qualifications Framework has led to performance improvements, by virtue of coming into existence and beginning to operate. See Annex 9 Education, Employment and Social Sector.

The SBS contributed to capacity development in several planned and unplanned ways:

- It strengthened cross-departmental cooperation within the Ministry of Education. Through its scale, and driven by the high level of political commitment, departments within the ministry were obliged to work together in ways that they had not previously, with positive results.
- It improved coordination of action between Ministry of Education and other key institutions, including the Institute for the Improvement of Education. The establishment of the high-level policy dialogue forum and the involvement of the Ministry of Finance and other parts of government created both the platform for cooperation and the motivation to cooperate. While this cooperation was evident during the implementation, observers were not sure that this capacity would continue beyond the lifetime of the SBS.
- The structure of the SBS established an unintended scrutiny and accountability mechanism between the Ministry of Finance and the Ministry of Education; these ministries are expected to deliver on the targets so that the anticipated finance can be received into the state budget.
- Finally, a key observation is that both the Ministry of Education, but particularly the Institute for the Improvement of Education had strengthened their confidence and abilities to plan and execute large-scale institutional change. The experience of managing a challenging project relatively successfully, had given the Institute necessary experience, and which may enable it to manage further such change projects.

A particular issue was that the SBS complementary support capacity-building project only began work in 2019, a few months before the end of the SBS itself, in December 2019. There was therefore a critical disconnect between the main Education SBS and its capacity-building component.

\subsection*{2.2.3 Strengthening of civil society’s role in policy processes}

\begin{tabular}{|l|}
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JC 2.3 Civil society institutions and the enabling environment for civil society have been strengthened with contributions from EU cooperation \\
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The EU has been able to provide civil society organisations with both funding and technical support and has contributed to providing the space for engagement between civil society and national authorities. There are at least three key forums for cooperation between authorities and civil society and to enable civil society to influence policy and direction of reform processes. The sector working groups established by the then Serbia–EU Integration Office (SEIO) were a forum for sector analysis, setting priorities and coordinating actions with donors. A key result of these sector working groups is the ‘NAD’ documents – Needs Assessments for International Donor Assistance. The establishment in 2010 of the Office for Cooperation with Civil Society was an initiative to improve the cooperation between government (at both central and local levels) and civil society organisations. And most recently, the National Convention on European Union is a ‘permanent body for thematically structured debate on Serbian accession into the European Union, between representatives of the governmental bodies, political parties, NGOs, experts, syndicates, private sector and representatives of professional organizations.’\textsuperscript{124}

\textsuperscript{122} Interviews with SBS contract participants, including monitoring team and external expert observers.
\textsuperscript{123} Data is required from UNICEF’s MICS VI survey, conducted in 2019 but not available as of June 2020.
\textsuperscript{124} http://eukonvent.org/eng/about-national-convention-on-the-eu/
This EU support has been of critical importance for empowering civil society to take a more active role in policy processes in line with Guidelines for Civil Society adopted by EU in 2016. Both the democracy and governance sector report and the rule of law sector report provide evidence of the importance of EU support to the growth in the role of civil society in this area. EU support has implemented both through financial and non-financial (policy dialogue) engagement, focusing on building capacities and empowering civil society to take on their oversight/watchdog role.\textsuperscript{125} Civil society organisations (CSOs) are increasingly engaged in consultation processes on strategy development, legislative amendments or new legislation as noted in a number of evaluations conducted on issue of civil society across the reference period of this evaluation.\textsuperscript{126} The rule of law sector report notes the greater engagement of civil society in policy advocacy, specifying the use of evidence-based approaches and the engagement of CSOs in the preparation of policy briefs, and policy documents. The sector report notes that the Civil Society Facility can be ‘understood as a cross-cutting cooperation instrument, complementing the EU relations instruments of political dialogue, conditionality and assistance.’\textsuperscript{127} However, the rule of law sector report also notes that there are significant ongoing areas of difficulty in relation to legislative frameworks in the judiciary, particularly the inability of the Government of Serbia to finalise and implement changes to the Constitution of Serbia. All other intended changes are held up by this delay, as are a range of initiatives currently being supported by the EU.\textsuperscript{128}

There was a notable increase in civil society activity in relation to the fight against corruption, and recent events\textsuperscript{129} demonstrate the utility of the 2015 Law on Whistle-blowers.\textsuperscript{130} EU financial assistance has contributed to the maintenance of the independence of a professional quality media, despite considerable shrinking space for free speech and independent media. Continued use by the Parliament of urgent procedures for adopting new legislation has decreased the space for CSO participation in the democratic process,\textsuperscript{131} and there are indications that government remains unwilling to consult and engage with CSOs in many thematic areas.\textsuperscript{132}

In some areas, such as environment, there have been substantial efforts to engage CSOs in the EU membership negotiation processes. Shadow reports on Chapter 27 are produced by a CSO coalition, ‘Koalicija 27’; and there are two working groups within the National Convention on the European Union on Energy and on Environment and Climate Change that provide recommendations for negotiation Chapters 15 and 27.\textsuperscript{133}

In other areas of reforms, civil society and social partners have largely been absent. In education reform, for example, CSOs, teachers’ unions and parents’ groups have not been included in either design or implementation of the SBS, nor are they included (so far) in the development of a new education strategy, supported by an EU technical assistance project. Despite the insistence of the EUD, there is a general reluctance of the beneficiary institutions to involve external partners in policy dialogue and implementation.

### 2.2.4 EQ 2 Conclusions

The European Union’s cooperation strategy with Serbia over the evaluation period has had clear and lasting effects on legislation and policy, institutional capacities, and civil society.

Assistance under IPA is designed to support the reforms undertaken as part of the European integration process, with a focus on institution building and approximation with the EU acquis. The EU cooperation strategy with Serbia has a focus on strengthening institutional capacities for public administration, to encourage and sustain reforms across all sectors. Government policy in the four focus areas is more in line with the requirements of EU accession

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\textsuperscript{125} See Annex 4: Democracy and Governance Sector Report, Sector 1, Section 5.2 Effectiveness and Impact, judgement criteria 2.1.


\textsuperscript{127} See Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5.2 Effectiveness and Impact, judgement criteria 2.1.

\textsuperscript{128} Ibid.

\textsuperscript{129} https://balkaninsight.com/2019/10/16/serbian-arms-case-whistleblower-wanted-the-truth-heard/

\textsuperscript{130} See for example https://www.balkaniaucaso.org/eng/Ar/areas/Serbia/Whistleblowers-in-Serbia-a-model-law-184197

\textsuperscript{131} Annex 7 Assessing Public Policy Eligibility: Public Administration Reform p.16.


\textsuperscript{133} http://eukonvent.org/eng/
as a result of contributions from EU cooperation. While the strength and significance of this change varies across sectors, it is visible in each sector looked at by the evaluation.

The EU has used its dialogue with Serbia effectively in addressing governance issues and the fight against corruption and has improved its approach to these areas in policy formulation and project design. The EU’s structured dialogue mechanisms on governance issues with Serbia cover key governance areas and make the link between political priorities and policy formulation.

The PAR process has been facilitated by the EU accession agenda and EU integration is the driving force for PAR at the national level, visible in the Public Administration Reform Strategy 2014-2020, the Public Financial Management Reform Programme and other significant steps with e-governance, budget planning and preparation, mid-term planning and programme-based budgeting. However, overall, Serbia remains moderately prepared with the reform of its public administration as emphasised in the EU progress reports. Data from the evaluation’s processes point to a push-back in implementation of the EU principles of public administration due to a lack of political will and prevailing political interests. This relates particularly to the establishment of impartial and professional civil services, including higher-level positions.

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

Dialogue is the main mechanism through which policy and legislative change are influenced. The relevant SAA sub-committees consistently and persistently raise issues and follow up on key actions. There are clear links between dialogue and EU financial assistance in the area of environmental protection, while in judicial reform and public administration reform, the links are less explicit. The high-level dialogue established specifically for the Education SBS contract was credited with creating greater political will and understanding for education reforms within the Government of Serbia.

In-depth technical analysis exercises, notably the SIGMA initiative and the Judicial Functional Review, provide solid evidence and understanding of root causes which inform both dialogue and design of actions. In the case of the SIGMA initiative, the regular outcome-level monitoring gives feedback on the progress of reforms, including those supported by financial assistance, which in turn feeds into dialogue. The objectivity of the SIGMA initiative gives credibility to EU positions in the dialogue.

The introduction of sector budget support as a modality appears to have addressed many of the issues raised in the 2011/2012 round of sector evaluations (see section 2.1.1v), including ownership, fragmentation, and political commitment. The modality holds the promise of greater effectiveness and, if designed with realistic change pathways, of greater impact. The combination of dialogue and SBS contributed to institutional change in areas that were otherwise low on the government’s priority list, such as minority rights in education, but fundamental to its accession prospects.

Support for reform has proven more effective in areas where there is a high degree of consensus on the direction of reform, such as in education and environment. In areas where the direction is contested – even within the national authorities such as for judicial reform – EU cooperation appears effective for technical issues such as addressing the courts backlog, rather than addressing fundamentals like judicial independence. Fundamental reforms depend on the robustness of national domestic mechanisms and sustained high-level political commitment. This presents a choice for the selection and design of interventions: the extent to which the share of support is dedicated for technical solutions that are more likely to be successful and with more immediate outputs available; compared to support for more difficult but more fundamental interventions that may have less chance of success, but, eventually, greater potential impact.
Indirect management of IPA funds by the national authorities proved to be difficult at the outset, but nevertheless has the potential to become both an arrangement for financing investment with IPA funds, and also a key learning platform for national authorities in the management of EU funds.

Finally, the assessment of the effectiveness of EU support for capacity development has been constrained by the general lack of reliable information on the effects of EU support on capacity change.

2.3 EQ 3 Awareness of EU principles

EQ 3 To what extent has the EU’s cooperation strategy raised, over time, Serbia’s awareness of the general principles the EU stands for and/or the EU’s positive contributions?

In responding to this question, the evaluation team set two judgement criteria – one looking at the awareness of EU principles among the state institutions, and the second looking at the awareness of the general public.

To set the framework for answering this question, the goals and values of the EU as set out in the Lisbon treaty (see box below) provide a concise description of ‘the general principles the EU stands for’. This evaluation question is answered in two parts. First, we look at the public sector, civil society and business sectors which are likely direct beneficiaries of EU cooperation. Second, we look at the evidence related to the general population. Evidence for this question is drawn from available documentary and secondary sources.

The reference set of criteria for ‘the general principles the EU stands for’ was taken as the goals and values of the EU as set out in the Lisbon treaty and the EU Charter of Fundamental Rights.

The judgement criteria were as follows:

| JC 3.1 EU cooperation has contributed to strengthening the awareness of key targeted institutions of the general principles which the EU stands for |
| JC 3.2 EU cooperation has contributed to the general public’s awareness of the principles the EU stands for and the EU’s positive contributions |

2.3.1 State institutions’ awareness of EU principles

Overall, interlocutors in Serbian institutions demonstrate a general awareness of the EU accession process and in each sector, of the general requirements for compliance with the acquis. However, there is no documentary evidence available of surveys or other instruments that have aimed to test the level of awareness of public administration workers’ or other specific audience’s awareness of EU’s general principles.

Serbia has aligned its strategic, institutional, and legislative framework to respond to EU accession requirements, and this is a direct result of EU’s policy advice and guidance. Instruments such as the Economic Reform Programme (ERP) and the Employment and Social Reform Programme (ESRP) are inspired by the fact that EU and Serbia aligns its goals to EU goals such as Europe 2020.

In the transition from IPA I to IPA II, direct links between national authorities and line DGs (notably DG Regio and DG Employment) were weakened. This was particularly the case in relation to the possibility of operational programmes under IPA I Components III and IV, which were intended to mirror the management of EU Member States’ structural funds. The weakening of these links was perceived by interlocutors in the national authorities as a sign that EU accession was a receding possibility and that the EU was not serious about membership for Serbia.

The democracy and governance sector report notes that evidence collected through document review shows an overall improvement of the Serbian institutions awareness of general principles that EU stands for across the democracy and governance sector and in particular within PAR as confirmed through stakeholder interviews across different stakeholder groups. At the project level, some tentative findings emerge about the way in which values and knowledge of EU can be more effectively transferred. Twinning projects are examples of the transfer of knowledge between peer public sector workers in EU countries and Serbia. It has been noted that twinning

134 See Annex 4: Democracy and Governance Sector Report, Sector 1, Section 5.3 Awareness of EU principles, judgement criteria 3.1.
Evidence from the evaluation’s document review and fieldwork in the rule of law sector does not provide a strong indication that targeted institutions are being provided or are gaining a greater awareness of the EU’s general principles. There is a focus in documentation on EU frameworks such as the EU acquis, and a related focus on alignment with these frameworks, but there is no further discussion of the strengthening the awareness of key targeted institutions of the general principles. Documentation is much more related to structure and process. One exception to this is the work done by CSOs, funded through the Community Support Framework (CSF). Much of the focus of CSF-funded projects is on principles, and on bringing policy and legislation into line with EU frameworks and a European perspective. As an example, the project ‘Implementation of Anti-Discrimination Policies in Serbia’ includes in its project purpose statement ‘policies in line with EU standards and best practice’. However, while reference is made to EU standards in defining the aims of training content, there is no other mention of standards in the final report, and no mention of best practice other than in the project purpose statement. Of concern here is that it is not possible from reporting on this project to ascertain if there has been a sufficient focus on the general principles which the EU stands for, or whether or not targeted institutions have a strengthened awareness of these principles and how they are a priority of EU financial assistance.

While field enquiry in the rule of law sector found strong support for the role played by EU assistance, including particular mention of improvements to infrastructure and IT systems, feedback from the field related to the judicial sector was less supportive of the reforms being implemented through EU assistance. In the view of most interviewed stakeholders, the technical and other support being provided is not contributing to reform, nor to bringing Serbia into a closer alignment with EU principles. Interviewees point to the structural blocks within Parliament (no Constitutional reform) on the Serbian side and to a lack of impetus and direction on the EU’s side. The consistent findings of the evaluation are visible in this specific criteria and indicator: high-level alignment is excellent, but it does not transfer to actual reform. EU assistance improves some areas of the work of the judiciary but more with infrastructure and IT than with policy and practice (particularly in relation to independence and accountability and with the exception of specific outcomes on judicial efficiency); the role of the EU in Serbia is not promoted well enough across Serbian society.

2.3.2 Public awareness of EU principles

Surveys commissioned by the Ministry of European Integration over the whole period covered by this evaluation, provide good insight into the changing public opinion in Serbia in relation to the EU. The overall public opinion in relation to Serbia’s membership of the EU has fluctuated, and although there is a gradual decline in enthusiasm, there is still a majority in favour of EU membership. There is strong public support for the kind of reforms that the EU promotes, regardless of whether it is a condition for membership. Some 68% of respondents in 2019 believed that ‘These reforms [necessary for EU accession] should be carried out even if they weren’t a condition for EU accession, in order to create a better Serbia for our own sake’ (MEI survey 2019, p.18). This suggests a strong
The most consistently cited reform required is the fight against corruption, mentioned by 20% of respondents in 2019 as the most important (MEI survey 2019, p.19).

In terms of the EU's positive contributions, it can be helpful to consider the public perception of donor funds as a proxy for the perception of overall EU positive contribution. Between 2014 and 2016, Russia and China were seen as bigger donors than the EU; only in 2017 and later was the EU seen as the biggest donor by a larger percentage of respondents. Even then, the difference is small. Considering that the EU is the largest donor by a very significant margin, it suggests that in 2019 the public is still poorly informed about the extent of EU support to Serbia. According to the Ministry of European Integration, EU has contributed EUR 2.96 billion in grants between 2000 and 2016, the USA is in second place (EUR 700 million), while China contributed EUR 31.4 million. Russian aid is not listed. There was a slight increase in awareness of EU-funded projects: in 2019, 34% of respondents had heard of any EU-funded projects (MEI survey 2019, p.23) up from 28% in 2015 (MEI survey 2015, p.19), suggesting a gradual increase in awareness.

Figure 4: If there was a referendum tomorrow … how would you vote?
These survey findings do not, however, directly answer the question about the extent to which the EU’s cooperation has contributed to the public’s awareness of the principles the EU stands for and the EU’s positive contributions.

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

In the civil society and media sector, not only has it been shown that the ‘implementing partners have followed the EU’s visibility guidelines and acknowledged the role of the EU in all promotional materials produced’, but also relevant visibility tracking tools and documentation indicate a good visibility and outreach of activities. Additionally, the evaluation of contracts implemented and financed by IPA under the Civil Society and Media Action finds in its field analysis that the implementation partners are applying the communication strategies, which incorporate the EU’s visibility guidelines, while putting one particular focus on European values. Interim and final reporting from the Implementation of Anti-Discrimination Policies in Serbia project both indicate increased awareness within the general public on anti-discrimination policy, although neither of these reports indicate on what basis this judgement has been made.

### 2.3.3 EQ 3 Conclusions

The evidence available suggests that while the EU works hard at promoting both awareness of its support to Serbia and EU values, it has little control over the dominant narrative in the media. Overall, the public awareness

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143 Ibid, p.31.
of the EU project support to Serbia appears to be growing, and the EU is now seen (correctly) as the largest donor to Serbia by more people than consider Russia or China the largest. After many years of media narrative exaggerating the role of these partners, and downplaying that of the EU, this can be considered progress.

The nature of much of the EU’s support to Serbia is technocratic and does not readily reach the headlines. More media-friendly infrastructure projects, which are regularly reported by the media, tend to be used for domestic political purposes, overshadowing any EU role. Though outside the scope of this evaluation, it would be interesting to explore the extent to which WBIF- and EIB-supported infrastructure projects contribute to enhancing the awareness of the EU.

The public in Serbia is generally in favour of the kind of reforms promoted by the EU accession process, though they may not necessarily associate issues such as the fight against corruption with specifically EU values.

Public authorities working in support of EU accession are sensitive to the signals sent out by Brussels, including the design of the IPA instrument and the nature of the administrative relationship between Brussels and Belgrade. Changes in institutional arrangements were perceived – whether correctly or not – as moving towards ‘development cooperation’ and away from accession to EU membership. The EU needs to be aware of such sensitivities.

The biggest challenge, however, remains in the political and media domains. This is related to the extent to which political leaders in Serbia, and the media that they influence, are seen to promote both the principles the EU stands for and the EU’s contributions. There is a divergence within the country, which is being exploited for domestic and international political reasons, and this inhibits the adoption of European values. EU responses to these challenges need to be conducted similarly in the political and media spheres and cannot be left to the influence of financial and project assistance only.

2.4 EQ 4 Impact

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

This section primarily looks at the outcomes and impacts levels of the logic model (see Figure 3: Overall logic model). EQ 2 looked at the effects of EU cooperation on policy and legislation, institutional capacities and civil society. This section follows the results chain to the next step, and explores how these policy and legislative capacity changes have contributed to changes at the outcome and impact levels.

This section is divided into four parts. The first looks at what impact monitoring measures were put in place through EU regulations and programming. The second briefly covers the findings from the impact indicators. The third and fourth parts correspond with the two judgement criteria:

- JC 4.1 The key sectoral changes for which the EU has made a contribution have helped Serbia to move closer to meeting the Copenhagen criteria;
- JC 4.2 State capacities which have been enhanced with support from the EU contribute to supporting Serbia’s ability to take on the obligations of EU membership.

The evidence for this section largely comes from the contribution analyses conducted during the synthesis phase, based on desk and field evidence in the four focus areas, justice reform, public administration reform, environment, and education. This evidence provides us with explanations for why impact is seen in some areas and not others and contributes to our learning on what works with regard to reaching the objectives of reform assistance. Details of the findings of the contribution analyses can be found in section 6 of each of annexes 4, 5, 6 and 9.

146 Growing Challenges in the Republic of Serbia Towards European Union Accession, Kelly Zug, Institute of World Politics, 2018
https://www.iwp.edu/active-measures/2018/05/01/growing-challenges-in-the-republic-of-serbia-towards-european-union-accession/#_ftn4
2.4.1 Measuring impact and assessing contribution

The IPA II regulation states that ‘Progress towards achievement of the specific objectives [of the IPA II instrument] shall be monitored and assessed on the basis of pre-defined, clear, transparent and, where appropriate, country-specific and measurable indicators’. It further states that the Commission’s annual progress reports ‘shall be taken as a point of reference in the assessment of the results of IPA II assistance’.147

A set of indicators developed to monitor IPA II in Serbia was defined in the Indicative Strategy Paper, and these are set out in Annex 11, together with the most up-to-date data available.

The progress reports provide a good and well-evidenced review of the extent to which Serbia meets the requirements for membership, and a comparison of year-on-year changes with regard to level of preparedness (for membership), and level of progress (made in the year to date).

Both the progress reporting and the ISP indicators provide useful measures of Serbia’s overall progress towards joining the EU. As outcome measures, however, they do not provide information on the contribution of EU cooperation towards this overall progress. The complexity of the relationship between EU cooperation, national and international initiatives, financial support from donors and IFIs, as well as other domestic and international interests, means that there is no direct way to assess the contribution of EU cooperation to the impact level.

The contribution analysis conducted by the evaluation team of the evidence from desk and fieldwork in the four focus areas identified contributions and constraints along the chain of contribution, from planning and programming through to eventual changes at the level of the state (see Figure 2: Conceptual model). Contributions were categorised as either internal or external to the intervention, and either positive (contribution) or negative (constraints). Each of the identified contributions was linked to the supporting evidence and source. In order to pull together the findings from the contribution analysis, a detailed comparative study of the contribution analyses was undertaken, using qualitative analysis software.

Based on this analysis we can offer some insight into where and how EU cooperation contributed to overall impact, and areas where improvements might lead to greater impact in the future.

2.4.2 Overall measures of impact

The Revised Indicative Strategy, together with the Progress Report, provide a swathe of indicators which monitor change at the impact level. The progress reports (see Table 2 in EQ2) suggest modest overall change, except in Transport and Environment, and this is supported by the key indicators.

The headline economic indicators up to 2019 are positive, with increases in GDP per capita, foreign direct investment and employment, and a significant decrease in unemployment.

On the institutional side, government effectiveness shows a small increase. Other governance performance measures, however, show declining performance in every dimension on the World Bank Governance index since 2014, with voice and accountability and control of corruption showing notable declines.148,149

147 IPA II Regulation article 2, para 3 (Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II)).
148 http://info.worldbank.org/governance/wgi/
149 The trend data from 2012-2018 show slight improvements overall in rule of law and regulatory quality, but these improvements date back to the period 2010-2013, and so cannot be linked to EU assistance over the evaluation period.
Environmental indicators in energy (quality of electricity supply) and in transport (logistics performance) indicators show small improvements, though civil society, and particularly press freedom are in decline. The full set of indicators, their values over the evaluation period and sources can be found in Annex 11.

2.4.3 Contributions to sectoral impact

This section draws from the comparative analysis outlined above (section 2.4.1) to explore the main factors that have been shown to be plausible mechanisms by which EU cooperation contributes to outcome and impact-level changes in the four focus areas.

**Political commitment** comes out as the leading contextual factor contributing to, and constraining, the achievement of goals in EU-supported actions. Where there is broad agreement on the reforms to be taken, such as in education or public administration, political support makes a positive contribution. For interventions that are small in scale and not controversial, there is low political interest. In these cases, low political commitment does not provide a positive contribution to delivering project outputs, but nor is the absence of a constraint. However, when political commitment is needed, for example in committing budget funds for future sustainability, the absence of political interest constrains the achievement of impact. There are cases in which there is active resistance – or at least conflicting views within political levels – to specific reforms. Political commitment was particularly noted as a (negative) contribution factor in the rule of law and judicial reform focus area. Here there are interventions that will not achieve desired impact unless there is a change in national government policy or greater alignment of views behind the direction of meeting EU membership criteria.150

Two mechanisms were identified as contributing to increased political commitment: sector budget support and policy dialogue. Sector budget support increased political interest and engagement through the size of interventions (in financial terms), and the internal (to government) dynamics it creates. The high-level dialogue forum established specifically for the education budget support contract attracted political involvement at ministerial level not seen even in SAA sub-committee dialogues, and one of the reasons given by participants in this engagement was the size of the funding.151 The level of interest had not been seen in previous education reform projects. Interlocutors reported that the Ministry of Finance took an interest in whether the specific SBS

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150 Annex 5: Rule of Law and Fundamental Human Rights, section 6 contribution analysis, overall contributions to the justice sector.
151 Annex 9: Education, Employment and Social Sector, section 5.3, indicator 4.2.1.
conditions were met, and this was a significant driving factor for the Ministry of Education to deliver on the SBS planned activities.\textsuperscript{152} These observations of internal government dynamics were an unexpected side-effect of the SBS, and provided an explanation for the increased motivation of the Ministry of Education.

Policy dialogue helped to raise the mutual understanding of issues and benefits of reforms, and reduce barriers to change. This was noted especially when informed by solid technical support and evidence, such as from the SIGMA initiative in public administration, TAIEX missions, and information from TA project teams. The more reliable and detailed monitoring data that comes with sector budget support raises awareness of areas where progress is not happening and encourages greater political engagement (Annex 4: Democracy and Governance).

The implications here are that the measures currently available in the IPA toolbox – particularly sector budget support – can be used to generate greater political commitment and overcome barriers in some circumstances. In more extreme circumstances, however, where political interests are entrenched, other measures are needed. In justice reform, for example, an SBS contract was proposed and discussed, but ultimately (at the time of writing), preconditions were not in place. The SBS instrument may yet contribute to overcoming the political obstacles, although other measures – likely political – would also be needed.

**System-wide and sector-wide** approaches to reform were credited with greater contribution to impact than smaller-scale project approaches. Again, it was the SBS contracts that were regarded as having made bigger contributions to overall impact. On analysis, however, the ‘sector’ budget support programmes were not strictly speaking sector-wide. They did not cover all the sectors as defined in the Indicative Strategy Paper and in Serbia’s NAD document. Instead, they tackled issues across a range of interconnected institutions, and had a compact and interlinked set of objectives. In education, for example, the SBS worked with the Ministry of Education, schools – the institutes for education\textsuperscript{153} – and the teacher training institutions. These are all interlinked, and the achievement of the planned reforms depends on changing each of these. The story is similar in the public administration reform. The scope of these SBS contracts is better described as system-wide, rather than sector-wide, with the term ‘system’ being used to refer to the (institutional) components that are interlinked and interdependent, and for which changing one component would not be able to achieve the overall desired change without change in the other components as well. Project-level interventions often do not succeed in contribution to overall impact because their success depends on change taking place in other parts of the system, and which does not happen. The failure of the regional landfill sites to be fully utilised is a good example of this – the underutilisation of the landfill sites was a consequence of poor enforcement of regulations and unforeseen costs. A system-wide approach, incorporating and conditioning investment in landfill with support for inspection and enforcement, and greater attention to financial consequences for municipalities might have avoided this result.\textsuperscript{154}

**Scale of investment**, and infrastructure investment coordination and prioritisation were found to be another critical factor in demonstrating contribution to impact. IPA investments alone are somewhat modest in relation to the needs for investment in the infrastructure and facilities that would be needed to strengthen compliance with EU standards, even if regulatory and institutional conditions are in place. The 2014-2020 NAD document claims that Serbia’s annual investment in environmental infrastructure by 2019 should be 2.4% of GNI,\textsuperscript{155} which would be equivalent to around EUR 1 billion per year.\textsuperscript{156} IPA contracted expenditure for the evaluation period 2012-2019 totals around EUR 175 million\textsuperscript{157} for projects in environmental protection, water and sanitation and energy. In total, including the EU, international donors and IFIs have contributed around EUR 0.5 billion over the same period.

Clearly the scale is not sufficient, but there are other challenges in realising effective capital investment. One major issue is the lack of clearly defined decision-making structures within the Government of Serbia. Despite a decree from June 2017 defining the process for capital investment decision-making, there remained many loopholes and exceptions.

\textsuperscript{152} Annex 9: Education, Employment and Social Sector, section 6 contribution analysis.

\textsuperscript{153} Institute for Education Improvement, Institute for Quality Assessment in Education.

\textsuperscript{154} Annex 6: Environment Climate Action and Energy), section 5.2 indicator 2.1.5.


\textsuperscript{156} Serbia’s GNI in 2019 was USD 48 billion x 2.4% = USD 1.15 billion or EUR 1.01 billion.

\textsuperscript{157} Centralised/direct contracts for environment sector total EUR 125 million between 2012-2019, and indirect/decentralised contracts for energy, environment and climate total EUR 50 million for the same period. See sector Annex 6 Environment, Climate Change and Energy.
A significant share of public funds for capital investment is spent without proper checks to ensure compliance with public procurement, state aid and technical standards. In particular, a number of large-scale infrastructure projects have been designed under non-transparent inter-governmental agreements and special laws that exclude the application of the public procurement law.\textsuperscript{158}

Without a single decision-making structure, investment decisions are inevitably suboptimal, especially if safeguards are not applied. It also raises the risk of potential competitive behaviour between providers of finance, particularly bilateral investors. This results in the situation where not all investments are EU related or even EU compliant while reducing the fiscal space for productive investments. This complexity greatly reduces the efficiency of the capital investment system, slows down investment, and does not realise the potential benefits of blending and pooling finance.\textsuperscript{159} Structures such as the Western Balkans Investment Framework partially address this by increasing dialogue and collaboration between the IFIs, but cannot strengthen national structures for managing finance without political will from the national authorities to do so.\textsuperscript{160}

There was some evidence that \textit{continuity and long-term commitments} to reform have a greater contribution to impact-level changes. The evaluation cycle from 2012–2013 identified the fragmentation and short-term nature of projects as a key factor in the low contribution to impact across all sectors. This evaluation observed that impact-level outcomes, such as the establishment of the National Qualifications Framework and the Supreme Court of Cassation, and reforms in public administration result from many years of consistent engagement, policy advocacy and deep knowledge of the national systems. Shorter-term engagements risk superficial analysis and problem solving, and have little follow-on, sustainability and contribution to impact-level change.

\subsection{2.4.4 State capacities for obligations of EU membership}

State capacity is seen as a critical and underlying requirement for EU membership. Its relevance is twofold, first efficient and effective administration as a criterion in its own right, and secondly effective administration is required in order to manage the required reforms across all sectors.

The SIGMA Principles of Public Administration\textsuperscript{161} include, as the first principle,

\begin{quote}
Key requirement: The leadership of public administration reform and accountability for its implementation is established, and the strategic framework provides the basis for implementing prioritised and sequenced reform activities aligned with the government’s financial circumstances.\textsuperscript{162}
\end{quote}

The critical aspect of this principle is that it underpins the political willingness and capability to manage the reform process in government. It sees public administration reform as a dynamic process, which requires constant movement to increase the performance of the state.\textsuperscript{163}

\textbf{Capacity-building projects aimed to ‘deliver’ capacity, not to build the capability for continuous self-improvement.} The sample of capacity-building projects reviewed includes both service contracts and twinning, and similar issues arise in both. Capacity-building projects, while agreed with the beneficiary institution(s), were designed as instruments by which an (active) external agent would ‘deliver’ capacity to a (passive) ‘host’ institution. Final reports often expressed frustration that the agent was not responsible for achieving the intended goals.\textsuperscript{164} This is clearly valid, and points towards the basic challenge for capacity-building projects; that the beneficiary institutions were not taking the leading role in their own organisational development. When we contrast this with the higher levels of ownership demonstrated by beneficiary institutions in SBS interventions, we can conclude that


\textsuperscript{159} Interview with contractor for Project Preparation Facility; see also EC 2019, Serbia 2019 Report, p5 ‘Serbia improved the linking of its investment planning to budget execution but has yet to develop a single mechanism for prioritising all investments regardless of the source of funding in accordance with the government’s public finance management reform programme’.

\textsuperscript{160} Aigner, Dietmar et al. 2015, Contract N°2014/352812/1, Evaluation of Western Balkans Investment Framework (WBIF), Final Evaluation Report, November 2015.

\textsuperscript{161} OECD 2017a, Principles of Public Administration, 2017 Edition, SIGMA.


\textsuperscript{163} Annex 4: Democracy and Governance sector report, section 6, contribution analysis.

\textsuperscript{164} E.g. IPA 2012, Technical Assistance to Support Direct Grant Management in the Field of Employment Policy, 2015/356232, Final Report, December 2017 ‘This overall objective is beyond the control and responsibility of the Technical Assistant Project.’
the ownership challenge for capacity-building projects (not SBS) is structural, and located in the conception of the projects, rather than to do with the quality of the contractor.

One example which illustrates where an EU intervention did build capacities to manage reforms was as an unintended outcome of the Education SBS. One of the objectives of the SBS was to deliver training for thousands of teachers. Interviewees, however, noted that the capacity of the Institute for Education Improvement, which managed the intervention, had itself been considerably strengthened by the experience of managing a large institutional reform project. This in turn put it in a better position to manage future reforms. Too few projects and programmes had as an objective to strengthen the abilities of the national institutions to manage reform itself, and this undermines the ability of such projects to achieve any longer-term or larger-scale impact.\footnote{Annex 9: Education, Employment and Social Sector report, section 6 contribution analysis.}

The low performance of the Government of Serbia (see figure 7 below) in the indicators required to assess the key requirement suggests that there is a long way to go to strengthen the Government of Serbia’s capacity to manage reforms.

**Figure 7: Serbia’s performance, 2017 against the indicators for the key requirement**

We can locate some of the difficulties in achieving and demonstrating impact in building capacity for managing reforms within in the design of capacity-building projects. They tended not to explain clearly how the planned inputs would lead to the intended impacts. Capacity-building projects had (usually ambitious) goals and sets of activities. They rarely provided information on the anticipated intermediate steps that would take place between the activities to achieve the goals.\footnote{E.g. ‘PARIS’ project, (‘Support to Public Administration Reform in Serbia’, CRIS 264722), and Strengthening Capacities of the High Judicial Council and State Prosecutorial Council, Twinning project SR-11-IB-OT-02.} It was therefore hard to determine what change was expected as an immediate result of the activities (e.g. behaviour change of the individuals trained), and what was the expected change pathway of how that behaviour change might contribute to organisational capacity and performance. Without an explanation of the assumptions about how change would be realised step by step, it is difficult to assess the feasibility of such projects. Without making these assumptions explicit, the project designs did not identify other actions or conditions that would be required to achieve the goals. Consequently, there was also no monitoring of the intermediate steps.

Another factor undermining the overall performance of capacity-building interventions is the weak monitoring against capacity development outcomes. Capacity development projects tended to report against outputs delivered, not organisational changes achieved, that is, the training provided rather than any related change in knowledge, skills or practice. Where there were indicators against capacity change results, indicators were often either unmeasurable, or simply expressed as outputs.\footnote{E.g. IPA 2012 Technical Assistance to Support Direct Grant Management in the Field of Employment Policy, 2015/356232, Final Report, December 2017.}

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performance improvement. This has had two critical knock-on effects. First, contractors and implementers are less accountable for achieving the goals. Second, there is no learning to develop a knowledge base of what works in the Serbian public administration context.

By contrast, EU investments in initiatives such as the National Academy for Public Administration are the type of investments in systemic ways to strengthen public administration that are likely to make greater impact over a longer period of time. By increasing the capacities of the Government of Serbia to invest in its staff, it can contribute to improved performance of the administration over a period of many years.

Aside from the public administration itself, two other factors emerged from the research as critical in the contribution to impact. First, the EU’s investment in civil society and the development of independent competencies in policy, advocacy and accountability, are generally not contributing to state capacities for development. The mechanisms for cooperation and sustainable support are generally either absent or not functioning. Second, as noted earlier in this report (section 2.1, Relevance), the weakness of Parliament’s legislative, and particularly its oversight role are not providing the accountability that is needed to support the achievement of government policy objectives. Weaknesses in transparency, such as not releasing government expenditure figures at ministry or programme level, also undermine the accountability within the governance system.

2.4.5 EQ 4 Conclusion

Data collected through document review and stakeholder interviews indicate that over the years, Serbia has progressed in preparation for EU membership, with direct contribution of EU per sectoral and horizontal support. Concretely, the support to public administration has been provided across all sectors, and in particular within the efforts to gain candidate status and to open (and close) Chapters. Consecutive EU progress reports found that Serbia has made moderate progress, with recognition of improvements across the reports, particularly in terms of improved legislative and strategic base and services. Many challenges remain, in particular with merit-based recruitment, rightsizing and governance, which have direct effect on the extent to which public administration can promote and sustain EU accession agenda. While there is a high level of correlation between government policy/legislation and the requirements of EU accession, and a clear link between EU accession requirements and Serbia’s strategic frameworks, legislative changes and policy structures, what is not so visible is a strong link between these frameworks, EU assistance and actual implementation of policy and legislation.

Serbia’s overall slow progress in meeting requirements for EU membership is likely to be related more to political and contextual factors than the provision of EU cooperation. Nevertheless, we have identified variations in the extent to which EU cooperation has been able to contribute to Serbia’s political and economic reform, and its preparation for EU membership. In particular, by comparing outcomes across four focus areas, we were able to identify a number of factors that could be further developed to enhance future cooperation.

2.5 EQ 5 Efficiency

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

This section draws its findings primarily from a desk assessment of the available planning, monitoring and evaluation reports and an examination of the contribution analysis in the four focus areas. It focuses on the findings that can be seen as systemic in both the direct and indirect management of EU assistance in Serbia.

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

168 http://europa.rs/national-academy-for-public-administration-opened/?lang=en
170 EC 2019, Serbia 2019 report, p.6: ‘The ruling coalition’s parliamentary practices led to a deterioration in legislative debate and scrutiny, and significantly undermined the parliament’s oversight of the executive.’
2.5.1 Planning and implementation of EU assistance

This assessment of the planning and implementation of EU assistance is divided into two parts, looking first at centralised/direct management of IPA funds, and then at the decentralised/indirect management mode.

i. Centralised/directly managed

The overall level of efficiency for EU assistance, in terms of translating budget commitments into specific contracts is relatively low. An average of EUR 145 million over 108 contracts was signed each year 2011-2018. The average is slightly skewed by the large transfers to the national funds for decentralised/indirect management in 2015 (EUR 138 million), 2017 (EUR 144 million) and 2018 (EUR 20 million). Otherwise, around EUR 100 million per year is contracted by the EUD.

Table 3 below provides an indication of the duration needed to sign contracts for funds allocated by each IPA annual allocation. The evidence from field interviews suggested that the longer time delays have significant negative implications for the project effectiveness and impact. Relevance of projects is affected when needs are either already met, or priorities have changed. Sequencing is affected when projects are designed to run concurrently but delays in contracting of one means they do not (e.g. in the case of complementary assistance for budget support contracts). The relative inflexibility of EU procedures means there is limited scope for redesigning project objectives after contracting, even if the objectives are no longer relevant (e.g. for the complementary assistance for Education SBS).

Table 3: IPA programming year, no. contracts signed in calendar year

<table>
<thead>
<tr>
<th>IPA programming year</th>
<th>Number of contracts signed in calendar year</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPA 2007</td>
<td></td>
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<tr>
<td>IPA 2008</td>
<td>16</td>
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<tr>
<td>IPA 2009</td>
<td>7</td>
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<tr>
<td>IPA 2010</td>
<td>17</td>
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<tr>
<td>IPA 2011</td>
<td>6</td>
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<tr>
<td>IPA 2012</td>
<td>4</td>
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<tr>
<td>IPA 2013</td>
<td>34</td>
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<tr>
<td>IPA 2014</td>
<td></td>
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<tr>
<td>IPA 2015</td>
<td>4</td>
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<tr>
<td>IPA 2016</td>
<td></td>
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<tr>
<td>IPA 2017</td>
<td>1</td>
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<tr>
<td>IPA 2018</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>59</td>
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</tbody>
</table>

Source: Evaluation team analysis of CRIS database

171 IPA 2013 project 386597 – Prevention and fight against corruption was contracted in 2017 – perhaps an extreme example but not the only one.
The EU Court of Auditors report was concerned about the duration of the project cycle: ‘[t]he problem was too long periods for project cycles starting from design to real implementation and delivery of results (4–5 years),’ and there is no evidence that the project cycle has noticeably shortened since then, or that measures have been taken to shorten its duration.

Document review and stakeholder interviews point to significant delays in planning and contracting of EU assistance interventions and the challenges with the absorption capacity of the national authority stakeholders, particularly within reforms of public administration. The introduction of the sector-wide approach from 2011 helped address the deficiencies and in particular the IPA II programming introduced more consistent tools, including the SBS which enables integration of a complete set of interlinked structure of objectives, outcomes, outputs, inputs and indicators as compulsory part of project fiches during IPA II. Interviewed stakeholders, particularly from the national authorities, noted that moving from ‘classical’ TA to SBS brought improvements in terms of relevance of EU assistance, ensuring more coherence in implementation of PAR-related support interventions. However, stakeholders point to delays in SBS complementary assistance as the source of a number of lessons learned on how to programme and implement such TA support projects. Stakeholders specifically pointed to delays in contracting and implementation of the SBS complementary assistance, with some of the projects being very significantly delayed, preventing their contribution to SBS as such. Two specific aspects related to the planning of EU cooperation were raised in field enquiry:

- The length of time between setting of strategic priorities and delivery of assistance is too long. Numerous stakeholders commented on the disconnect between defined need and applied response.
- The inability of EU assistance to be modified, as a result of changed in need because of the delay in provision of assistance or for other strategic reasons, means the aim of assistance is often off target when it is applied. There is a noted need for refinement to design during implementation. The Support to the High Judicial Council is an example of an Action where anticipated changes to the Constitution did not take place, blocking the implementation of a number of aspects of the Action. The project, and results, would have benefited from changes being allowed to activities and intended results.

There was good practice in the programming of assistance, with appropriate involvement of stakeholders from civil society, donors and IFIs. The mechanisms established by the Government of Serbia for donor coordination and planning of international assistance – notably the sector working groups were reported to be useful in the programming process and have been instrumental in the development of the NAD documents. The sector working groups are less evident during periods of implementation and monitoring, when the focus is mainly on the EUD and the national authorities. The Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey states the ‘most notable aspect of efficiency in the CSF processes is the commitment, by both EUD and DG NEAR, to appropriate instruments/modalities of assistance’, a strong indicator of ‘appropriate responses’ in EU assistance. There was a clear commitment and professionalism demonstrated by the resources directly involved in implementation of actions in the judicial sector, both consultants engaged on projects and the stakeholders with whom they work.

The sector report on the judiciary notes areas raised in the visibility of the strategic link between the EU’s political criteria/priorities and its contributions, including in particular how strategic thinking and planning take place within the EU’s contribution apparatus determines the focus, instruments and modalities of assistance. What was not clear was the role funded Actions play ‘up’, in the change theory. It is very clear that Actions are defined and implemented within an agreed strategic framework, and against the specifically stated priorities noted in the NJRS and have support across all actors. What is not clear is how, given noted issues such as timing and

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173 See Annex 4: Democracy and Governance Sector Report, Sector 1, Section 5.4, Preparation for EU membership, judgement criteria 5.1.

174 See Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5, Efficiency, judgement criteria 5.1.

175 See Annex 6: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5, Efficiency, judgement criteria 5.1.

176 See Annex 6: Environment Climate Action and Energy Section 5.7 and Sector Annex 8, Competitiveness, Agriculture and Regional Development Desk Report, Section 5.


178 See Annex 5: Rule of Law and Fundamental Human Rights Sector Report, Sector 2, Section 5, Efficiency, judgement criteria 5.1.
difficulties with modifications, Actions being currently funded and implemented are effectively contributing to the delivery of the overall, agreed strategic priorities (independence, accountability, transparency).

In many cases, diagnosis of challenges was accurate and appropriate. Examples include the Functional Review of the Justice Sector, and the functional reviews within the Serbia Restructuring and Rightsizing Project (PAR), which were both financed by multi-donor trust funds. The democracy and governance sector report notes that that the EU has applied a consultative and inclusive planning process which contributed to better alignment of EU assistance. The main platform for discussion since establishment of the sector-wide approach has been the sector working groups, which serve as the basis for introduction of the sector approach through consultations between all stakeholders involved in programming, including national institutions, donor community and CSOs. Diagnosis and specification for the reviewed environment sector projects demonstrated some shortcomings.

Forums for policy dialogue set up for SBS contracts, particularly at the lowest working level and highest political level, provided effective means for stakeholders to identify and resolve implementation issues in a timely way during implementation. The timely and comprehensive monitoring of SBS contracts contributed to the effectiveness of dialogue for this purpose by providing accurate and objective information. Policy dialogue in other forums, including SAA sub-committees, contributed to alignment and the extent to which EU strategy and programming incorporates needs and constraints, and reflects the actual situation in the country. The Economic Reform Programme dialogue and feedback was a clear example of this, for example in the case of the EU’s response to the need for continued programmes that enhancing access of small and medium sized enterprises to finance.

Evaluation of efficiency of SBS contracts in terms of value added was hampered by a lack of government transparency. Budget figures, particularly end of year actual expenditure figures at the level of individual institutions such as ministries have not been available since 2014. This hampers assessment of the extent to which SBS funding was additional to the regular budget.

**ii. Decentralised/indirect implementation**

The Government of Serbia faced critical challenges when it took responsibility for decentralised management of IPA 2013 funds. Under IPA 2013 Technical Assistance and Institution Building component, some EUR 146 million out of a total EUR 179 million was allocated for decentralised management by the Government of Serbia. This was the first time that the Government was managing EU funds under this management mode, and severe difficulties were encountered. These were mainly capacity issues which pushed contracting close to the contracting deadline. By the beginning of 2016, only EUR 13 million had been contracted. The NIPAC reports identify the ‘lack of capacities in IPA institutions’ as a key issue, as well as an issue identified by the EC Auditors relating to the capacity of the Serbian Audit Authority. Delays in contracting and procurement were due to difficulties in meeting the set preconditions, to the challenging coordination and sequencing with the other related projects/contracts, but also to the lack of capacities to prepare timely and quality tender documentation.

Implementation subsequently sped up considerably as the various teething troubles were addressed, but some of the major problems prevail. By 2019, some 251 contracts had been signed, with an IPA contribution of EUR 178 million. The breakdown by sector is shown in Annex 1: Serbia context and EU assistance, section 2.2). Subsequent allocations of IPA funding for decentralised management were significantly smaller, and some parts of the IPA 2013 were subsequently taken back under centralised management by the EU Delegation.

One of the key bottlenecks for the indirect management of IPA II funds has been the capacity of the Central Financing and Contracting Unit (CFCU), which has a serious problem with staff retention. Field results in the environmental sector showed that delays and operational inefficiencies exist with regard to the CFCU operations, confirmed by a range of stakeholders. This relates to both formal procedures in terms of decision-making and more administrative issues such as approval of reports etc. which is sometimes also due to lack of experience and

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179 See Annex 4: Democracy and Governance Sector Report, Sector 1. Section 5.4, Preparation for EU membership, judgement criteria 5.1.
180 E.g. Annex 6: Environment Climate Action and Energy Section 5.5, indicator 5.1.5.
182 NIPAC 2016. 
staff. Other underlying factors for such inefficiencies involved low experience levels at the CFCU with contract management particularly in the initial stages of decentralised management. Staff turnover in the CFCU is high, which means capacity is frequently lost and new staff take time to be trained. Line ministries’ capacities for involvement in management of IPA funds is also suboptimal.

2.5.2 Monitoring, evaluation, and oversight mechanisms

The IPA II regulation outlines the approach to monitoring and evaluating the instrument: ‘Progress towards achievement of the specific objectives […] shall be monitored and assessed on the basis of pre-defined, clear, transparent and, where appropriate, country-specific and measurable indicators…’. Further, the regulation says: ‘The Commission’s annual reports referred to in Article 4 [i.e. the annual progress reports] shall be taken as a point of reference in the assessment of the results of IPA II assistance.’

The progress reports do provide informative, structured and well-evidenced assessment of the country’s progress towards EU membership. However, they are not – and are not intended to be – assessments of the IPA instrument.

The 2012/2013 cycle of sectoral evaluations jointly commissioned by the EU and Sida, and financed by Sida, was an example of good practice in the evaluation and learning connected to programming. The timing of these links closely to the development of the Indicative Strategy Paper for Serbia 2014-2020. Interviews confirmed the link between lessons learned and recommendations from the evaluations, and the approach and directions taken in the ISP design and subsequent programming.

There is firm evidence that the evaluation cycle was taken into account by the national authorities in the development of the 2014-2017 ‘National Priorities for International Assistance (NAD) 2014-2017 with projections until 2020’ (so-called ‘NAD’ document). This document provides a clear and concise analysis of the findings of all evaluations, together with a summary of recommendations. Subsequently, there were few other project/programme evaluations undertaken at the country level until 2017, when evaluations were commissioned looking at support for Civil Society Facility 2017, then an evaluation of social sector support and the evaluation of the PAR strategy (both 2019).

Results-oriented monitoring (ROM) has provided a tool for rapid monitoring and feedback on project implementation. Use of the tool is selective, so analysis of the findings does not provide a representative view of all project implementation. ROMs are generally commissioned for three reasons: an innovative approach, a potentially problematic project, and projects not visited by the EUD. ROMs are usually commissioned at the project or contract level, and do not cover wider or linked interventions. ROM findings were mostly used for project-level purposes; however, they have the potential to be a tool for wider programme and instrument level monitoring and analysis. Commissioning ROMs to cover a representative sample of interventions and conducting analysis of a set of ROM findings could provide timely evidence for wider systemic successes and issues. Findings from interviews in the environment sector also showed that in some cases absorbing and responding to learning from ROMs could be improved.\textsuperscript{187}

\begin{center}
\textbf{JC 5.2 Monitoring, evaluation and oversight mechanisms provide real-time feedback on results, and appropriate corrective action is decided and taken in good time}
\end{center}

\begin{center}
\textbf{Consolidated recommendations from 2012/13 evaluation cycle:}
\begin{itemize}
  \item (1) Concentrate and integrate international assistance to maximise impact;
  \item (2) Strengthen policy planning and coordination in central government;
  \item (3) Apply the most effective and efficient modalities based on agreed rules;
  \item (4) Establishing a culture of performance monitoring and embedding a system of monitoring and evaluation within the Serbian public administration.
\end{itemize}
\end{center}

\textsuperscript{183} See Annex 6: Environment Climate Action and Energy Section 6.
\textsuperscript{185} E.g. Planet 2013, Ace 2013, ECO 2013, AESA 2013, ARS Progetti.
\textsuperscript{187} See Annex 6: Environment Climate Action and Energy Section 5.5.
The monitoring support for the SBS programmes in PAR and Education both provided highly valuable information on progress. The direct links between the monitoring information and the SBS inputs and activities provided useful understanding of what was working and what was not working in terms of assistance, as well as recommendations on future actions to improve overall reform performance. Monitoring for the SBS contracts in PAR and Education was supported by separate complementary support projects dedicated to the task.

The NIPAC reports annually on the progress of IPA implementation under decentralised/indirect management. NIPAC monitoring reports focus on the progress of implementation and the difficulties faced, and do not report on results and impacts of reform projects.

**Sector monitoring committees** (SMCs) are the key means for national authorities’ monitoring of sectoral progress particularly with regard to indirectly managed projects. There are nine SMCs in total, and they provide valuable feedback on the process of project implementation. One of the intentions of the SMCs is to assess progress more widely, as evidenced by the set of outcomes, sector-level indicators tracked by the SMCs. However, the focus of the narrative reporting is primarily at the project level. SMC and NIPAC reports do not usually make the connection between the project outcomes and wider reforms expected in the sector. Reporting against the extensive set of indicators is patchy, and there are infrequent analyses to interpret trends represented by the indicators. There are rare references making links between project activities and their contribution to meeting the criteria required for EU accession. Conclusions on impact and recommendations focus on the project-level results and support for project implementation. So far, no evaluations have been completed by the NIPAC/Government of Serbia in relation to decentralised/indirectly managed projects, though the process of commissioning has started.

The performance reward was introduced as a mechanism in the IPA II regulation which ‘aims to provide a financial incentive for IPA II beneficiaries by rewarding notable progress made towards meeting the membership criteria and/or particularly good results achieved through efficient implementation of pre-accession assistance.’ In 2017, Serbia was awarded EUR 34 million additional funds which were taken into account for the 2018 revision to the Indicative Strategy Paper.

### 2.5.3 EQ 5 Conclusion

There were several examples of good practice in the design and programming of assistance, particularly in relation to the sector approach and consultation for the development of the Indicative Strategy Paper for IPA II. The persistent delays in translating programmed priorities into contracted actions is well recognised as an issue but does not appear to have a ready solution at country level. This is likely an issue that originates in the design of the IPA regulations. More efforts will be needed to address this as part of the design of the IPA III instrument.

With regard to indirect management of IPA funds, there are potential opportunities for strengthening the links between indirect management arrangements and the capacities of national authorities for eventual management of EU structural funds. The design of the IPA III instrument could build on the lessons learned from the experience of decentralised management of IPA I funds in other accession countries, particularly the establishment of operational programmes analogous to the arrangements needed for structural funds.

The introduction of the sector approach from 2011 helped address deficiencies; in particular IPA II programming introduced more consistent tools and modalities, including sector budget support, which enable integration of a complete set of interlinked structure of objectives, outcomes, outputs, inputs and indicators as compulsory parts of project fiches.

The approach to monitoring, evaluation and learning framework for the EU in Serbia has many components, but is not sufficiently strategic or systematic. The key elements – sector monitoring committees, ROMs, project reporting – do not provide sufficient coverage of the intermediate changes between project outputs and country-

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188 Agriculture, Competitiveness, Environment, Energy, Home Affairs, Human Resource and Social Development, Justice, PAR, Transport

189 Annual Report on the implementation of IPA II assistance under direct and indirect management by the RS submitted by the NIPAC 14/02/2019, p.17.

level outcomes. As a consequence, monitoring focuses on project implementation and delivery, and less attention is given to assessing interventions’ contribution to institutional capacities and performance.

At the outcome level, there is a strong and systematic method in place for assessing the country’s progress towards meeting EU membership criteria. Strategic indicators and performance assessment concentrate at the impact level of the logic model, while monitoring of IPA actions focuses on the output level. ROMs and evaluations provide some evidence of the nature of links between outputs and impact for discrete areas, but do not provide sufficient coverage to enable a systematic assessment of the EU’s cooperation strategy during implementation. Similarly, the absence of nationally commissioned evaluation during the reference period suggests that the value of evaluation and learning is not well understood, and are consequently low priorities.

Monitoring, evaluation and learning would benefit from having a consolidated framework at the country level, including both national authorities and EU, to identify MEL needs, appropriate instruments, responsibilities and dedicated resources. A theory of change at the national level which describes the expected contributions of EU cooperation to institutions, society and economy, including high-level change pathways, would provide a strategic framework for MEL at the country level. Existing instruments could then be adjusted to provide monitoring and evaluation data in relation to the critical expected results and assumptions described in the framework. Adjustments to existing instruments could include: dedicating budget resources at project level for stronger monitoring activities, particularly monitoring of capacity change and outcomes; adjusting the selection criteria for ROM reviews to cover a representative sample of interventions so that conclusions could be drawn that apply more broadly; conducting evaluations at sectoral or intervention levels; and strengthening analyses of monitoring and evaluation data, linking back to programming, planning and learning.

2.6 EQ 6 Modalities and instruments

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

This section draws on the findings of existing evaluations as well as this evaluation’s contribution analyses to assess strengths and weaknesses of some of the key modalities and instruments. This section looks in depth at two areas where there is significant and useful learning to inform future planning. These are the use of decentralised/indirect management (a management ‘mode’), and sector budget support (a modality). Two other modalities – grant schemes and the use of twinning – are also reviewed.

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

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

2.6.1 Overview of use of modalities

Table 4 below shows the breakdown in terms of modalities used during the evaluation reference period in both direct and indirect management modes.

Table 4: IPA funds by modality

<table>
<thead>
<tr>
<th>Breakdown of IPA funds contracted 2011-2018 by common modality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Common term</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Service contracts</td>
</tr>
</tbody>
</table>
Findings from the sector reviews note that there were few available assessments that address modalities as such, and so the available evidence is restricted mostly to field phase assessment. Here we provide a review of the key findings related to selected modes and modalities where there is useful evidence.

i. Decentralised/indirect management

Under IPA I, decentralised management was conceived of as a means to build the capacities of national authorities to eventually manage EU structural funds as EU members. Countries that had been granted candidate status were additionally entitled to establish ‘operational programmes’, formal structures and processes within the accession countries which would manage IPA funds in ways analogous to the management of EU structural funds. Serbia was granted candidate status in 2012 and undertook significant work to develop operational programmes in Regional Development, Human Resources Development and Rural Development (IPA Components III, IV and V respectively). After preparation, a decision was taken not to go ahead with the operational programmes under Components III, IV and V. Instead, decentralised funds were managed under a single structure established for managing IPA I Component I, Technical Assistance and Institution Building. Since IPA 2013, roughly half of all IPA funds were allocated for indirect management.

In the first year, 2015, some EUR 138 million of IPA funds were planned to be transferred to the Government of Serbia for decentralised management. The size of this transfer was large for a first go at managing decentralised funds and was understandably difficult for the national authorities to manage. There were many delays and bottlenecks in the first few years. Challenges included difficulties in the preparation and implementation of investment projects in the environment sector and in the water sector in particular. In light of this, financial allocations to environmental infrastructure projects were paused under IPA II for several years due to ‘bottleneck projects’ of IPA I, as confirmed by interviewed stakeholders. This was also addressed in policy dialogue, where it was mentioned that there was ‘a consensus to defer IPA funding of new environmental infrastructure projects until said generic issues had been successfully addressed.’ Subsequent transfers for decentralised management (‘indirect’ management under IPA II) were significantly smaller and allowed the system to catch up. Nevertheless, a key lesson learned is that no new institutional arrangement will function perfectly from the outset and would need time to iron out the inevitable wrinkles.

Under decentralised and now indirect management, national structures were highly vulnerable to staff turnover. The level of expertise required is high and specialised, while the civil service-regulated salaries are low in comparison to labour market norms. This creates the conditions in which staff are trained, develop experience and leave rapidly, reducing the effectiveness of the system. The Central Financing and Contracting Unit (CFCU) was reported to have a staff turnover of around 20% annually. Other parts of the administration responsible for

<table>
<thead>
<tr>
<th>Action</th>
<th>grants</th>
<th>Financing</th>
<th>agreement</th>
<th>Works</th>
<th>Budget</th>
<th>support</th>
<th>Supplies</th>
<th>Twinning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>413</td>
<td>28</td>
<td>32</td>
<td>3</td>
<td>82</td>
<td>29</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>178,144,914</td>
<td>150,362,001</td>
<td>109,417,970</td>
<td>118,000,000</td>
<td>75,640,955</td>
<td>30,690,000</td>
<td>97,639,082</td>
<td></td>
</tr>
<tr>
<td></td>
<td>61</td>
<td>n/a</td>
<td>11</td>
<td>n/a</td>
<td>40</td>
<td>31</td>
<td>40</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>50,383,322</td>
<td>40,510,661</td>
<td>21,998,127</td>
<td>21,998,127</td>
<td>33,624,170</td>
<td>33,624,170</td>
<td>59,229,971</td>
<td></td>
</tr>
<tr>
<td></td>
<td>474</td>
<td>28</td>
<td>43</td>
<td>3</td>
<td>122</td>
<td>53</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>228,528,236</td>
<td>150,362,001</td>
<td>149,928,631</td>
<td>118,000,000</td>
<td>97,639,082</td>
<td>59,229,971</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

191 Twinning is here included as a ‘modality’ but the actual form of contracts used under direct management is typically a grant contract – so the values cannot be added up here. Under indirect management, twinning is a separate form of contract.
193 Operational programmes were established to manage funds under IPA I components III, IV and V.
196 Data from interview with Government personnel, not verified by other data.
project preparation and management, also report challenges with recruitment of suitably qualified technical staff. The Ministry of Environmental Protection, for example, is unable to pay the market rates for certified engineers, which are needed by law to supervise technical engineering projects. Challenges as a result of understaffing at various responsible government bodies and also the uncompetitive salary levels in public sector compared to private counterparts were seen in almost all of the selected interventions in the Environment sector.\footnote{197}

Other challenges faced by the indirect management of IPA funds are factors such as competition between donors and IFIs for ‘ready’ projects. With low interest rates, IFIs are looking to increase their loan portfolios and can offer better conditions for project finance than IPA grants (in terms of eligible costs, provision of technical assistance, etc). There is no consolidated mechanism for managing investment funds, so projects can look for finance in several different directions, and financiers have no single place to call when looking to fund projects.\footnote{198}

On the positive side, indirect management of IPA funds in the environmental sector increased relevant participation of stakeholders – particularly local authorities – in planning and implementation and proved to be able to overcome challenges in implementation arising from local issues. As also recognised by an IPA II evaluation,\footnote{199} introduction of indirect management helped to foster greater ownership of assistance and to improve governance. Field assessment showed that national authorities were better placed to ensure more realistic design and to overcome disputes and conflicts between agencies and municipal institutions.\footnote{200}

While not the focus of this evaluation’s research, the Western Balkans Investment Facility was highlighted as a concern because of its role in duplicating, and not reinforcing, national structures for managing investments.\footnote{201}

Table 5: IPA year and funding type

<table>
<thead>
<tr>
<th>Decentralised/indirect management</th>
<th>All IPA</th>
<th>IPA year</th>
<th>Contract year</th>
<th>Planned amount (EUR)\textsuperscript{202}</th>
<th>Paid amount (EUR)</th>
<th>Total IPA funds planned in same IPA year</th>
<th>% planned decentralised/indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPA 2013</td>
<td>2015</td>
<td>138,014,533</td>
<td>96,511,458</td>
<td>167,549,598</td>
<td>82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPA 2014</td>
<td>2017</td>
<td>67,830,000</td>
<td>32,749,598</td>
<td>183,938,343</td>
<td>37</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPA 2015</td>
<td>2017</td>
<td>76,050,000</td>
<td>22,319,787</td>
<td>191,453,377</td>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPA 2016</td>
<td>2018</td>
<td>19,660,000</td>
<td>13,907,904</td>
<td>118,017,869</td>
<td>17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>301,554,533</td>
<td>165,488,747</td>
<td>660,959,187</td>
<td>46</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The principle of indirect (decentralised) management of EU funds is solid in the context of EU accession. It is logical that prospective member states need to build up the capacities to managing EU funds in preparation for membership. There are opportunities and examples, including within Serbia, such as the Public Investment Management Office,\footnote{203} which can serve as models on which to build more efficient and effective mechanisms for managing public funds and as preparation for eventual management of EU structural funds. Single structures for

\footnote{197} Annex 6: Environment Climate Action and Energy Section 5.2.
\footnote{198} EC 2019, Serbia Report 2019, p6 ‘Serbia improved the linking of its investment planning to budget execution but has yet to develop a single mechanism for prioritising all investments regardless of the source of funding in accordance with the government’s public finance management reform programme.’
\footnote{200} Annex 6: Environment Climate Action and Energy, section 5.
\footnote{202} Where ‘contract type’ = ‘Financing Memorandum (ELARG)’; Excluding cancelled and provisional contracts.
\footnote{203} http://www.obnova.gov.rs/english
managing baskets of donor and IFI funds would be more efficient in terms of financing a single pipeline of projects, and would also open up greater possibilities for blending IPA grant funds with IFI loan funds.

ii. Sector budget support

The SBS modality was introduced for the first time under the IPA II regulation – it had previously not been a possibility under IPA I. Three sector budget support contracts were agreed during the evaluation period, for public administration reform, education, and integrated border management, totalling EUR 118 million. Of these, two (PAR and Education) were examined in detail for this evaluation.

The SBS modality has proven so far to be an effective means to promote and support reforms. There are a number of findings which support the conclusion that SBS offers greater possibilities for reform than other forms of assistance, including technical assistance through service contracts and grants to national authorities. Key contributions were drawn from the PAR and Education SBS contracts. The evidence presented can be found in the contribution analyses in Annex 4: Democracy and Governance and Annex 9: Education, Employment and Social Sector.

The larger size of funding brought greater high-level political commitment, and active engagement from the Ministry of Finance. This in turn established an intra-government accountability mechanism and encouraged the Minister responsible to actively push for reform progress. Ownership of reform was convincingly with the line ministry responsible. For the education SBS, interlocutors reported that the Ministry of Education worked hard to deliver agreed outputs under pressure from the Ministry of Finance, which had budgeted to receive the tranches of SBS funds on time.

The system-wide approach supported change in interconnected institutions, addressed underlying issues beyond the scope of previous project-level actions, and contributed to more significant and sustainable performance improvement. For example, in PAR SBS, tackling the merit-based recruitment and promotion of civil servants was a critical element to address connected consequences, such as motivation and performance.

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

High-level policy dialogue mechanisms contributed to more widespread understanding of the purpose and process of reforms across the administration and between government and the EU. This facilitated dialogue on more technical issues and increased support from across government. The PAR Special Group, for example, contributed to the design and increased political-level buy-in for implementation of the PAR SBS contract. In education, greater engagement of other ministries increased reported understanding of the importance and consequences of reforms.

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

Planning and implementation for the SBS required wide involvement of stakeholder institutions, including departments from across the lead ministry and other key national institutions (e.g. in PAR). This contrasts with the typical EU project approach, which involves only the unit for EU projects and maybe one or two other departments within a narrow range of institutions.

SBS was found to increase the confidence and competence of national authorities in managing large-scale change, as an unintended effect of the intervention, an exemplar being the Institute for Education Improvement.

The involvement of expertise, such as the SIGMA initiative within PAR, contributed to solid design and implementation. The SIGMA initiative offered a solid conceptual basis for what is good performance in public administration, as well as a structured methodology for assessing performance across a range of indicators. On the basis of these assessments, it was possible to prioritise areas for change, and to carefully monitor progress.
The SIGMA team had credibility as independent experts well regarded both by the Government of Serbia and the EU, and this meant that its inputs were authoritative and respected.

The SBS modality also faced some constraints, which may have limited its contribution in helping the authorities to achieve the intended reforms within the planned timeframes. These offer some learning for future interventions:

1. Planning focused on what the SBS was intended to achieve and how to measure it. There was insufficient attention paid to how the work would achieve the planned goals. This stems in part from the reliance on a national strategic framework, which did not always prove to have credible sequencing of intermediary and final outcomes. This led to the consequence that plans were often unrealistic in terms of their ability to achieve the desired reforms.

2. Design of indicators showed a prevalence of outputs compared to other types of indicators such as outcome. Output indicators are preferred at initial stages of reform implementation (these were the first SBS contracts for Serbia) as well as for annual disbursements as the time frame required for their achievement is generally shorter. Outcome and impact indicators require a more complex statistical system that is capable of collecting and using the data. However, the prevalence of output indicators had the unintended effect of focusing efforts on meeting shorter-term targets rather than achieving planned reforms. In Education, for example, the focus on training half of all professional staff in schools distracted from the real objective of changing teaching practice in the classroom. The targets were met, but there was no change in classroom practice within the SBS time frame. Nevertheless, disbursement evaluation of the public policy which looks at the level of implementation of the sector strategy and accompanying public dialogue should have expanded the focus to wider reform objectives.

3. Complementary support contracts were mostly contracted after the start of the SBS contract, and in the case of the Education SBS capacity development complementary support, did not start to operate until 4 months before the end of the SBS itself, limiting effectiveness.

Nevertheless, SBS as a modality has major potential in the enlargement context to support the kind of large-scale reforms that are needed to meet accession requirements.

iii. Grant schemes and the Civil Society Facility

Some EUR 24 million was awarded through grant schemes, under both direct and indirect management over the evaluation reference period (see Error! Reference source not found. below). Grant schemes have been seen as flexible and adaptable means for promoting innovation and supporting civil society. Key findings relating to grant schemes come from the evaluation of the Civil Society Facility.

Table 6: Grant schemes

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of contracts awarded</th>
<th>Total EUR awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Society Facility Serbia Programme 2011</td>
<td>15</td>
<td>1,572,660</td>
</tr>
<tr>
<td>EXCHANGE 3</td>
<td>5</td>
<td>836,106</td>
</tr>
<tr>
<td>IPA 2010 National Programme for Serbia/support to civil society</td>
<td>1</td>
<td>86,498</td>
</tr>
<tr>
<td>National Annual Programme 2008 for Serbia/Developing Community-based Services for Children with Disabilities and their Families 08SER01/10/31</td>
<td>7</td>
<td>1,872,978</td>
</tr>
<tr>
<td>National Programme for Serbia 2009/Supporting access to rights, employment and livelihood enhancement of refugees and IDPs in Serbia</td>
<td>4</td>
<td>374,325</td>
</tr>
<tr>
<td>Regional Socio-Economic Development Programme II (RSEDP2)</td>
<td>10</td>
<td>3,036,718</td>
</tr>
<tr>
<td>Serbia National Programme 2011</td>
<td>1</td>
<td>1,362,739</td>
</tr>
<tr>
<td>Serbia National Programme 2011/ Support to the implementation of strategies for IDPs, refugees and returnees</td>
<td>4</td>
<td>3,586,351</td>
</tr>
<tr>
<td>Description</td>
<td>No. of contracts awarded</td>
<td>Total EUR awarded</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>South – East Europe (SEE) Programme</td>
<td>8</td>
<td>842,122</td>
</tr>
<tr>
<td>Civil Society Facility Programme (IPA 2015)</td>
<td>10</td>
<td>3,652,227</td>
</tr>
<tr>
<td>Serbia National Programme 2011/Support for de-institutionalisation and social inclusion of persons with mental disability and mental illness (IPA 2011)</td>
<td>19</td>
<td>2,369,179</td>
</tr>
<tr>
<td>Serbia National Programme IPA 2013 (Decentralised part)/ Support to health, communal and social services in Serbian municipalities hosting migrants and refugees IPA 2013</td>
<td>1</td>
<td>3,997,865</td>
</tr>
<tr>
<td>Grand total</td>
<td>85</td>
<td>23,589,768</td>
</tr>
</tbody>
</table>

The *Mid-term Evaluation of the Civil Society Facility for the Western Balkans and Turkey* states that the ‘most notable aspect of efficiency in the CSF processes is the commitment, by both EUD and DG NEAR, to appropriate instruments/modalities of assistance,’ a strong indicator of ‘appropriate responses’ in EU assistance. The report notes that CSF modalities allow for piloting and developing new methodologies, contribute to a better cooperation with national authorities and have allowed for the development of thematic networks. The report further states that

> There are a number of aspects of this commitment, and its impact on the design and administrative processes of the CSF; these particularly include a wider variety of instruments, including a more visible and effective approach to improving the reach of the CSF funding to smaller organisations and a longer project duration.

Finally, the evaluation also noted that

> What is as important as the instruments themselves … is the apparent willingness of EUDs and DG NEAR to be open to which instrument is appropriate for a particular call, and to be flexible within the frameworks of specific calls for proposals to have a real focus on using the CSF as a tool for the growth of civil society.

**iv. Twinning and TAIEX**

Evidence from the sector reviews indicates a high appreciation of the national authorities for both twinning and TAIEX engagements. This is reflected also in evaluations that have addressed this topic. The IPA – interim evaluation and meta-evaluation of IPA assistance noted that close cooperation of the provider/contractor with the beneficiary organisation is crucial for ensuring transfer of know-how and achieving the planned effects of institution-building assistance.

> Twinning assistance is more likely than TA to be located within the premises of the beneficiary and more likely to support the beneficiaries in achieving project deliverables …The location of [TA] advisors outside of the beneficiary premises reduces their involvement in the delivery of outputs. Whilst some tools such as working groups can alleviate this, they cannot compensate for the lack of real day-to-day collaboration.

The environment sector also noted good feedback from twinning projects.

Stakeholder interviews confirm that twinning contract was a good choice of modality for development of the River Basin Management Plan. As experts are part of the member state administration, a twinning contract...
was a proper modality for harmonising the process of preparation of this plan, that is required by the Water Framework Directives, and water management among the member states.209

Similarly, the agriculture sector report notes: ‘Both the twinning and TAIEX initiatives under IPA II confirm the added value of bringing particular EU Member State expertise into the IPA II beneficiaries to address specific beneficiary needs.’210

2.6.2  EQ 6 Conclusion

Across the research for each sector, there was broad consensus that the modalities and management modes were appropriately used. Earlier concerns identified in the 2012/2013 round of evaluations that TA projects were too small and fragmented211 were addressed effectively with the adoption of the SBS modality.

Twinning works well, and is appreciated by partners, although it is likely that expectations are greater than what it can realistically offer. In general, it provides transfer of learning and some limited delivery of tools such as guidance documents and contributions to primary and secondary legislation. It does not directly affect wider capacity building leading to organisational change; but if accompanied by the right actions by the national authorities and potentially additional assistance, twinning can be an effective part of a joint effort to enhance organisational performance.

The introduction of decentralised (later indirect) management of EU funds was an appropriate and logical response to the challenge of Serbia’s preparation for EU membership. The introduction of the management mode could have been smoother and more graduated. The mode still offers potential, but more work needs to be done to address capacity issues, to streamline the management of investment funds from all sources, and to build capacity for eventual management of EU structural funds.

Sector budget support is the modality that provides the greatest potential for future support to reform of national administration. It needs more careful design, more focus on outcomes and greater attention to the ‘how’ – the theory of change. But it provides a more comprehensive, system-wide and well-monitored approach to reform, and enables engagement at high political levels in order to address critical challenges.

The management and implementation of the Civil Society Facility offers effective mechanisms of support to civil society, and flexibility in application of funding. Interviewees noted the importance of the individuals working on projects, as being more important that the modality as such.

2.7  EQ 7 Coordination, complementarity and coherence

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

This section brings together the evidence from desk and field phases from the seven IPA sectors. The evaluation did not look specifically at regional/multi-beneficiary programmes, which were out of scope, and so does not comment on these regional aspects, except when specifically identified in relation to the national programmes.

2.7.1  Coordination and coherence of EU programmes and instruments

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

EU strategic frameworks provide overarching guidance for planning and programming of assistance at country and regional level. These frameworks include the accession perspective, naturally, but also EU initiatives such as the TEN-T transport framework, the EU’s Strategy 2020 and macro-regional strategies such as the Danube Region

209 Annex 6, Environment, section 5.6.
210 Annex 8, Agriculture, Competitiveness and Regional Development, section 4.6.
211 Annex 9, Education, Employment and Social Issues, section 5.6.
Strategy. They clearly provide guidance for planning of IPA instruments at national and regional levels, as well as informing multi-country initiatives such as the Western Balkans Investment Framework (WBIF).

Evidence from the intervention level highlights some of the experiences in relation to coordination and complementarity between national, regional and other EU programmes:

• There was good evidence that the (multi-beneficiary) SIGMA initiative made a very positive contribution to the national efforts in public administration reform.212 The role that SIGMA played in setting standards, benchmarking and monitoring progress was clearly complementary to the actions at national level in actively supporting reforms.

• Available ROM reports in Serbia Public Administration Rightsizing and Restructuring Project show a satisfactory level of coordination of the programming, without overlap with other PAR interventions.213

• A long-term focus on vocational education and training was supported by the know-how and educational qualifications frameworks of the European Commission and the European Training Foundation.214

• The good complementarity between the Western Balkans Investment Framework (WBIF) and the IPA national programme was observed in the transport sector. Within the strategic TEN-T framework, the WBIF funded major investments, while IPA supported with funding for project preparation and technical assistance. The WBIF additionally mobilises finance from other sources such as EBRD.215

• Regional cooperation in the environment sector was supported by EU-funded initiatives such as the Environment and Climate Regional Accession Network (ECRAN) project, and the participation of Serbia in the Energy Community. The ECRAN project contributed to the transposition and implementation of EU environmental and climate policies between 2013-2016.216

• With regard to support for civil society, there is evidence that there are disconnects between regional support for civil society organisations, and country-level support via the EUD. In particular, this relates to inconsistency in strategic direction between EUD and DG NEAR for civil society support, and not enough learning between EUDs and up to DG NEAR, particularly in relation to successful approaches and strategies.217

Based on the timing of these findings, there is a suggestion that the situation regarding coherence between regional and national programming has improved since 2014; earlier evaluations and reports have highlighted more issues with overlap and crowding. However, this might just be a bias inherent in the data: there are more final reports and evaluations available from earlier interventions.

The examples presented here suggest that there are clearer advantages and complementarities emerging from regional IPA-funded initiatives that do not have a country-level equivalents. Rather, they add value by providing something from the regional level that cannot be achieved at national level, such as inter-country benchmarking (SIGMA), economies of scale and inter-institutional coordination (WBIF), and strategic direction from a European perspective (ECRAN). The regional initiatives that have country projects, such as EIDHR, the regional Civil Society Facility and the Horizontal Facility, have a higher risk of overlap or divergent strategic directions with national initiatives, and therefore require intensive coordination.

2.7.2 Complementarity with government and other donors

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

There is very good evidence, both documentary and from interviews, that the EU strategic frameworks noted above are a core element of national authorities’ and other international actors’ planning. For example, the TEN-
transport policy, and the Europe 2020 strategy have influenced, respectively, transport planning and human resources development policy.

Serbia’s adoption of the sector approach for planning international assistance at the same time as the introduction of the sector approach for planning IPA I assistance (for the MIPD 2011-2013), led to improvements in the programming of international assistance. Programming for the ISP under IPA II was well coordinated, involved good consultation and was based on clearly identified national needs for international assistance. The sector working groups established by the Government of Serbia provided a forum for interested donors and IFIs to align with government and to coordinate with each other, and these further cemented the sector approach into place. These working groups also offered a forum for consultation with civil society. Programming was more strategic and more coherent across all sectors. The successive versions of the Government of Serbia ‘NAD’ document provided an authoritative statement of needs and priorities for international assistance, which donors, not only the EU, referred to in formulating their assistance. There are examples of very good practice in complementary programming, such as Swedish government support for the Ministry of Environmental Protection.

The sector approach, however, had some limitations. In some sectors, external funding came from non-donor sources which did not work through the structures for donor coordination. In the transport sector, significant funds came from China and Russia, neither of whom were involved in donor coordination activities. The cyclical nature of programming and implementation of assistance, tied to the EU’s 7-year financial perspective, meant that coordination with other donors was at its strongest during the formulation and revision of strategies, and weakened outside these periods. The structures established by the Government of Serbia for monitoring, the sector monitoring committees (SMCs), primarily focused on monitoring implementation of indirectly managed, IPA-funded projects. While they contained some sector-wide monitoring data, the reports were often unable to make the connection between project progress and overall sector progress. In part this was because of the quality of indicators, and partly because of the difficulties in obtaining adequate data against the indicators. Participation in the SMCs was limited to government representatives. The government did not monitor and report on reforms across a sector supported by a range of donors after 2014.

More substantive and strategic monitoring at the outcome level was achieved through the dialogue mechanisms established under the SAA. However, these are not mechanisms for coordination or monitoring IPA (or EU cooperation) assistance, but rather government progress towards EU membership requirements. Participation in the SAA dialogue forums was typically at a different level to that of the IPA monitoring committees, and the themes of dialogue did not always align with the sector focus. Participation in SAA dialogue was also restricted to EU institutions and Government of Serbia. As an example, the PAR Special Group was established as a policy dialogue forum under the SAA. In the financing agreement for the PAR SBS, it was noted that the PAR Special Group played a role in monitoring the government’s implementation of the PAR action plan. Interlocutors noted the improvement that the PAR Special Group has made to the implementation of PAR. Nevertheless, this forum was not intended to be open to other actors, and so could not play a wider coordination role.

There was therefore a gap between sector monitoring committees and the SAA sub-committee dialogues. There were no obvious forums for sector-level coordination of donor and IFI assistance to Serbia for periods in between the main programming efforts. In part, this gap was filled by the EUD, which organised regular update meetings for Member States on programming and implementation, but this did not extend to other donors and IFIs.

Another challenge identified has been in the financing of infrastructure projects. Spokespeople reported ‘competition’ between IFIs and the EU to finance the most attractive, ready projects. This stems in part because the government does not have single channels to manage finance for particular sectors. Management

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218 E.g. Informing IPA and EIB investments in Corridor X, reported in Annex 7.
219 E.g. in the preparation of the Employment and Social Reform Programme (ESRP).
221 SIDA, project ‘ENVAP 3’ – Serbia Environment Accession Project.
224 According to participants noted on Sector Monitoring Reports.
226 EAMR 2018.
arrangements are ad hoc, and were set up for individual financial instruments, reducing coherence and efficiency. This issue was identified in the NAD from 2014, and continued to be a constraint at least until the time of field interviews for this evaluation (2020).

Finally, there were positive examples of donor collaboration on priority issues. The joint donor support for the Judicial Functional Review, led by the World Bank and financed by a multi-donor trust fund (including from EU IPA), provided a solid evidence base for programming, planning, implementation and monitoring of justice sector reforms.

2.7.3 EQ 7 Conclusion

The sector approach was widely regarded as having made programming for EU cooperation assistance more strategic and coherent under IPA II than under IPA I. The sector approach enabled broader participation, which in turn likely contributed to greater alignment of other donors’ and IFIs’ support for Serbia with EU accession requirements. Sector coordination to support implementation was weaker and more fragmented, with fewer opportunities for donors’ and civil society participation. The national authorities’ focus on the operational implementation of indirectly managed IPA projects highlights the monitoring and coordination gap for a more strategic and sector-wide instrument to coordinate government’s, donors’ and IFIs’ support for reform and investment.

Regional IPA interventions, such as the SIGMA initiative, provided significant complementarity to nationally programmed actions. The successful regional initiatives provided tools (monitoring, expertise, know-how, etc.) in support of national-level actions, rather than being directly operational. Where the strategies were divergent or not sufficiently clearly defined, such as with civil society actions, there were greater risks of regional and national programmes overlapping or conflicting. Innovative collaborations, such as for the Judicial Functional Review, added value, know-how and a common baseline to support both government and donors’ planning.

The EU, in conjunction with IFIs and the WBIF, and in view of the Economic and Investment Plan for the Western Balkans, has an opportunity to support the government in strengthening its coordination of capital investment finance.

2.8 EQ 8 EU value added

**EQ 8 How does the approach of the EU in Serbia differ from that of other actors, and to what extent does this help or hinder the effectiveness of its assistance?**

This question provides an approach to exploring the extent to which the EU has been able to add value over and above that of the Member States alone: ‘European added value is the value resulting from an EU intervention which is additional to the value that would have been otherwise created by Member State action alone.’

The context of Serbia and other accession countries is unique in the portfolio of the EU’s external assistance for several reasons, primary among them being the EU membership perspective. This section first identifies the key distinguishing factors, reviews the findings from the evaluation that offer evidence of added value, and then explores areas in which further added value could be realised. This section is based on evidence from document and data analysis of the international donor context, interviews with EU, government, bilateral donors and IFIs.

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229 Annex 5, Rule of Law and Fundamental Rights, EQ 7, indicator 7.2.2.


2.8.1 Findings

The enlargement context is all-encompassing when it comes to looking at EU assistance to Serbia. The framework established by the Stabilisation and Association Agreement (SAA) guides the process, and the Copenhagen criteria define the conditions that Serbia is required to meet in order to be considered for membership.

The SAA established a framework for dialogue, and progress reporting which has informed the process of strategy and programming for EU financial assistance. The dialogue enables regular high-level access to the Government of Serbia and works towards agreement around political and policy goals. The progress reports provide detailed evidence on Serbia’s measures towards meeting the Copenhagen criteria, and inform multi-year and annual programming of financial assistance. The EU accession perspective also gives the EU tremendous convening power in bringing partners together. Accession goals, together with Serbia’s NAD, give Member States and other bilateral donors a clear set of priorities for their own assistance to follow. The majority of bilateral donors are also committed to supporting Serbia’s EU accession goals. No other donor, bilateral or IFI, has the scale and attractiveness of mechanisms to coordinate and programme assistance to Serbia at their disposal. Nevertheless, there are actors outside of the ‘traditional’ donor framework that are likely to have a significant influence on the institutional reform and particularly investment scene in Serbia. China and Russia are both major funders, though as we have seen in section 2.3.2, the public and political influence of these actors is significantly greater than their financial contribution. An unexpected outlier is the United Arab Emirates, which in 2016 and 2017 provided loans totalling USD 1.4 billion for general budget support.232 The added value of the EU does not extend to influencing these non-traditional actors.

The IPA instrument itself offers a unique opportunity for strengthening national capacities through both the SBS mechanism and the indirect management mode. Other donors generally require project controls such as project implementation units and distinct financial and management arrangements. Regional and multi-beneficiary assistance offers the potential for regional initiatives of common benefit to accession countries. The EU approach is distinctive not just in the scale of its assistance, but also in the range of tools it has available.

The EU has access to institutions and initiatives that provide in-depth knowledge and guidance. For Serbia, this has been noticeable in, for example, vocational education and training, and public administration reform in reference to the European Training Foundation and SIGMA respectively. Line DGs also offer in-depth policy knowledge and experience from across EU Member States. Involvement of line DGs, such as DG Justice in the Roma inclusion agenda,233 offers a depth of knowledge relevant for Serbia and other accession countries.

According to interviewees, one of the key areas where the EU could extend its added value is in the flexibility of its support. Actors such as Sweden and the World Bank have greater flexibility in the design of their assistance, and in particular, in the way in which they can review projects or budget support during implementation. This provides the possibility for adaptation during implementation, which is not observed for IPA-funded actions.234

These actors, however, also have a smaller scale and range of supported programmes, and their mandates are somewhat different: they do not design and steer the accession framework and the associated dialogue. There are arguments that loan financing is, by its nature, able to generate greater ownership of process and interest in value added than grant finance (except for grants under the SBS modality),235 so direct comparison would not be justified. However, exploring the ways in which other actors in the region design and manage their assistance can offer lessons learned also for EU assistance.

The scale and range of EU assistance is a key challenge – other actors are able to focus on specific areas and opportunities, while the EU has to follow closely, and support, all aspects of the accession agenda. The EU,

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233 Through, for example, the bi-annual Roma seminars.
234 There are mechanisms within EU support modalities for flexible adjustments; for example, in in the case of budget support contracts, indicators and targets may be modified in the first quarter of the implementing year. Each request for modification is analysed on a case by case and when factors outside the control of the Government contributed to difficulties in compliance, such an adjustment may be granted.
235 See, for example, https://ecdpm.org/wp-content/uploads/DN-55-Blending-loans-and-grants-for-development.pdf which argues that loans provide greater ownership than grants in the case of infrastructure investment. SBS modality takes on many of the characteristics of WB loan finance – carefully designed performance indicators, disbursement in tranches based on monitoring indicators, implementation management by national structures, large size and ministerial involvement – which enhance ownership compared to other forms of grant financed actions.
through its programming and assessment tools, focuses on the goals of assistance, the ‘what’. As for European Structural and Investment Funds for Member States, the EU relies on the beneficiary to provide the ‘how’: policies, change strategies and institutional arrangements. The relative inexperience and weak capacities of the public administration in Serbia for policy development and change management means that much less attention is given to the strategies and management of assistance, the ‘how’ questions. Actors in the Western Balkans such as the UK and Sweden as well as the World Bank, dedicate substantial attention to planning and understanding how their assistance might achieve the intended goals and to evaluating whether the mechanisms worked in the ways intended. EU IPA programming sets out the goals, but leaves the strategies, the ‘hows’, 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. This corresponds to the main findings of this and earlier evaluations, that the relevance of designed assistance scores high, but the ultimate impact and sustainability are lower than expected. The finding from the experience of SBS that the modality assisted the Government of Serbia to increase its own skills in managing change is a critical one, and provides additional argumentation for continuation of the SBS modality in other areas, together with support for learning and structuring change management capacities in the national authorities. The experience of other actors can provide substance and guidance in further development of the ‘how’ capacities.

2.8.2 Conclusion

The EU has an impressive set of tools, both in range and scale. Its specificity in relation to a candidate country such as Serbia, comes from its special framework for engagement which is set by the enlargement priorities and negotiations and the entailing political relation with Serbia. It has the ability to convene and marshal additional support from IFIs, bilateral donors and other international organisations. It has the potential to realise a significant contribution to reform. However, in comparison with the other actors in the field such as Sweden, the UK and World Bank, the DG NEAR approach has so far not moved towards an ‘adaptive’ approach to programming and delivery. This means that EU support for reform can perform less well than the stated ambitions, particularly in response to unexpected factors in project delivery or project environment. Other factors are clearly also at work – political economy factors among them. Nevertheless, it is likely that EU-supported interventions could perform better if both national authorities and the EU give more attention to the ‘how’: strategies and approaches, as well as the ‘what’: goals and objectives.

3 Conclusions and lessons learned

3.1 Strategy and programming

EU pre-accession assistance is appropriately focused on EU priorities and reforms needed for Serbia to meet the requirements of the EU acquis. There is a high level of correlation between the institutional contexts and needs of the beneficiary and the EU’s pre-accession assistance. Of particular importance in this judgement is the range of Serbia’s own legislation, policy, strategy and action planning detailed above, all of which points to Serbia’s commitment to EU membership and alignment with EU systems and structures. EU pre-accession programming is designed to respond to both EU accession requirements and the stated intention of the Government of Serbia to meet these requirements. Efficiency of assistance has been affected by significant delays, particularly in the process between programming – tendering – contracting of assistance. These issues seem not to have affected relevance to a great extent but have caused dwindling ownership and the support of beneficiaries to reform.

Programming of EU assistance under IPA II became notably more strategic than under IPA I. The Indicative Strategy Paper and its 7-year perspective provides the EU with an instrument for thinking longer term about the reforms and investments needed. The mid-term revision to the ISP was an opportunity for taking stock and reviewing both priorities and performance. Financial resources were more focused on the Fundamentals First priority areas, which led to larger interventions in some areas, particularly public administration. The links between political and policy dialogue, and strategic planning and programming are evident, though there is not sufficient evidence to assess whether these can be strengthened in any way.

The indicative strategy papers and programming documents focus on the goals of assistance, identifying primarily what should be achieved as a result of EU assistance. This ensures that EU assistance is highly relevant. However, more attention should be given to the underlying logic of how goals will be achieved. This is particularly needed in programming for institutional reform. It is not always evident how the actions identified are intended to achieve the planned objectives, in particular the intermediate steps between the actions and the goals. This is especially the case in institutional reform where many change pathways may interact. More attention to the theories of change would provide those responsible for programming a better understanding of the implicit assumptions behind their planning, and provide greater clarity for implementation and progress monitoring. This in turn would contribute to strengthening intervention impact and sustainability.

The processes required to translate programmed priorities into contracted actions took too long in many cases, and led to reduced relevance, political commitment and impact. While this issue was identified in the 2011/2012 round of evaluations, there was no significant reduction in time frame over the evaluation period.

### 3.2 Support for reforms

The use of SBS modalities in Serbia have demonstrated the potential to overcome many of the shortcomings of ‘classical’ technical assistance identified in earlier evaluations in support of wide-ranging institutional reform. SBS moves the ownership of the reform process decisively to the government and line ministries, and creates a positive incentive structure which mobilises political commitment and inter-departmental and inter-ministerial actions in support of clearly defined goals. The associated monitoring activities provide accurate and timely information on progress, informing dialogue and disbursement decisions, and generating learning on what works.

**System-wide interventions are more likely to contribute to greater impact and sustainability.** A particular feature of SBS is their scope: they work across a system of interlinked and interdependent institutions, including legal and normative instruments, to create system-wide reform. The design of an SBS has to identify interdependencies and roots of problems in ways that project-level interventions do not. The scale of funds, political commitment and time frame that accompanies an SBS are preconditions for system-wide solutions. Nevertheless, a system-wide approach does not need to be restricted to SBS modality, but can be adopted by technical assistance projects as well as grants to the national authorities.

**Despite the potential offered by SBS, there are some areas for improvement:** indicators and targets were more oriented towards outputs than outcomes; complementary support was contracted late, after the start of the SBS contract itself, and timeframes were still relative short for achieving deep and wide reforms.

**The SIGMA initiative worked well in support of public administration reform.** It provided an external, neutral and expertise-led basis for setting mutually agreed standards against which reforms in Serbia could be measured. The structured approach to assessing progress gave credible and acceptable data on progress and provided a solid basis for policy dialogue and planning of support.

**Investing in the ability of the Government of Serbia to manage institutional change itself is a critical part of the overall sustainability of EU-supported interventions.** Planned support, such as the investment in the National Academy of Public Administration under the PAR SBS is one element. This provided the legal and institutional basis for continuous development of competencies within the civil service. Unplanned outcomes were also observed, such as the strengthening of the Institute for Improvement of Education, which built skills and confidence to manage large-scale change projects as a result of the SBS in Education. These elements, while welcome, were not systematically included in EU interventions, particularly at the project level. Future support for
reform should pay more conscious attention to the means by which interventions will support national authorities to manage organisational change, learn from the experience and be stronger in future.

**Accountability mechanisms were vital elements of more successful interventions.** Policy dialogue linked to SBS, particularly at senior levels, provided a forum through which EU-supported interventions became more visible across government. This level of visibility, together with the conditionality of funds for SBS, created an informal but effective intra-governmental accountability mechanism. The performance of the SBS was watched closely by the Ministry of Finance, creating incentives for the line ministries to deliver to the agreed targets. During the evaluation period, the Serbian Parliament performed very poorly in holding the administration to account. This meant that incentives to deliver reforms did not operate through the orthodox government–parliament relationship. The intra-governmental mechanism described above was an effective substitute in the specific case of SBS contracts. In interventions other than SBS, accountability mechanisms were not so effective, although some policy dialogue platforms did try to compensate for this. The weak accountability partly explained the difficulties experienced for project-level interventions to achieve the intended impacts. Future interventions need to be designed with explicit and realistic accountability mechanisms, underpinned by effective monitoring, that provide real incentives and responsibility for delivering agreed outcomes. Linking interventions with SAA policy dialogue forums might also strengthen accountability.

**In many of the capacity-building interventions at project level, the assumptions about how the project activities would lead to the intended outcomes were poorly articulated and scrutinised.** There were too many unproven assumptions about the contribution links between delivery of activities such as training and planned organisational performance improvement. Where planned outcomes were not achieved, this was frequently attributed to external factors such as absence of political commitment. This in turn begged the question of why the activity went ahead if there was no demonstrated political commitment. Better articulated theories of change are needed in the planning of EU-supported reform interventions, which better identify the assumptions and risks. Theories of change may be desirable early in the planning process, before contracting, to test the feasibility of proposed actions.

### 3.3  Capacity development

Outside of the two SBS programmes reviewed for this evaluation, projects to support capacity development of national authorities and institutions have delivered mixed results. Partly, this is a problem of measurement: few projects had sufficiently well-defined change pathways, outcomes and realistic monitoring mechanisms to be able to show whether anything was achieved beyond delivery of outputs. Partly, it is an issue of scale and scope: capacity-building projects tended to be superficial in their analysis of the causes of institutional weakness, and therefore did not address the root causes. This in turn was a result of limited scale, scope and ambition of projects.

Project reports widely reported insufficient political will and absence of budget commitments for sustainable impact. The consistency of these findings (first identified in the 2012/3 cycle of evaluations) suggests that there are systemic issues in the way interventions – mainly service contracts but also grants to national institutions – are conceived, rather than primarily issues with the quality of the contractors or project design itself.

The experience of sector budget support suggests that system-wide interventions are more likely to achieve sustainable results, and the scale of SBS funding attracts political commitment. SBS is a more effective way to achieve institutional reform than project-level support alone, but SBS interventions are not always appropriate or possible where the preconditions do not exist. Systemic ways to improve capacity development interventions can be found through: improved problem analysis and diagnosis, identifying root causes and systemic constraints; conditioning support on the basis of commitment to tackle root causes; improved design detailing the expected change pathways; supporting capacity-building initiatives with stronger monitoring and evaluation assessing contributions to capacity and performance change; and enabling longer-term engagement and system-wide focus.

### 3.4  Support for investments

A significant proportion of EU financial assistance through IPA was intended for investments in infrastructure and other measures to support the ability of Serbia to comply with standards in the EU acquis. In the context of the
overall logic model, contribution at the output level regarding investments in infrastructure is visible particularly in relation to transport: an alignment of Serbian legislation and the EU’s transport acquis; direct contributions to strengthening Serbia’s administrative capacity (although results need confirmation); improvements in Corridor X, with intermodal transport facilitation; and in railway sub-sector reforms. There are also visible contributions at the outcome level, particularly in relation to transport corridors and railway reform, and indicated strengthening in legislative and institutional frameworks. There are also indications of contribution at the level of impact. There is a high level of correlation between institutional/ beneficiary context and needs and the EU’s pre-accession assistance in the transport sector. This is visible in Serbia’s legislation, policy and strategic and action planning and the existing links in these documents and the EU’s priorities in the sector, notably the Pan-European Corridors and TEN-T frameworks and how these link with developments in Serbia’s transport infrastructure. Both Chapters 14 and 21 are open for negotiation, an indication of correlation of priority and direction.

Indirect (previously ‘decentralised’) management of IPA funds proved to be an appropriate mechanism for enabling the Government of Serbia to fund critical investments. Despite the many practical challenges in establishing and maintaining the administrative arrangements, the principle of indirect management has many advantages, including building national capacities to manage EU funds and delegating the management of these funds to the most appropriate level. The difficulties faced at the beginning of the indirect management arrangements are progressively being addressed but further investment from both the EU and the Government of Serbia is needed to be able to scale up and maintain the efficiency and effectiveness of the arrangements. The design of IPA III needs to take into account both the need for efficient indirect management of EU funds as well as the need to build future capacity for managing much larger amounts of EU structural funds.

The ending of direct links between national authorities and line DGs was seen as missing an opportunity to build stronger policy capacity. The experience of IPARD, though not covered by this evaluation because of the time frame, suggests that direct links between national authorities and line DGs can have beneficial capacity-building effects. EC line DGs’ knowledge of European policy solutions is seen as a valuable resource by the national authorities and access to this resource has potential both in building stronger national policy capacities but also in strengthening the transfer of European values.

The scale of IPA assistance is modest in relation to Serbia’s investment needs and the track record of IPA investment in infrastructure has been mixed. The EU has progressively decreased IPA centralised/direct management of infrastructure investments, which, given the much larger amounts of available finance from IFIs and others, is appropriate. The Government of Serbia has progressively improved its management of decentralised/indirect IPA funds, overcoming a difficult start in 2014. However, there is a long way to go for Serbia to build up its absorption capacity for management of EU funds. We conclude that IPA as an instrument is more suited to supporting institutional reform than investment in infrastructure, and IPA can offer greater value in support of investment of infrastructure by supporting the development of institutional mechanisms to manage investments, rather than direct investment in infrastructure itself. In particular, the EU with IPA funds and in reference to the standards and practices required by EU members, can further support development of the institutional arrangements for managing EU structural funds as preparation for EU membership. At the same time, this could also support the government’s ability to establish single financing mechanisms for investment in infrastructure. It may also be worth reflecting on how WBIF could provide a greater contribution to building capacities for managing structural funds.

### 3.5 Transparency, accountability and participation

The theme of accountability recurs throughout this evaluation. Where there are effective, even if unintended, accountability mechanisms, interventions are more likely to deliver on their goals. The weakness of the formal state accountability mechanisms – primarily Parliament and evaluation bodies – means that the EU needs to ensure that future IPA-supported interventions have appropriate accountability mechanisms in place. On the one hand, there is an urgent need for Serbia to strengthen the mechanisms of accountability in public service. More pragmatically, as far as providing EU support for institutional reform in Serbia is concerned, IPA-funded interventions need to have identified operational accountability mechanisms that relate to the intended

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performance of EU assistance. SBS contracts have shown in practice how this can work. The four critical elements are: clearly defined, agreed, and measurable outcome indicators; independent, credible and timely monitoring mechanisms; high-level dialogue platforms where achievements can be presented and discussed; and funding arrangements that are conditional on achievement of agreed outcomes. These are built in as part of the SBS approach, which is a reason why they have been shown to work well. However, these elements are not tied only to an SBS modality. Other modalities could be strengthened by including some or all of these elements. In particular, the definition of outcome indicators and credible monitoring mechanisms would contribute to improved performance and measurement, as well as a greater understanding of what works.

Performance assessment is hampered also by a lack of transparency in government data. This evaluation, for example, was unable to obtain data on government actual expenditures at the level of ministries and programmes after 2014. Assessment of the additionality of EU budget support in education and public administration was therefore not possible. This example is just one area in which lack of transparency hampers evaluation and scrutiny, weakening incentives for improved performance and reform.

Finally, the engagement of civil society, business and social partners could be used to greater effect. There were very good examples of civil society involvement in the planning of EU assistance, in the monitoring of progress in public administration reform and the environment, and in policy dialogue for issues such as Roma inclusion. However, engagement of social partners has not been consistent or applied across all sectors. Progress was made by Serbia in involving civil society and social partners through formal mechanisms for consultation across all areas of international cooperation until around 2014. Following this time, support for civil society has largely been delivered as a separate ‘sector’ rather than as integrated across programming, implementation and monitoring. Much more can be done to strengthen the involvement of independent civil society and social partners throughout the stages of EU engagement, and in turn to strengthen the planning, delivery and accountability of public sector reforms and investment.

3.6 Monitoring, evaluation and learning

From the country-level perspective, there have been substantial contributions to monitoring and evaluation over the period covered by this evaluation. Commission progress reports give excellent impact-level assessments of change at the country level, and sector monitoring reports, ROMs and other reporting instruments track delivery of interventions.

The informative and systematic approach to sector evaluations at the end of the IPA I period likely contributed to new approaches in programming for IPA II. Results-oriented monitoring and specifically commissioned evaluations provide useful snapshots into particular aspects of the EU’s support for Serbia. The Government of Serbia was slow to develop appropriate evaluation capacities for assessing the effectiveness, impact and sustainability of EU support through decentralised/indirect management. Project-level interventions themselves rarely provided sufficient data to be able to contribute to proper understanding of their contributions to institutional and wider change.

The main conclusion to be drawn is that the approach to monitoring, evaluation and learning is not sufficiently structured or strategic to be able to provide accurate, evidence-based and real-time insight into how the EU cooperation is effecting change. Ex post evaluations such as this one can inform future interventions, but cannot inform work in progress. The sector budget support contracts provided good examples of the utility of accurate, outcome-focused monitoring, and these can be models for future interventions – not only for SBS contracts. More broadly, monitoring and evaluation findings did not provide sufficient insight into why interventions worked, or did not work, and under what conditions interventions work. The overwhelming focus has been on ‘what was achieved’, rather than how and why. The ‘what’ question is relatively easily answered, but does not provide any insight into how an outcome was achieved, or why it was not – hampering the design of future interventions.

238 See section 3.1.1 for information on the sector evaluations carried out in Serbia in 2012/2013.
The focus on ‘what’ reflects a general absence of ‘how’ considerations in strategy and programming. Here, the use of theory of change approaches\(^{239}\) for programming and evaluation could prove helpful. Explicit use of theories of change help to bring to the surface implicit assumptions about how interventions are intended to work, bring some critical questioning to assess whether there is sufficient evidence to support these assumptions, and provide a framework for better real-time monitoring and evaluating of interventions. This in turn drives greater understanding about what works, in which contexts, and supports the design of future interventions.

Theory of change approaches could be applied at the level of an intervention, or, more ambitiously, at the level of a country (e.g. EU support for Serbia over the next budget period), or instrument (IPA III, for example).

4 Recommendations

4.1 Strategy and programming

R1. It is noted that under the plans for the IPA III instrument, the national authorities will be requested to prepare a ‘strategic response’ to the EU’s proposed ‘Programming Framework’. It is therefore recommended that the EU provide, if requested, appropriate technical support to the national authorities that will assist in preparation of this strategic response. In particular, the support should assist the national authorities to consider how goals are best achieved, and the logical sequencing of interventions. This can be further supported by including in the strategic response template a section for an overarching theory of change to explain how the agreed goals will be achieved. With sufficient consultation and discussion around the theory of change, explicit descriptions of assumptions and change mechanisms, the strategic response could provide the framework for more effective interventions.

4.2 Support for reforms and capacity development

R2 It is recommended that the EU work to strengthen links between policy dialogue with and programming of financial assistance both at the design stage and during implementation. Under the new arrangements for IPA III, it is important that the policy context and the priority requirements of EU membership are clearly connected to IPA III assistance. The appropriate policy experts in the EU will be involved in the programming process. During implementation, efforts should be made to ensure that policy dialogue participants are informed both on the progress of relevant interventions and change processes, as well as on the opportunities for new interventions that would assist the policy process. Similarly, design of interventions – beyond the programming stage – would be assisted by the expert review of policy experts. It is noted that this has been done in some sectors, while other sectors could strengthen these links. This is also linked to recommendations to strengthen monitoring at the level of policy impact, institutional change and reform.

R3. It is recommended that the EU continues to work with national authorities to identify opportunities for applying the SBS modality for supporting reforms. SBS has shown the potential to be an effective modality for supporting the kinds of reforms needed for Serbia’s accession to the EU. With the new approach to programming, the EU likely will need to assist the national authorities to identify appropriate areas for budget support interventions, as well as encouraging and supporting, if necessary, the fulfilment of preconditions.

R4. It is recommended that DG NEAR work with EUDs as well as the body of staff and consultants that support SBS to strengthen practice in the Western Balkans. Of most importance is the wider, more formal sharing of the lessons learned from the first round of practice. These lessons would also add value by being integrated into guidance for future SBS.

R5. It is recommended that the EU invest in developing a relevant knowledge base of what works in reform of partner government institutions. In addition to drawing from international development approaches, support should also draw on the body of knowledge related to public sector management and change management within

the EU and elsewhere. The aim should be to support learning about how change can happen in Western Balkans contexts. Areas for further learning could include: practical approaches for problem analysis and diagnosis; use of ‘thinking and working politically’ techniques, use of theory of change approaches in programme design and evaluation, among others. This suggestion could be operationalised through a ‘community of practice’ approach, potentially based on the EU’s Capacity4Dev hub.

R6. It is recommended that the EU ensure 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. Initiatives such as the National Academy for Public Administration are crucial in this respect. SBS is a critical modality for achieving this, and ways to achieve this shift of control through other modalities need to be found. The experience of SBS offers examples of measures that could make interventions through other modalities more effective. The link to policy dialogue, external monitoring linked to explicitly agreed standards and indicators, and the use of conditionality are examples.

4.3 Support for investments

It is noted that arrangements for indirect management under IPA III will change, with a greater emphasis given to support for infrastructure by IFIs and the WBIF. In that regard, this report’s recommendations aim towards further supporting national authorities’ capacities for managing EU funds, as well as encouraging authorities’ rationalisation of capital investment.

R7. It is recommended that the EU works closely with IFIs active in Serbia to engage and support the Government of Serbia to create single institutional arrangements for managing investments in infrastructure, regardless of source of finance. The aim would be to ensure improved relevance and effectiveness of all capital investment, not only that financed by the EU. Ideally these mechanisms could approximate to the structures needed for managing future EU structural funds. This would both reduce inefficiencies in the financing of infrastructure investments, and improve absorption capacity for eventual EU membership. Technical assistance from Member States with effective and appropriate arrangements for capital investment and EU funds management would be particularly relevant.

R8. It is recommended that the EU works with the national authorities to ensure that measures are in place to continuously develop the national capacities for managing EU funds. In this regard, indirect management of EU funds is a basic platform for learning by doing. Additional support from line DGs – particularly DG Regio, DG Employment and DG Agri (which is already working with the IPARD programme), would provide knowledge and experience to assist the national authorities improve both policy capacity and funds management capacities. The IPARD model could provide useful lessons learned in this regard.

4.4 Transparency, accountability and participation

R9. With a view to the underdeveloped social dialogue, it is recommended that DG NEAR and the EUD ensure that there is systematic involvement of social partners, businesses and civil society in a wider range of support for reforms in Serbia. While formal lead responsibility for involvement of civil society and social partners rests with the Government of Serbia, the EU can continue to provide space and financial support for the stronger role of civil society in programming, design, implementation and monitoring of EU-supported interventions with the Government of Serbia in priority areas such as justice, parliamentary and public administration reform. Examples of good practice do exist, as do forms of financial support through the CSF, but a greater systemisation is needed including: support to coalitions of related CSOs to be involved in programming; ensuring CSOs and social partners are included through implementation phases; and enabling shadow monitoring of key reforms, among other roles. Financial support should be identified for this purpose.

R10. It is recommended that DG NEAR develop additional mechanisms for supporting moves towards transparency from the side of the Government of Serbia. This may involve support for technical solutions for budget transparency, but more likely would involve advocacy through policy dialogue, PFM reforms and potentially dialogue at parliamentary level. Another possible approach is to specify transparency as a requirement for SBS contracts, as either a general or a specific condition, and making payments of SBS tranches conditional on government financial transparency.

4.5 Monitoring, evaluation and learning

The aim of these two recommendations is to provide more real-time evidence-based feedback on what and how EU assistance is working in the accession context, and to support learning by both EU and national authorities.

R11. It is recommended that the EU works with the national authorities to develop and operationalise an overarching MEL framework for EU cooperation at the country level, and to ensure that there is robust real-time evidence to demonstrate contribution to impact of EU cooperation. The aim of the framework would be (i) to ensure that the information needs for tracking progress and outcomes are met, with a particular attention given to strengthening the data collection regarding outcomes in terms of institutional change and policy impact; and (ii) to ensure that information from monitoring and evaluation is cycled back into processes that need such information, including policy dialogue, intervention design, and programming, as well as performing a wider learning function. Where there are identified gaps in monitoring and evaluation, existing instruments could be modified, or new ones introduced. As an example, ROM exercises could be conducted on a representative sample of interventions to provide data valid for the whole portfolio. Formal evaluation exercises could be complemented by short investigations (or ‘deep dives’) into topics of particular interest for which answers are required quickly. Design of evaluations should also take into account effects at the policy level as well as institutional. Technical assistance and other contracted interventions need to ensure that adequate resources and methodology within the contract is dedicated to baseline and endline impact measurement.

R12. It is recommended that the EU works with the national authorities to redefine the role and scope of work of the NIPAC with regard to monitoring of EU-funded actions under IPA III. In addition to the critical role in monitoring progress of EU-funded actions regardless of management mode, the national authorities should add a more strategic level of assessment which would provide relevant, accurate and timely monitoring data and analysis relating to progress of reforms across each sector, including monitoring the contribution of EU-funded actions to policy-level progress. The roles of the SMCs should be revisited in this regard. Consideration should be given to including changes to the definitions of roles and requirements for monitoring of IPA assistance in the forthcoming IPA III framework agreement between EU and Serbia. DG NEAR could explore whether additional tools and resources, such as the PROMEL initiative, could be harnessed to provide support to national authorities.