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ANNEX III

of the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of Serbia for 2022

Action Document for EU Integration Facility

ANNUAL ACTION PLAN

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

1. SYNOPSIS

1.1. Action Summary Table

Title	European Integration Facility Annual Action Plan in favour of the Republic of Serbia for year 2022
OPSYS	ACT-60874
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Team Europe Initiative	No
Zone benefiting from the action	The action shall be carried out in the Republic of Serbia
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 2: Good governance, EU <i>acquis</i> Alignment, Good Neighbourly Relations and Strategic communication Thematic priority 1: Good governance; (53,5% of the envelope) Thematic priority 2: Good governance, EU <i>acquis</i> alignment, good neighbourly relations and strategic communication (46,5% of the envelope)
Sustainable Development Goals (SDGs)	Main SDG (1 only): Goal 8. - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Other significant SDGs (up to 9) and where appropriate, targets: Target 16.6. - Develop effective, accountable and transparent institutions at all levels Target 16.7. - Ensure responsive, inclusive, participatory and representative decision-making at all levels Target 16.10. - Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
DAC code(s)	15110

	Central government - 12001			
Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers @	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	<p>Budget line: 15.020101.01 JAD.998125 Total estimated cost: EUR 16 900 000 Total amount of EU budget contribution: EUR 15 900 000 of which: EUR 3 300 000 for indirect management with IPA III beneficiary. This action is co-financed in joint co-financing by the Republic of Serbia for the amount of EUR 1 000 000.</p>			
MANAGEMENT AND IMPLEMENTATION				
Implementation modalities (type of	Direct management through: - Grants			

financing and management mode)	- Procurement Indirect management with the Republic of Serbia.
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	Priorities: “Governance, Rule of Law, PAR”
Final Date for conclusion of Financing Agreement	At the latest by 31 December 2023
Final date for concluding contribution / delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The Action is designed to promote good governance, increase the compliance with Union’s values and their alignment with the Union’s rules, standards and practices in the relevant areas. It will contribute to strengthening of the capacity and accountability of the Serbian public administration in the preparation for EU membership. In line with the overall objective of IPA III the Action will be instrumental for alignment with the EU *acquis*, and the development and implementation of relevant reforms and strategies.

The overall objective of the Action is to support Serbia in successfully conducting the process of EU accession, and more specifically the Action will support Serbian administration to effectively meet EU accession requirements and successfully manage overall EU pre-accession assistance geared towards EU membership.

In particular, the Action will assist the Government to align regulatory framework with the EU *acquis*, fulfil requirements of the EU integration process in several key areas such as public administration reform, public finance management and statistics. Planned results are coherent with IPA III programming framework focus on modernisation of public administrations at all levels of government, strengthening of the statistical systems and economic governance, and ensuring fiscal sustainability and sound management of public finances as applicable in the EU, in order to contribute to sustainable growth and to improve competitiveness. It will contribute to the speeding up the alignment with the EU *acquis* on food safety, veterinary and phytosanitary policy.

The proposed Action is part of Serbian efforts to apply the revised EU enlargement methodology and prepare for EU membership, through strengthening of the administrative capacity, credibility, and accountability of the Serbian public administration. Action will also secure the support to priority needs unforeseen throughout the programming process, but that would later appear relevant to the accession negotiations, *acquis* alignment and institution building in various sectors, by allowing a faster response to the priority needs.

The Action will contribute to Sustainable Development Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all and 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. More specifically the Action will contribute to Target 16.6: Develop effective, accountable and transparent institutions at all levels; Target 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels and Target 16.10: Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements

2. RATIONALE

2.1. Context

The European Council granted Serbia the status of candidate country in 2012. The Stabilisation and Association Agreement (SAA) between Serbia and the EU entered into force in September 2013. Accession negotiations were launched in January 2014. The analytical examination of the EU *acquis* (screening process) started in September 2013 and has been completed for all 35 chapters in March 2015. The Commission assessed that Serbia should be capable of assuming the membership obligations provided that the alignment and adoption of legislation is accompanied by its effective implementation and enforcement. Before introduction of the revised enlargement methodology,¹ 18 out of 35 chapters have been opened, including all chapters in cluster 1 on the fundamentals. Two chapters in cluster 3 on competitiveness and inclusive growth have been provisionally closed.

Serbia accepted the revised enlargement methodology, and a first political inter-governmental conference was held in June 2021. The revised EU enlargement methodology is designed to make the process of accession to the European Union more focused on fundamental reforms, more credible, predictable, dynamic and politically driven. Grouping of negotiating chapters in clusters shall allow for a stronger focus on key sectoral reforms and improve strategic planning of sectoral policies. Serbia opened the “Fundamentals” cluster which remain at the heart of accession process. Focusing on political criteria and democratic institutions, economic criteria, public administration reform, as well as chapters related to the rule of law, public procurement, financial control and statistics, this cluster will have a special role in the further course of accession negotiations, because the overall course of negotiations will depend on the fulfilment of the undertaken obligations in this cluster.

The government prioritised EU-related reforms in the first half of 2021 and made the rule of law agenda one of its key priorities and fields of action. The government further delivered on a number of important outstanding benchmarks under clusters 3 (Competitiveness and inclusive growth) and 4 (Green agenda and sustainable connectivity). Therefore, the Commission has recommended that the clusters should be opened as opening benchmarks in these clusters were fulfilled. Effective policy planning and coordination, and sufficient human and financial resources on EU accession across all institutions involved need to be in place to match the government’s renewed political focus. In line with their EU accession objective, the Serbian authorities need to place more emphasis on proactive and objective communication about the EU, which is Serbia’s main political and economic partner.

Serbia continued to implement the SAA, although a number of compliance issues remain. The Serbian government continued to declare European integration as its strategic goal and restructured the Ministry for European Integration and negotiation structure to respond to the requirements of the revised methodology. In line with the IPA III Programming framework in the forthcoming period focus of the Serbian Government would be to strengthen the administrative capacities to ensure acceleration of the reforms and harmonisation of legislation in line with the EU policies and *acquis* in order to fulfil the Copenhagen criteria. This will be crucial for the EU accession and successful participation in the internal market.

¹ 2020 Communication on EU enlargement policy, Brussels, 6.10.2020 COM(2020) 660 final https://neighbourhood-enlargement.ec.europa.eu/system/files/2020-10/20201006-communication-on-eu-enlargement-policy_en.pdf

Accession negotiations will increasingly require that Serbia improves the capacity of public administration for taking over the membership obligations. Capacity development is needed both in terms of developing adequate institutional structures, but also in terms of ensuring the sufficient number of qualified experts and competent civil servants with knowledge to work on the harmonisation of the national legislation with the *acquis*, including the improving the quality of policy and legal drafting processes, effective enforcement of harmonised legislation and management of EU and public funds. Increasing accountability and professionalism of administration, de-politicisation and transparency, more transparent management of public finances, and better services for citizens on all government levels is the main horizontal precondition for addressing reforms. The new strategic framework for public administration reform streamlines the efforts towards development of an efficient recruitment process and career management system applied in practice and a functional and innovative system of professional development in public administration in order to ensure the improvement of the work of public administration and the quality of policy making in accordance with European Principles of Public Administration and establishment.

The specific objective of IPA III support in Good governance area is to modernise public administrations at all levels of the government and strengthen statistical systems. The proposed Action correspond to the **IPA III Thematic priority 1: Good governance** priority to modernise public administrations at all levels of government, strengthen statistical systems and economic governance, and hence contribute to sustainable growth and to improve competitiveness and **Thematic priority 2: Administrative capacity and EU *acquis* alignment** priority to bring beneficiaries' policies and legislation in line with the EU policies and the EU *acquis*, and to build administrative capacity to fully and effectively implement sector policies and the adopted legislation, building the ability of beneficiaries to take on the obligations of membership as well as the digitalisation efforts.

More specifically the Action will be focused on public finance management and statistics areas thus will support administration that is committed to improving the quality of their governance and develop or upgrade relevant governance reform plans that can be monitored over time and contribute to building capacities for administrative data and high-quality statistics production and use in all sectors.

The proposed Action will address the immediate problems identified along the Serbia negotiation process and support enhancement of Serbia's institutional and administrative capacities and strengthen it to meet the full range of priorities deriving from the Stabilisation and Association Agreement, **National Plan for Adoption of the EU *acquis* (NPAA)**, relevant sector specific strategic framework and the ongoing accession negotiations. The NPAA has been revised in 2018 and forms the comprehensive basis for the preparation of negotiating positions for the chapters, allows monitoring of the obligations undertaken during the negotiations and creates the framework for capacity building required for the implementation of the aligned legislation.

A part of this action will focus on already identified priorities in the process of *acquis* alignment. One of these is related to the Chapter 12 of the *acquis*. Based on the Commission Report for 2021, Serbia is moderately prepared in the Chapter 12 *Food safety, veterinary and phytosanitary policy*. Some progress was made on implementing recommendations of the previous report, in particular with preparatory work for the strategy for alignment with the EU *acquis* and recruitment of staff. Further work on this alignment is required, and the Action will contribute to that.

The Action will enable the creation and monitoring of data-driven policies, provide quality services and work towards ensuring the economic stability thus contributing to the objective in the **Public Administration Reform Strategy of the Republic of Serbia (2021 – 2030)**², 'further improvement of work of Public Administration in accordance with principles of the European Administrative Space and provision of high-quality services to citizens and business entities, as well as the creation of public administration which shall significantly contribute to the economic stability and increase of the living standard'.

Moreover, this Action is aligned with **Public Financial Management Reform Programme 2021-2025** contributing to the efficient revenue collection and management of public funds, as well as to the

2 (DGINS, 2015) <https://www.paragraf.rs/propisi/strategija-reforme-javne-uprave-republika-srbija.html>

Transformation Programme of Tax Administration 2021-2025 through profiling of a new tax officer with an exceptional level of professionalism and competence as a result of further development of the human resources function. Given the momentum of the planned reform, which includes the redesign of business processes and the introduction of a new business model of the Tax Administration and a new information technology platform that will support the new business model, competent and professional staff that will accompany all planned reform changes is crucial for implementation for all three strategic goals, which can be further ensured by improving the function of education in the Tax Administration. Building capacities of tax authorities will contribute to public administration reform through ensuring fiscal sustainability and sound management of public finances as applicable in the EU. Further implementation of the tax administration reforms is fully in line with the IPA III key priority under PFM to support implementation and upgrade of IPA III beneficiaries reform strategies to ensure fiscal sustainability and sound management of public finances as applicable in the EU. The Opening Benchmarks Assessment for the Chapter 16 - Taxation Report is in the European Council as of October 2022, hence there will notably be a focus on improving the capacity for domestic revenue mobilisation and effective management of public funds, including through upgrading the revenue administration, etc.

This Action is in line with the **Programme of Official Statistics for 2021-2025**³, and it will contribute to the “Development of the system of support to decision-making and other modern information solutions adapted to the needs of different types of users”. This Action will improve monitoring and evaluation of active employment policy measures, their effectiveness and impact on labour market trends and situation in line with **Employment Strategy 2021-2026**⁴ objective to ‘improved position of unemployed persons on the labour market’. The **Strategy for Education Development in Serbia until 2030**⁵ aims to established Unified Education Information System to provide a solid basis for more efficient planning and management of resources and monitoring, and this Action will provide bases for digitization of the Methodology for the development of the Sector Profile as a unique information and analytical framework that will enable efficient collection, processing and analysis of relevant data on the needs of the economy and the labour market for skills (occupations and qualifications). The proposed intervention aims at improving the integration of the statistical system in the area of labour, employment and education and use of data from administrative sources for statistical purposes, as well as to build administrative capacity to take on the obligations of EU membership, in line with the objectives defined in the **National Programme for Adoption of EU Acquis 2018-2021 (NPAA)**.

Food safety, veterinary and phytosanitary areas are currently functioning in the policy planning vacuum without strategic framework which is guiding the alignment process in terms of the accession to the EU. Nevertheless, the policy measures are exercised with highly developed legal framework depicted in the key vertical legislation acts followed with set of bylaws. The most important aspects for the policy implementation are the programmes in Veterinary and Phytosanitary, which are binding programmes as stipulated in the Law on Veterinary matters and the Law on Plant health. Additionally results accomplished by implementation of the proposed intervention will contribute to following national policy documents: the **Strategy of Agriculture and Rural Development of the Republic of Serbia, National strategy for the improvement of facilities in which food of animal origin is traded for the period from 2016 to 2021, Programme for improving the management of animal by-products for the period from 2020 to 2024 and National Programme for the Control of Bacterial Resistance to Antibiotics**.

The **Western Balkans Strategy**⁶ recognises Public administration reform as a paramount to strengthening governance at all levels, including improving the quality and accountability of administration, and increasing

³ http://www.parlament.gov.rs/upload/archive/files/lat/pdf/ostala_akta/2021/RS13-21-lat..pdf

⁴ <http://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/vlada/strategija/2021/18/1>

⁵ <https://www.mpn.gov.rs/wp-content/uploads/2021/06/SROVRS-2030-1.pdf>

⁶ https://eeas.europa.eu/sites/eeas/files/communication-credible-enlargement-perspective-western-balkans_en_0.pdf

professionalism, including more transparent management of public finances, and better services for citizens. The Action will contribute to the quality of public policies by creating conditions for data-driven policies as well as monitoring of their implementation, providing quality services and work towards ensuring the economic stability.

The upgrade of the statistical system and increase of the comparability of statistical data is in line with findings from the **Economic and Investment Plan for the Western Balkans**⁷, that in order to maximise the long-term impact of investments, implementation of structural economic and governance reforms by partner countries will be essential, including connectivity reform measures and increasing statistical capacity. In line with the EIP priorities the Action supports building of high-quality public administration through professionalization of the civil service as one of the essential reforms to achieve sustainable economic growth. Through Investing in a digital future one of reform priorities is to mainstream digitalisation in national policy with a focus on enterprise, education, health, energy, Research & Innovation, smart growth. This Action is in line with Agenda for the Western Balkans on Innovation, Research, Education, Culture, Youth and Sport that will lay the foundations for evidence-based policy making and promote inclusive and high-quality education and training systems thus providing better perspectives for the youth.

This action is in line with the **Instrument for Pre-Accession assistance (IPA III)**⁸ focus on “enhancement of good governance and reforming public administration” and “improvement of the quality and delivery of services”. Furthermore, Action will contribute to “strengthening of the public financial management”, and “improving the production of good quality statistics”.

Proposed intervention is in line with the **Lisbon memorandum**⁹ that supports and encourages developing of indicators necessary for policy making and monitoring of the economic situation in the country. Specifically, it stresses close cooperation between policy making and statistical spheres that needs to be ensured, with policy makers assessing the relevance of indicators for a given policy and statisticians assessing the measurability of policy targets, that indicator sets should include a limited number of indicators, a few of which are identified as key indicators, to make the set relevant, of analytical value and practically manageable and to ensure clear and concise communication.

This action will contribute to the **Sustainable Development Goals** for the Republic of Serbia, Goal 8 and 16. Regarding the Goal 8 the Action will contribute to promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, and to “achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value” by creating the intelligent labour market analytics, that will provide the decision-makers with the relevant data, and tracking the progress towards the set targets. Regarding Goal 16, this action streamlines development of effective, accountable and transparent institutions at all levels through building capacities and further professional development of civil servants at central and local level.

The Action is linked to the **Economic Reform Programme 2021-2023 (ERP)**¹⁰, particularly to structural reform number 10 - Tax Administration transformation in the area Business environment and the fight against grey economy, which address transformation of the Tax Administration as a reform process with the aim of creating on organization characterized by modern digital business, orientation towards providing services to taxpayers, as well as providing services in accordance with the best international standards. This Action will

7 [https://ec.europa.eu/neighbourhood-](https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/communication_on_wb_economic_and_investment_plan_october_2020_en.pdf)

enlargement/sites/default/files/communication_on_wb_economic_and_investment_plan_october_2020_en.pdf

⁸ Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPA III)

⁹ <https://ec.europa.eu/eurostat/documents/7330775/7339482/Lisbon+memorandum+28092015/18b9ea8d-bf26-47b7-81da-416dbb465467>

¹⁰ <https://www.mfin.gov.rs/en/documents/economic-reform-program-erp/>

contribute to the structural reform in education - through establishment and implementation of a framework for monitoring and evaluation of dual educational profiles, and with the introduction of the Unified Information Education System, as an IT basis for the modernization of management and decision-making.

This part of the proposed action is in line with number of European Commission initiatives aiming to ensure that products sold to EU consumers are fit under the European Green Deal objectives, including its external dimension¹¹ More precisely, the Action is complementing **the Farm to Fork Strategy**¹² and **the EU Biodiversity Strategy**¹³ aiming at reducing the environmental and climate footprint of the EU food systems and empowering consumers to make informed, healthy and sustainable food choices, including through support to third countries in key areas such as animal welfare, the use of pesticides and the fight against antimicrobial resistance and encouraging the production of agri-food products complying with high safety and sustainability standards. The linkages with “**the Biodiversity Strategy**” are related to the targets set in the strategy to reverse the decline of pollinators through full implementation of the EU Pollinators initiative, which among other things, includes raising awareness, engaging citizens and promoting collaboration between all interested parties.

The proposed action is in line with the EU’s latest enlargement package directly supporting Serbia’s preparation in the “Resources, Agriculture and Cohesion” cluster of negotiating chapters¹⁴. It is in line with the recommendations from the **Report for Serbia 2020** referring that “Serbia is yet to adopt a strategy and action plan for full alignment with the EU *acquis*, following a proper and inclusive public consultation” and “Serbia needs to step up its efforts on sustainable management of pesticides through further alignment with the EU *acquis* and improved implementation of the legislation in force”.

The proposed intervention is linked to the **Guidelines for the Implementation of the Green Agenda for the Western Balkans** and the initiatives defined to align the agri-food and primary production sectors with EU standards for food safety, plant and animal health and welfare, as well as with the initiative to strengthen the official sanitary controls along the entire food chain and improve the traceability and labelling of food products (including harmonised electronic system certification) to ensure food safety.

2.2. Problem Analysis

Short problem analysis - Administrative capacity and EU acquis alignment

Serbia still needs to deliver on their commitment to implement the fundamental reforms essential for success on the EU path. The rule of law, fundamental rights and functioning of democratic institutions together with good governance must be strengthened significantly. The preparation for the transition to the revised EU enlargement methodology started and will require investment of considerable efforts to catch up with the enlargement process requirements and effective implementation of reforms and legislation from all clusters. Assuming the membership obligations in almost all areas of the *acquis*, implies that the alignment and adoption of legislation is accompanied by its effective implementation and enforcement. The fulfilment of the requirements arising from the EU negotiation process requires specific capacities, knowledge and expertise in a number of areas for ensuring compatibility of national legislation with EU legislation. On the other side efficient implementation and enforcement of legislation remains a challenge in a number of sectors and is also due to current weaknesses in the policy and legislative processes, which do not fully ensure an inclusive and evidence-based approach. It is evident that in the majority of cases, the *acquis* cannot be simply transposed without elaboration of accompanying by-laws, instructions and other interpretative materials as well as that for the effective implementation, roll-out and phased plans need to be developed and capacities of institutions adequately built up. Besides this, follow-up and monitoring of the implementation of the new legislation has to be given particular attention, which in turn again requires additional resources and acquiring of additional skills and competences.

¹¹ 2019 Communication on EU Enlargement Policy, Brussels, 29.5.2019, COM(2019) 260 final

¹² https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy_en

¹³ https://ec.europa.eu/environment/nature/biodiversity/strategy_2020/index_en.htm

¹⁴ Comprising of the following negotiating chapters: 11 - Agriculture and rural development, 12 - Food safety, veterinary and phytosanitary policy, 13 - Fisheries, 22 - Regional policy & coordination of structural instruments, 33 - Financial & budgetary provisions

Main stakeholders - Administrative capacity and EU acquis alignment

In terms of the institutional framework, Serbia has established new structures to coordinate and carry out the process of accession negotiations. The Coordination of Negotiations has replaced the Coordination Body, the Coordination Body Council and the Negotiating team. The Coordination of Negotiations is the main body for harmonising tasks related to current issues and drafting of all proposals and by the Negotiating Supporting Team which drafts the negotiating positions and provide support to Chief Negotiator, i.e. the Minister for European Integration, in all areas. In line with revised enlargement methodology six negotiating clusters has been set up and will be headed up by clusters coordinators or co-ordinators under whose guidance negotiating groups in charge of specific chapters will operate. The ministry in charge of European integration, by its legal mandate as the NIPAC Technical Secretariat, will be the direct beneficiary of the support, but mainly as coordinator interacting with the institutions eligible for assistance, in order to consolidate the quality of proposals and allocate the funds available.

Short problem analysis - Public financial management (PFM)

One of the key reform priorities in the area of public financial management is tax administration. Besides good progress in ongoing reforms, lack of HR capacities of the Serbian Tax Administration has remained an issue of serious concern. The average number of vacancies is only 65% in relation to systematized jobs of the STA, whereas the number of tax officials per capita is 42% lower than the EU average. The age structure is also unfavourable, as an employee in the STA is on average 6 years older than her peers in the EU. Relatively low salaries compared to the private sector makes the STA an unattractive employer especially to already profiled tax professionals.

Having in mind priorities identified within the Transformation Programme of Tax Administration 2021-2025 the focus of reforms in the forthcoming period are related to: introduction of the e-invoice system and the new fiscalisation system; introduction of a redesigned business operating system supported by a modern integrated information system for segments: taxpayer register, tax calendar, filing and processing of tax returns, receipt and processing of payments, tax accounting, analysis and forecasting and software for administration of individual tax forms; introduction of remote control. Implementation of planned reform activities require the provision of a critical mass of employees in project teams that have the necessary domain knowledge, but also to take over management positions in the Tax Administration.

The modernisation of the Tax Administration continued with the second cycle of the Transformation Programme imposes the need for accelerated professional development and training of employees for several reasons, the most important of which are natural outflows due to retirement, long-term ban on employment in the public sector (lifted only on January 1, 2021) what disabled new employments and so is the rationalization of the state administration in accordance with the decision of the Government of Serbia, but also the need to design a new professional profile of employees due to the introduction of new business processes.

Overall, the STA needs a sustainable and strategic approach in the area of human resource management, which operationalization will provide professional development and rapid introduction of new employees, as well as redeployment in accordance with organizational changes through the efficient provision of the necessary competencies and knowledge for appropriate jobs. This requires an organised system of education capable of delivering specialized programmes for the professional development of a highly qualified and competent tax officer to the large number of trainees. The Ministry in charge of Public Administration as the human resources management policy owner for the whole Administration and the NAPA, as a national training institution, should be consulted/involved in the project preparation to ensure consistency and synchronicity with other ongoing support being provided, including the budget support action.

Main stakeholders – Public Financial Management

The **Tax Administrations** of the ministry in charge of finance plays the lead role in the implementation of the tax administration reforms and, therefore, is the key stakeholder for this intervention. The STA owns a diversified network of education centres, as well as considerable experience in design and implementation of professional training specialized for tax officers. **Serbian Chamber of Commerce**, in accordance with the agreement between the Tax Administration and the Serbian Chamber of Commerce, according to which the Tax Administration provides information on application of tax regulations, organizes workshops, seminars

and other forms of education in order to overcome the problems that businesses face. **Higher education institutions** (Faculty of Law, Faculty of Economics, etc.), the Tax Administration realizes two-way cooperation in the field of employee education as well as practical training of students. **Professional associations**, whose task is to improve a certain profession, the interests of individuals engaged in that profession and the public interest, cooperate with the Tax Administration by providing information in the field of application of tax regulations and providing answers to specific tax issues. **The Association of Accountants and Auditors of Serbia** (AAAS) is a non-governmental, non-profit association of professional accountants of Serbia. Since its founding in 1955, it has actively worked on the development of the accounting profession, the education of members and the harmonization of national professional regulations with the best practices of more developed countries.

Short problem analysis - Statistics

The data and information of official statistics gained in importance with the ongoing accession activities and with orientation of the Serbian Government towards the economic issues. Development of official statistics and its ability to produce statistics based on professional independence, impartiality, reliability, transparency, and confidentiality is a part of the EU accession process, since official statistic is used to monitor indicators of economic criteria for membership and negotiations. Serbia was slow to develop appropriate evaluation capacities for assessing the effectiveness, impact and sustainability of public policy. The Law on the Planning System reinforced the need for analytical support and to rest the process of public policies development on evidence-based decisions and tools that would make public policies oriented towards desired outcome and effects, based on reliable data. For understanding socio - economic position and trends and to support decision makers on national and local level interconnectivity and digitalisation standards throughout public administration is essential.

Nowadays, decision-makers face a large number of data, which, oddly, makes decision-making even more difficult. The occurrences such as surplus and overload of data are typical for modern society. On the other hand, data are mainly available at higher frequencies (i.e. at monthly frequency) but are published with delay. The most important pieces of information, such as GDP, are available with a longer delay and are published 60 days after the end of the reference period. Obviously, there is a lack of major economic data in real time and multitude of data creating confusion. The **Decision-Making Support System** analyses the data from various sources (not only statistical, but all relevant data), emphasizes their inter-correlation and interaction, and presents them as simply as possible. Extracted and presented indicators make it easier to understand and make decisions, offering at the same time alternatives in the process of management and macroeconomic decision-making. Municipalities and local governments use statistical data and services for making short- and long-term strategic plans for development. However, cooperation between local governments and regional offices of Chamber of Commerce and Industry of Serbia (regional CCIS offices) and official statistics is not underpinned by systematic solution, and situation from one municipality to another is very different. Evidence-based approach has become an increasingly important point for a growing number of municipalities so there is a need for stronger collaboration with SORS and establishment of the **Decision-making support system at the local level**. Additionally, this would feed into upgrading DMSS at national level, since it relies on it.

Serbia is facing a persistent and widening gap between supply and demand in the labour market. The reason is the qualitative and quantitative mismatch of supply and demand in the labour market (qualifications of unemployed people do not meet the needs of employers), caused by a number of factors, such as demographic change, technological revolution, global economic trends, migration, limited labour mobility, lack of information on labour market needs and employment opportunities, insufficient investment in employee training by employers, etc. Since it is a serious obstacle to foreign direct investments and further acceleration of economic growth, a need for better understanding of labour market needs and skills matching has been highly positioned on policy agenda. In order to provide relevant information on labour market trends in a user-friendly form, enabling better anticipation and matching of labour market supply and demand, a development of **Labour Market Information System (LMIS)** is necessary.

Within the Youth Guarantee program in Republic of Serbia, a Coordination Body and an Expert Group were formed at the beginning of the 2022. At the first meeting of this group, representatives of the Ministry of

Labour confirmed the importance of data for policy making and recognized that one of the most important institutions for the Youth Guarantee program is the SORS, which has a large amount of necessary data and is planning to work on the introduction of LMIS that will contain all relevant data from different sources at one place. The data that would be provided through the LMIS would enable a better understanding of the position of young people and trends in the labour market. In addition, the establishment of a JV register would be of immeasurable importance, given the fact that the current legislative framework does not oblige employers to publicly and systematically advertise vacant jobs. In this sense, young people are deprived of information on labour demand and some of the causes of youth inactivity can be sought here. It is expected that, both indirectly and directly, the development of LMIS is going to have a positive impact on increasing the employability of young people and activating inactive young people from NEET category. Regarding the interoperability of the IT system, SORS, as the coordinator of the statistical system, has the right to access all administrative data and in that role will take over data from that other “systems”, if it is determined with relevant institutions that these data are useful for LMIS.

Administrative databases on education (providers, students, qualifications, trainings, etc.), employment (occupations, jobseekers, active measures etc.), economic activities and companies (e.g., company register) are fundamental in analysing skills supply and demand, and matching policies. The preliminary analysis of currently available labour market information system revealed some gaps in data availability and dissemination. Data on labour market demand, measured by job vacancies statistics, is missing as well as information on skills available and needed at the labour market. A more comprehensive outlook of occupational demand and supply and regular analysis of emerging trends, shortages and gaps are needed. Although there is already enough data in national statistical system, significant effort is needed to standardize and integrate available data. Currently relevant data are scattered in different data bases and what is missing is stronger interconnection and joint exploitation of administrative databases and tapping the potential of the internet/big data to provide real-time and insightful information. Having in mind the available data sources, it is necessary to develop an information-analytical system on the labour market that will integrate data from the Statistical Business Register, Central Register of Compulsory Social Insurance, Tax Administration, Central Records of Job Vacancies, Labour Force Surveys, education statistics, demographic statistics, macroeconomic data and other statistical indicators relevant for the current and future situation on the labour market. In addition to that there is a need for better dissemination of statistical data by integration of statistical and geospatial data. From the perspective of regional and local development, the ability to provide local level labour market information greatly enhances the usefulness of the LMIS as job seekers tend to look for jobs locally, in the area where they live, and employers look for skills where they are based.

The trend of increasing use of administrative sources, i.e. administrative registers is prevailing in the European Statistical System in order to provide more frequent and up to date data, rationalize data collection costs and reduce the data providers' burden. According to the international recommendations, significant changes are foreseen in terms of the periodicity of census data production after 2021. Also, most of the countries are moving towards register-based census building up a wide-range of knowledge of the data held in administrative sources. SORS is committed to the full harmonization of statistical standards and practices with the European Statistical System and the European Union which implies the fulfilment of some prerequisites, such as using administrative sources to a greater extent. However, SORS was compelled to conduct the 2022 census as traditional one since the existing administrative registers, as well as registers whose establishment is expected in the coming period do not provide base for the implementation of the register-based census in the Republic of Serbia; the Central Population Register cannot be the only source of data for the production of census statistics because it contains only data on persons and does not include all core topics defined by the international recommendations; neither of administrative registers has the data necessary for the formation of households and families; the Real Estate Cadastre is the only potential administrative source of data on dwellings, but at the moment it is an incomplete source, both in terms of the coverage of dwellings and in terms of the availability of data on basic features; and there is no administrative register of buildings. In order to overcome those issues, SORS is planning to establish a statistical register. The need for establishing **Statistical Population Register** in the Republic of Serbia was recognized long time ago, however there were no conditions for its realization due to lack of the basic administrative registers from which SORS could take over data. However, in the last few years, great efforts have been made to establish quality administrative

registers at the state level in order to ensure easier functioning of the state administration and to be of benefit to citizens. The Statistical Population Register (SPR) will be based on the results of the 2022 Census, thus created only for statistical purposes and the basic principle by which it will operate refers to transformation and integration of data from several sources, both statistical and administrative.

Main stakeholders - Statistics

Statistical Office of the Republic of Serbia is a specialized government agency of Serbia charged with collecting and disseminating official statistics. The SORS actively cooperate with other responsible producers of official statistics such as the National Bank of Serbia, the Ministry of Finance, Ministry of Labour, Employment, Veterans and Social Affairs, Ministry of Health, Ministry of Education, Science and Technological Development, Ministry of Justice, Ministry of Interior, Republic Pension and Disability Insurance Fund, National Employment Service, Public Policy Secretariat, Agency for Qualification, Republic Health Insurance Fund, etc. During the implementation period, 69 state institutions will be engaged: 24 ministries, 10 special institutions, 16 government services, 11 public agencies and 11 public services. The SORS is the lead institution maintaining overall responsibility for the development and implementation of official statistic. The SORS will be responsible for coordination of horizontal output and ensuring participation of all relevant partners benefiting from the Action.

Short problem analysis: Food safety, veterinary and phytosanitary policy

The Republic of Serbia after the completion of the screening for the **Chapter 12** has initiated intensive preparations for opening this Chapter. Main opening benchmark is to develop a comprehensive national strategy with action plan and defined timelines which will serve as the basis for the transposition implementation and enforcement of for transposition, implementation and enforcement of the EU *acquis* for food safety, veterinary and phytosanitary policy, including plans for the development of the relevant administrative capacities and an estimation of the financial resources required. With the support of the EU funded project financed from IPA 2015, a “Comprehensive National Strategy including action plan(s) for the transposition, implementation and enforcement of EU legislation for Chapter 12 – Food Safety, Veterinary and Phytosanitary Policy” has been drafted, however, public consultation process as prescribed by the Law on planning system have not been initiated yet.

A draft Strategy with AP and plan for CSF was prepared. Work on these documents should be continued within the MAFWM in terms of harmonisation of documents with the new list of EU regulations for PG12 (published by the EC in March 2022 with new deadlines for some laws from the legislative framework from Benchmark 1) and technical editing of the text. This part of the work will be quite demanding given the frequent changes in regulations at EU level, and the end of the IPA 2015 project which is assisting the Ministry.

Even if the abovementioned work is done in the short time, Serbia authorities cannot adopt the Strategy with the AP and plan for KSF, because it can be adopted only when the other two benchmarks for opening negotiations are met, especially Benchmark 1. Taking into account the interdependence of all benchmarks and the of nature Benchmark 1 which includes 17 laws that form the legislative framework for PG12 containing most of the legal bases for the full transposition, it is necessary to first prepare and harmonize the texts of laws with the European Commission and then adopt them in the Serbian Parliament. When the laws are adopted in Parliament, the Action plan defines the plan for the adoption of bylaws. After the adoption of laws and the insertion of the legislative framework in the text of the Strategy, the authorities can proceed to the adoption of the Strategy, which together with Benchmark 3 – Classification of all food establishments would mean meeting all three benchmarks for opening negotiations.

Although progress has been made in the majority of the areas covered by the Chapter 12 still there are deficiencies that are in need of the institutional technical and financial support. Some of the areas with gaps are recognized in the official reports prepared by the European Union Food and Veterinary Office (FVO).

Regarding chapter 12 (**food safety**), the Republic of Serbia is still missing adequate strategy and action plan for the alignment with the EU *acquis* followed by the appropriate public consultation process aligned with the new law planning system. Amendments to the Law on Food Safety from 2019 (Official Gazette No. 17/2019) introduced a new division of competencies for the bodies in charge of food control. The Ministry of Agriculture, Forestry and Water Management has taken over new powers in food safety control in retail and

catering. These controls now include hygienic preconditions in facilities where food of plant and mixed origin is traded, as well as control of hygiene and food safety in the wholesale and retail sale of food of plant and mixed origin (not including restaurants, fast food facilities, catering, and markets). With already limited capacities of the Unit of Agricultural Inspection for Food Safety of Plant Origin and Unit of Agricultural Inspection in charge of control of alcoholic and non-alcoholic beverages, greater emphasis needs to be placed on the risk assessment approach in performance of the inspections are related to the food safety. The Agricultural Inspection Sector is working on the improvement the model of risk assessment and classification of entities according to risk to obtain an even more accurate assessment by increasing the number of indicators and more strongly affirming the previous history of legal business entities. Transition to the E-inspector system should further facilitate risk assessment and provide a sounder basis for the risk assessment in the food safety area. In addition, support is needed regarding trainings and raising of awareness of the food operators, which is limited due to already burdened agricultural inspectors, thus additional external support in this area is necessary to prevent negative findings by the inspectors, including the dedicated web portal like those existing in some of the EU countries administered by food safety agencies or other competent authorities. Training, educational and informative campaigns should target various groups of food producers, including women food producers and operators, based on their knowledge, needs, habits and lifestyle, which could be assessed in cooperation and partnership with cooperatives, organizations and existing networks.

In the area of the **Veterinary policy** the Veterinary Directorate is implementing the annual programmes in accordance with the Law on Veterinary Matters, conducting prescribed control procedures and performing measures in case of the outbreak of the monitored animal diseases. The capacity of the Veterinary Inspectorate was disputed in the previous period which has resulted in the employment of additional staff, which need further support through trainings and mentoring. Animal welfare legislation has yet to be fully harmonised with the EU *acquis*, including improvement of the new legislation, in particular, recording this aspect of the official controls at the time of slaughter.

In February 2019, the Government of the Republic of Serbia adopted the Regulation on the National Program for the Control of Bacterial Resistance to Antibiotics¹⁵ which in accordance with the approach “One health”¹⁶ is related to dealing with the **Antimicrobial Resistance** (AMR) in certain animal species and strengthening the system of authorisation, distribution, and use of veterinary medicinal products. This Programme is covering the period by 2021, while it is necessary to continue strengthening this system in the future period, based on the observed gaps and reports.

In order to ensure the full alignment with the *acquis* in this area, it is necessary to prepare Strategy/Plan for the Building and equipment for **Border Inspection Posts and Phytosanitary Border Points** of the Republic of Serbia for the border crossings which will become external borders of the EU once Serbia joins EU.

Implementation of the National Strategy for improving facilities in which **food of animal origin** (2016 to 2021) coupled with the Decree on the categorisation and improvement procedure of facilities in which food of animal origin is traded is reaching its expiration. Still, further work is needed in particular to those facilities which are in the transition to full compliance. In addition, the Government of the Republic of Serbia has recently adopted The Programme for improving the management of animal by-products for the period from 2020 to 2024 which defines the main directions of improving the management system of animal by-products for safe handling and processing.

In the area of **phytosanitary policy**, capacities are being increased through the employment of the new inspectors, which requires at the same time their training and education to reach the level of the knowledge to perform official controls. The Commission’s 2021 Report underlines the need to improve the sustainable

¹⁵ Official Gazette 8/2019

¹⁶ The areas of work in which a One Health approach is particularly relevant include food safety, the control of zoonoses and combatting antibiotic resistance (when bacteria change after being exposed to antibiotics and become more difficult to treat).

management of pesticides through further alignment with the EU *acquis* and improved implementation of the legislation in force (e.g. collection and safe disposal of pesticides packing, training, control of application devices, etc.). The main legal basis for sustainable management of the pesticides is the Law on Plant Protection Products and two linked bylaws¹⁷, however, the missing element in the full enforcement of this legislation was the annual programme for monitoring of the maximum residues level (MRL), which was noted in the FVO Report (DG SANTE 2019-6698) carried out in 2019 which noted: *An annual national monitoring programme, covering pesticide residues, has not yet been implemented.* In July 2020, the Minister of Agriculture adopted first Rulebook on the establishment of the annual post-registration programme of controls of plant protection products for 2020. The Annual programme provides the basis for sampling and testing of samples of food of plant and animal origin for the presence and level of residues of plant protection products. The data will be used for risk analysis for certain categories of food and producers, distributors, importers and consumers in the future. The Rulebook prescribes the reporting mechanism as well.

Main stakeholders: Food safety, veterinary and phytosanitary policy

The Ministry of Agriculture, Forestry and Water Management (Sector for international cooperation) is the key stakeholder of the action, along with: The Veterinary Directorate (VD), The Sector of Agricultural Inspection (SfAI), The Directorate for Plant Protection (DfPP), Ministry of Health.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The Overall Objective (Impact) of this action is to support Serbia in successfully conducting the process of EU accession.

The Specific Objective (Outcome) of this action is:

1. Serbian administration effectively met EU accession requirements and successfully managed overall EU pre-accession assistance geared towards EU membership

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

Output 1 : Ensured prompt implementation of emerging accession related actions in the sectors covered by the EU *acquis* and policy dialogue with EU including high level compatibility of national legislation with EU legislation and its effective implementation

Output 2 : Improved institutional and administrative capacities of the Tax Administration to give a further boost to mobilization of domestic revenues.

Output 3 : Upgraded statistical system and increased comparability and interconnectivity of statistical data.

Output 4 : Completed alignment with the EU *acquis* in policies covered by Chapter 12 (food safety, veterinary and phytosanitary policy)

If prompt implementation of emerging accession related actions in the sectors covered by the EU *acquis* and policy dialogue with EU is ensured and policy dialogue with the EU is achieved, then Serbian administration will effectively meet EU accession requirements and will successfully manage overall EU pre-accession assistance geared towards EU membership. If high level of compatibility of national legislation with EU legislation and its effective implementation achieved and Staff experienced in European integration tasks remain in respective institutions as civil servants, then Serbian administration will effectively meet EU

¹⁷ Rulebook on methods of sampling and testing of food for the purpose of determining residues of plant protection products in food (Official Gazette no.110/2012) and Rulebook on the maximum permitted amounts of residues of plant protection products in food and feed and on food and feed for which the maximum permitted amounts of residues of plant protection products are determined (Official Gazette 22/2018, 90/2018, 76/2019, 81/2019)

accession requirements and will successfully manage overall EU pre-accession assistance geared towards EU membership.

If institutional and administrative capacities of the Tax Administration to give a further boost to mobilization of domestic revenues are improved and strong commitment of the Ministry of Finance and STA to continue the reform of transformation is ensured, then Serbian administration will effectively meet EU accession requirements and will successfully manage overall EU pre-accession assistance geared towards EU membership.

If statistical system is upgraded and comparability and interconnectivity of statistical data is increased, and continuous commitment of governmental and other relevant institutions to the implementation of PAR is ensured, then Serbian administration will effectively meet EU accession requirements and will successfully manage overall EU pre-accession assistance geared towards EU membership.

If alignment with the EU *acquis* in policies covered by Chapter 12 (food safety, veterinary and phytosanitary policy) is completed and cooperation and coordination of all stakeholders are maintained as well as increase of the workload is followed with adequate number of assigned personnel in line with adopted Action plans, then Serbian administration will effectively meet EU accession requirements and will successfully manage overall EU pre-accession assistance geared towards EU membership.

If Serbian administration effectively meet EU accession requirements and successfully manage overall EU pre-accession assistance geared towards EU membership, and commitment, trust and confidence of both GoS and EU Member States to European Integration process is ensured, then Serbia will successfully conduct the process of EU accession.

3.2. Indicative Activities

Output 1. Ensured prompt implementation of emerging accession related actions in the sectors covered by the EU acquis and policy dialogue with EU

Activity 1.1 - Negotiations and Policy Development Envelope – This Activity shall support selection, prioritisation and implementation of the Actions for financing according to established criteria through flexible and ad-hoc support to Serbian administration to meet all conditions deriving from the stabilisation and association process and the Copenhagen criteria. It will support horizontal activities arising from negotiation process and *acquis* transposition and enforcement such as needs mapping and gap analyses, development of strategies and action plans, preparation/revision of legal framework, training, study tours, networking, participation in workshops, conferences and similar capacity development activities. The intervention will support actions including initiatives for the implementation of the European Union policies and legislation supporting and ensuring inclusive and climate neutral transition. Actions which will be supported through this activity will backbone the EU accession process, but they can't be identified during the programming phase, as they will depend on the progress of Serbia's harmonisation of legislation and institution building and ad-hoc and immediate needs arising from the EU negotiation process. The activity will provide targeted support to EU accession process which requires the quick reaction of the national administration and different actors in their efforts to manage the EU integration process, to mitigate risks which might jeopardise the EU future of the country and to ensure proper utilisation of the available pre-accession assistance. The support shall also be dedicated to back-up smaller scale interventions and to support the preparation of actions in the pipeline.

In order to facilitate programming of these funds, the NIPAC TS established the Working Group (WG) for the Management of Unallocated Funds within the Instrument for Pre-accession Assistance for the period 2007-2013 and 2014-2020. The role of the WG is to review the Actions proposed for financing and to adopt the list of prioritized Actions for financing under IPA unallocated funds. According to the guidelines of the WG the management of unallocated funds follows this procedure: (i) Potential beneficiaries present possible Actions to be funded to the MEI, that is responsible to consolidate all proposals and present them to the WG; (ii) Proposed Actions are reviewed and considered by the WG; (iii) On the basis of the predefined criteria, the WG shall define the priority list of the proposed Actions, programme year for allocation of funds and

management mode of financing; (iv) List will be regularly updated based on the newly identified needs. Selection and prioritisation of the Actions for financing will be done according to following criteria: 1) Linkage to the priorities defined within the IPA III Programming framework and related national sector strategies, programmes and action plans; 2) Significance for the completion of an on-going project, action or process; 3) Maturity (documentation readiness, conditions for start of the implementation – availability of funds for co-financing, capacities of beneficiaries and end recipients); 4) Proposal responds to an emergency (for example: floods, migration crises etc.). The action will also operate to enhance the systematic application to the supported actions of Environmental Impact Assessment, Strategic Environmental Impact Assessment, and Climate Risk and Vulnerability Assessment.

Additionally, this activity shall ensure support which also includes accomplishment of the high level compatibility of national legislation with the EU legislation and ensures the framework for its effective implementation. This is going to be secured by including continuation of EU support to the Policy and Legal Advice Centre (PLAC) in the scope of this activity. Namely, the PLAC type of support will be considered as the priority thus ensuring uninterrupted progress of the accession negotiations

Therefore, through this activity EU will continue supporting national institutions in the alignment of national legislation with the *acquis*, particularly regarding remaining *acquis* to be transposed and new *acquis*, as well as its proper implementation and effective enforcement by further building the capacities of involved stakeholders. In the majority of cases, the *acquis* cannot be simply transposed without elaboration of accompanying by-laws, instructions and other interpretative materials as well as that for the effective implementation, roll-out and phased plans need to be developed and capacities of institutions adequately built up. Besides this, follow-up and monitoring of the implementation of the new legislation has to be given particular attention, which in turn again requires additional resources and acquiring of additional skills and competences. A specific attention will be paid to building capacity for administrative data and statistics collection and use as a basis for evidence-based policy and legislative development, where relevant, together with improving capacities of institutions to prepare regulatory and other types of impact assessments as the basis of developing legislative proposals.

Output 2: Improved institutional and administrative capacities of the Tax Administration to give a further boost to mobilization of domestic revenues

Activity 2.1: Upgrading educational centres for the needs of basic training (audit, collection, tax police) and the support function of the Tax Administration of Serbia (STA)

This intervention will provide support to Tax Administration to enhance training capacities and activities in line with the goals envisaged by the Tax Administration transformation reform, including preparation of legislative framework and necessary legal acts to upgrade its education function, definition of training programmes, and specification of the human, spatial and technical resources for the implementation of training process. In addition, action will contribute to the development of the institutionalised system for mentors and lecturers of educational centres through design and implementation of respective work methodologies and specification of the equipment required for the implementation of the trainings.

Focus will be on the improvement of the professional development of Tax Administration employees through an appropriate organisational form that should provide special training programmes prepared and conducted in accordance with the Law governing the rights and duties of civil servants, specific needs of the Tax Administration, or needs related to individual jobs, types of jobs or special groups of users. Alongside the improvement of the educational function, the specific Tax Administration functional competences assigned to each redesigned business processes phase, will be compared to jobs involved in that business process. By this the tax official's career development models will be developed in accordance with the needs of modernized business processes.

Output 3 - Upgraded statistical system and increased comparability and interconnectivity of statistical data.

Activity 3.1 - Developing the decision-making support system with the specific focus on a labour force information analytics (DMSS-LMIS) by identifying the needs for state-level decision makers in the field of statistical data and relevant data sources; creating various composite indicators and descriptive and forecasting models and the reports for decision-making support in the relevant institutions, testing and the evaluation;

training relevant staff from the collaborating 69 institutions in using the reporting system, and organising promotional activities, conferences, and publishing reports, to increase the visibility of the project and reach broader audience.

Developing the decision-making support (DMS) system at the local level by piloting three surveys and data analyses, including preparation of pilot survey instruments (methodology, questionnaire, etc.), sample selection, data entry and data processing and organising workshop; conducting main surveys, including reviewing survey instruments (methodology and questionnaire), interviewers' selection and training, data entry, data processing (logical control and data editing, tabulation, and analysis of the collected data; building analytical system for decision-making support at the local level by creating website (web portal) that integrates information from diverse sources in a uniform way, consisting of complete set of required indicators (results of the main surveys and previously mentioned workshops using Eurostat methodologies, classifications, and standards therefore data will be comparable at the EU level; promoting the DMS system at the local level by organising 6 workshops for representatives of all 168 local governments and all 17 regional CCIS offices to present results of main survey, creating and publishing 25 publication (one for each district).

Within DMS system important part is socioeconomic data/statistic. Developing of Labour Market Information System (LMIS) by establishing the Job Vacancies Register (JVR); development of GeoStat portal; identification of the needs of the Government, ministries, Chamber of commerce, Public Policy Secretariat, companies, Local Self-Government Authority, civil society, academic community and individuals in the field of labour market statistical data and indicators; conducting surveys - Job vacancy survey, Employer skills survey and Adult skills survey by using CAWI /CAPI methods by preparing methodological and organizational tools (questionnaires etc.), sample selection, development applications for data collection and monitoring, implementation of data collection processes, conducting tree surveys, data processing, tabulation, editing and analysis; evaluation of surveys' results and surveys' results presentation; producing projections of labour demand and supply based on the analysis of available data; creating a database for the LMIS by building Labour Market Information System Design and development of web platform for interactive use of data, creating reports, creating geospatial statistical reports, and downloading data in different machine-readable format; organising promotional activities of the LMIS platform including mid-term workshop with interested parties.

Activity 3.2 - Establishing Statistical Population Register (SPR) by defined methodological, organizational and technical basis and the content in accordance with needs of the national statistical system and international obligations in the field of population census statistics and annual production of population data and methodological-organizational backgrounds for establishing SPR; defining the process of data transmission; design and development of the IT system for managing, storing, processing, and organization of data to ensure efficient, reliable and sustainable SPR; creating SPR test base and initial filling-in the SPR test database including customization of administrative data, integration of census and administrative data, defining population base, updating test database with data from administrative sources; quality assessment conducting based on data collected through the field survey; releasing SPR into production and adopting final solutions; organising promoting activities for SPR including closing conference.

Continuous monitoring and mid-term and final evaluation of the grant with the aim of ensuring efficiency, effectiveness, sustainability as well as cohesiveness with other ongoing and planned activities at national and regional level as well as coherence with activities supported through other EU and international development partner assistance will be implemented through a separate technical assistance.

Output 4 - Completed alignment with the EU acquis in policies covered by Chapter 12 (food safety, veterinary and phytosanitary policy)

Activity 4.1: Supporting enforcement of legislation in the area of food safety, veterinary and phytosanitary policy

This Activity will focus on assessment of the Negotiation position for chapter 12 and improvement of National Strategy including action plan(s) for the transposition, implementation and enforcement of EU legislation for Chapter 12 as well as the implementation of the legislation in the area of veterinary matters in particular related to animal health, animal welfare and official controls of establishments dealing with products of the animal

origin, as well as alignment with new developments and requirements in the *acquis* in this area. The Phytosanitary Directorate will be supported in the enforcement of the legislation but also through support in the alignment with the new developments and requirements in the *acquis* in this area.

Special attention will be provided for the AMR, as well as the necessary trainings and awareness-raising of all relevant actors (food and feed producers (particularly women and young people), traders and importers of PPP). Also, technical specification for software for data collection and analysis in this area will be developed.

Activity 4.2: Supporting the administrative structures of competent authorities in the area of food safety, veterinary and phytosanitary policy

Trainings of the competent authorities, as well as food operators as envisaged by the Comprehensive strategy, will be supported through this activity and support in the area of AMR will be provided. Also, technical specification for software for data collection and analysis in this area will be developed, taking into consideration accessibility of the data, customer orientation and digitalization of services provided. The activity will support competent authorities in restructuring process of related inspection services.

Activity 4.3: Development of strategic and institutional framework for Border Inspection Posts

Furthermore, support will be provided for the preparation of the Strategy and Action Plan for improvement of the border inspection posts, which should provide details concerning the physical upgrade and equipping of the selected BIPs. This activity will include development of Guidelines for implementation of BIP procedures as well as technical specification for IT tool.

Activity 4.4: Raising awareness of the impact of harmonization of EU *Acquis* in Chapter 12 among general public

This Activity will raise awareness about the impact of the harmonization of EU *Acquis* among general public, through tailor made campaigns and messages for specific groups, printed and digital publications, special events/workshop etc.

Given the complexity of the structures involved, for the above areas, a strong coordination and oversight is needed from the ministry in charge of agriculture to ensure the commitment of all involved stakeholders.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Based on the nature of the proposed activities in this Action, it can be concluded that there is no direct influence on the environment. However, potential activities that can be selected and supported through unallocated envelope funds and in relation to Chapter 12 should be considered through the prism of the environment and climate change. The Action shall operate to enhance the systematic application to the supported actions of Environmental Impact Assessment, Strategic Environmental Impact Assessment, and Climate Risk and Vulnerability Assessment.

For selected activities that may have or will have an impact on the environment (for example on biodiversity, nature protection, air quality, etc.) it is necessary to act in accordance with the national regulations and EU *acquis* in this area. At least, it is important to consider the impact of activities on climate change, i.e. whether it will be a mitigation measure or the selected project will contribute to adaptation to climate change. Specific efforts shall be made during the implementation of technical assistance under this Action to reduce consumption and prioritize environmentally and climate sound practices.

Gender equality and empowerment of women and girls

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

The proposed Action represents the focused and flexible ad hoc expertise and multi sector support the EU accession-related priorities and sector reforms, including the development of capacities necessary for

fulfilment of the EU accession requirements in terms of harmonisation and further enforcement of the legislation in line with the EU *acquis*.

In this regard part of this Action is designed to provide flexible and ad hoc support to EU accession needs which evolves in different dynamics and scope during the EU integration process. Although the Action is not recognising specific gender related intervention, Action will take into consideration the requirements of the recently adopted Law on Gender Equality¹⁸ and priorities defined by the Gender Equality Strategy 2021-2030. Consequently, gender perspective will be promoted in interventions financed through IPA III and thereby better serve the needs of citizens, both women and men. Whenever relevant, the particular needs of women and girls will especially be taken into consideration, through gender disaggregated statistics and indicators and/or gender responsible budgets in line with the requirements of the EU gender equality strategy 2020-2025¹⁹. The interventions financed through this Action will aspire to promote non-discriminatory practices and procedures and to prohibit any form of gender-based violence, unlawful discrimination including race, colour, religion, national -origin, political affiliation, sex, age, marital status, or disability; economic and social rights and empowering girls and women; equal participation and leadership. Finally, the action will also build on the needs for addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation.

Disability

The Action takes on principles of mainstreaming issues persons with disabilities face from the national strategy and the relevant European documents. Persons with disabilities will be regularly consulted and asked to take part in all project activities, in both the mapping and capacity enhancement sets of activities. One of the Action components in the area of statistics will include in a set of questions related to persons with disabilities. The aim of the survey will not be to obtain individual data on these persons, but only to create a general picture on local governments and their approach in this domain including the information related to programs they have adopted and how do their programs address the needs of the people with disabilities, etc.

3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
3-to people and the organisation	The relevant ministries and other beneficiaries are lacking capacities to further develop the Actions into the project documentation required for contracting and implementation.	M	M	MEI and EUD should always take into consideration workload analyses of all significant implementing institutions. Continuous support by the MEI in development of the capacity of all institutions to prepare good quality documentation is a mitigating factor for this risk. Ministry of Public Administration and Ministry of Finance should be involved at an early stage, to plan sufficient resources for relevant authorities in a sustainable manner. Sufficient staffing is necessary not only to implement

¹⁸ Official Gazette RS, No. 52/2021

¹⁹ https://ec.europa.eu/info/sites/default/files/strategic_engagement_en.pdf

				projects, but also to ensure sustainability.
3-to people and the organisation	Lack of political commitment and willingness to support the actions and pursuing of the reforms; including the risk of changes in the Governmental structures and lack of constant coordination and cooperation between main beneficiary institutions.	M	L	The role of the MEI and the negotiating structures and the policy dialogue in the context of EU accession should be used to mitigate this risk. Proper coordination of the institutions involved and timely and comprehensive reporting on the PFM RP implementation Active participation of all beneficiaries in the process of the action programming and implementation, targeted capacity building activities for involved representatives are foreseen
3-to people and the organisation	Inadequate staffing and high turnover rates in the public administration influences the absorption capacities in line ministries and relevant bodies involved in the interventions	M	M	Strong commitment of the Government towards implementation of the public administration reform strategy. The required positions will be filled with properly educated and trained staff.
3-to people and the organisation;	Deficiency in making timely decision about actions to be funded from Negotiations and Policy Development Envelope.	L	L	MEI, being Technical Secretariat to the WG for Management of Unallocated Funds will support work of the WG in making an assessment of proposed Actions
1-external environment	Possible prolonged duration of COVID-19 pandemic may affect the timing and implementation of the interventions and quality of achieved results	H	M	Modification of the implementation approaches, wherever feasible, to ensure progress of activities. Close communication with the donor and the key national beneficiary would be established, in order to assess the effect on the intervention and facilitate identification of solutions to possible obstacles.
1-external environment	Early parliamentary and	L	H	The method to mitigate this change would refer to adaptation to the new

	local elections, announced for 2022, could influence the possible shift of priorities set for the intervention.			circumstances and redefinition of the structure in close communication with donors and main beneficiaries.
1-external environment	Insufficient support from and cooperation with stakeholder	M	H	Keeping stakeholders involved and informed, thereby reassuring their commitment to the project. Thorough planning of meetings and missions, early provision of the required information and expected discussions.
3-to people and the organisation	Adequate human resources are not in place and/or not available to carry out the activities in parallel with their day-to-day operational responsibilities	M	M	Regular communication with relevant SORS staff and detailed joint planning of the timelines of all project activities which would encourage a sufficient degree of commitment and dedication.
3-to people and the organisation	Selected PA organizations do not provide representative sample of all PA organizations	M	M	ToR to require detailed methodology for choosing representative sample of the entire PA
1-external environment	Reform in the area of agriculture and rural development are not progressing at sufficient pace	L	L	Timely fiscal measures implemented by the Government are ensuring the continuation of reforms
1-external environment	Negotiations within Resources, Agriculture and Cohesion cluster of negotiating chapters is delayed	M	M	Continuous improvement of capacities of Serbian administration for enforcement of EU <i>acquis</i> requirements
1-external environment	The economic development is slowed due to pandemic consequences	L	L	The existing successful economic policy of the Serbian Government allows leverage for additional support to economy

Lessons Learned:

Experience from previous programmes has shown that programming of funds within the envelope for negotiation and policy development envelope has proven to be a particularly good practice since it allowed for flexibility in addressing unforeseen needs related to institution building and further strengthening of administrative capacities of institutions responsible for implementation of the *acquis*. It is generally used to

support horizontal activities arising from the negotiation process and *acquis* transposition and enforcement which are not representing the comprehensive sector actions. The experience gained so far in using these funds demonstrates high interest of the national administration and the purposefulness of such a programming and financing tool in the national IPA package. This proved to be relevant in particular for sectors with diversified and voluminous *acquis* since it ensures the reserve of funds to be mobilised with the aim to respond to emerging tasks related to the identified EU accession needs in a flexible and immediate way. With regard to ensuring objective and transparent allocation of the funds to concrete actions and projects, the prioritisation and selection of priorities to be funded through unallocated funds is treated as a mini-programming exercise and is managed by the Working Group for the Management of Negotiation and Policy Envelope Funds within the Instrument for Pre-Accession Assistance for the period 2007-2013 and 2014- 2020.

Technical assistance to the PLAC is being implemented currently through the IPA 2017 National Programme. Lessons learned so far show that specific emphasis needs to be placed on enhanced compatibility of national legislation with EU legislation and its effective implementation and enhanced capacities of relevant national structures for successful carrying out of accession negotiations. Hence, the planning of the new PLAC intervention is based on the National Plan for Adoption of the *Acquis* (NPAA) as well as on the results achieved and lessons learned in previous PLAC interventions namely PLAC I (negotiating chapters: 1, 3, 5, 7, 8, 9, 11, 12, 15, 23, 24, 27, 28, 32); PLAC II (negotiating chapters: 3, 4, 6, 8, 9, 11, 12, 13, 15, 21, 24, 27, 28) and planned within PLAC III (planned support to negotiating chapters: 3, 8, 9, 12, 15, 16, 17, 27, 28, 32, 33) .

The focus of the IPA 2010 project: “Further development of the Tax Administration's education function through initial training of employees” was on the initial training of employees in the Tax Administration, which is well established with accompanying training materials in nine updated modules and includes all new employees coming to the Tax Administration. However, the long-standing restrictive policy in the state administration, i.e. the ban on employment and the rationalization of the budget, as well as in the Tax Administration, reflected on the further improvement of the education function, i.e. it limited itself to maintaining the status quo. Therefore, this Action would be a natural and logical continuation of the mentioned project.

Statistical Office of the Republic of Serbia has received significant support from the EU with an aim to strengthen the national statistical system and take forward its integration into the European Statistical System (ESS) and make it compliant with the Eurostat Code of Practice (CoP). The EU support was based on national and multi-beneficiary IPA programme projects. This Action provides continued and complementary support to the results already achieved through these projects. Statistics has bilateral cooperation with statistical offices and institutions, such as the French National Institute of Statistics and Economic Studies (INSEE) on using the administrative sources of data for different needs, exchanging the experiences, etc; long-term cooperation with the Swedish International Development Cooperation Agency (SIDA), through capacity building activities, improvement of social statistics and usage of administrative sources and registries; cooperation with the International Labour Organisation (ILO) which is reflected in the implementation of surveys that has contributed to the quantity and quality of labour market indicators (for more details see DoA).

The Strategic, country-level evaluation of the European Union's cooperation with Serbia over the period 2012-2018²⁰ noted 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”. This Action will have system wide approach, linking data from various sectors and providing relevant indicators, improving quality of policy development, monitoring and reporting since “reporting against the

²⁰ Strategic Country Level Evaluation of Serbia and Annex to the final report, November 2020,

extensive set of indicators is patchy, and there are infrequent analyses to interpret trends represented by the indicators”.

External Evaluation of Serbian Public Administration Reform Strategy²¹ identify as one of the key barriers for AP implementation - poor planning, and that without adequate analysis there is no good regulation and adequate public policy. Through this Action information ecosystem will be created in which statistics, analytics and planning are closely linked, and interoperability and electronic exchange of data from official records will be strengthened.

Support provided for the alignment with **Common Agricultural Policy** was focused on supporting the managing structure for the IPARD programme. It was providing support in equipment, preparation of the Programme itself, and assistance for the accreditation process of individual measures. Furthermore, the ongoing IPA 2015 project supports the negotiation process in Chapters 11 and 12. Harmonisation of the particular segments of legislation in the agriculture sector is also supported through series of PLAC type projects. The **fisheries** subsector also benefited from the IPA supported project dealing with the legislative and institutional framework for the *acquis* in this area.

The animal disease control has been supported by IPA over the past ten years focusing on the procurement of vaccines and necessary equipment and providing trainings for all stakeholders involved in the eradication programmes and raising awareness for the general public.

²¹ <http://mduls.gov.rs/wp-content/uploads/190524-Final-Evaluation-Report-EN.pdf?script=lat>

3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines	Target	Sources of data	Assumptions
Impact	To support Serbia in successfully conducting the process of EU accession	1.Degree of readiness of Serbia in terms of <i>acquis</i> alignment	1.Serbia annual report (2021)	1.Serbia annual report (2026)	1.European Commission report on Serbia	<i>Not applicable</i>
Outcome 1	1. Serbian administration effectively met EU accession requirements and successfully managed overall EU pre-accession assistance geared towards EU membership	1.1. Number of negotiations Chapters of the <i>Acquis</i> opened, and number closed	1.1. 18 (2021) 16 opened, 2 provisionally closed	1.1. All chapters technically prepared to be opened At least 22 chapters technically prepared to be closed	1.1. European Commission report on Serbia	Commitment, trust and confidence of both GoS and EU Member States to European Integration process ensured
Output 1	1.1. Ensured prompt implementation of emerging accession related actions in the sectors covered by the EU <i>acquis</i> and policy dialogue with EU including high level compatibility of national legislation with EU legislation and its effective implementation achieved	1.1.1. Number of national institutions implementing selected actions for the achievement of NPAA priorities. 1.1.2 Progress in the alignment and implementation of the <i>Acquis</i> within the negotiation chapters covered by the action	1.1.1. 0 (2020) 1.1.2. 0 (2020)	1.1.1. 5 (2026) 1.1.1. 11 (2026)	1.1.1. NPAA Reports Conclusions from the SAA Committee and Sub-committees' meetings	Policy dialogue with the EU achieved Staff experienced in European integration tasks remain in respective institutions as civil servants
Output 2	1.2. Improved institutional and administrative capacities of the Tax Administration to give a further boost to mobilization of domestic revenues	1.2.1. Number of trained tax officers in initial and advanced training programmes	1.2.1 0 (2020)	1.2.1 At least 3000 (two years after the completion of the project)	1.2.1. Annual Progress Report of STA	Strong commitment of the Ministry of Finance and STA to continue the reform of transformation
Output 3	1.3. Upgraded statistical system and increased comparability and interconnectivity of statistical data.	1.3.1. Available percentage of indicators for making and monitoring policies on the national and local level 1.3.2. Available functional register for producing comprehensive and reliable up-to-date statistical population and housing data (SPR)	1.3.1. 28% ²² (2021) 1.3.2. No (2021)	1.3.1. 90% ²³ (2025) 1.3.2. Yes (2025)	1.3.1. Reports on the implementation of the annual and five-year plans of official statistics 1.3.2. SORS Annual Report, SORS web site	Continuous commitment of governmental and other relevant institutions to the implementation of PAR

Output 4	1.4. Completed alignment with the EU <i>acquis</i> in policies covered by Chapter 12 (food safety, veterinary and phytosanitary policy)	1.4.1 Progress in the transposition of the EU <i>acquis</i> related to agriculture	1.4.1. Some progress (2020)	1.4.1 Closed chapter	European Commission Report on Serbia	Cooperation and coordination of all stakeholders are maintained Increase of the workload is followed with adequate number of assigned personnel in line with adopted Action plans
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²² Currently (year 2021), SORS can produce 125 indicators, differentiated to the needs of national (30 indicators) and local (5 indicators) level of government, as well as by information on labour market force (90 indicators).

²³ This is the current projection of the expected achievement within this project. It may be modified, since it depends to some extent on the requirements collected in the initial surveys and the quality of data from administrative sources. Also, some of the requested indicators would not be possible to be produced, since they cannot be found in any administrative source.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

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

4.2. Indicative Implementation Period

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

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

4.3. Implementation of the Budget Support Component

N.A.

4.4. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²⁴.

4.4.1. Direct Management (Grants)

(a) Purpose of the Grant

Direct grant to Statistical office of the Republic of Serbia will be used to upgrade the statistical system and increased comparability and interconnectivity of statistical data (part of the Output 3) and contribute to Serbian administration efforts in meeting EU accession requirements and successful management of the overall EU pre-accession assistance geared towards EU membership (Outcome 1). Purpose of the Direct grant is to improve evidence-based decision making, monitoring and evaluation process and further alignment of the national statistical system with the international standards, primarily with the standards of European Statistical System (ESS), and to increase the availability, quality, comparability and timeliness of high quality and policy-relevant statistical data. The alignment will facilitate and improve the data comparability at national, regional and international level due to the type of data collected and the moment of collection. The Action will contribute consequently to strengthen the implementation of the national strategies targeting different sectors and stakeholders.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Statistical Office of the Republic of Serbia (SORS).

²⁴ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

The selection of SORS is justified because the action has specific characteristics that require a particular type of body. The Statistics office of Serbia has both a de jure and de facto monopoly over the activities listed in the action, pursuant to Art.195 c) of the Financial Regulation. Pursuant to the Law on Official Statistics²⁵, the SORS is the mandated body for production and dissemination of official statistical data, thus representing the official statistics of the Republic of Serbia in the international statistical system and provides for the organisation of the system of official statistics of the Republic of Serbia. The responsibility of SORS for leading the negotiations group on Chapter 18 – Statistics and implementing the National Programme of Official Statistics for the period 2021-2025 is another key element in ensuring statistical results which are harmonised with the international standards, primarily those of the European Statistical System (ESS) and the European Union.

In the last decade and more, SORS was a recipient of several EU grants and as a result of the implementation of these programmes, as well as other projects financed or co-financed by EC, SORS has strengthened its human resource capacity and acquired experience in coordination and management of large and complex projects (from planning to the finalisation). SORS has attained a high professional level in data compilation and processing, organisation of large statistical surveys and implementation of international projects, which entail the specific system of management and administration.

In almost all occasions, when institution has specific objective(s) and tasks defined and certain level of knowledge achieved, the Grant is more efficient than Service Contract, both in financial and time availability aspect. It is very important that the SORS has an overview and control over all work processes, and as this project envisages the implementation of surveys, as well as creating and maintaining registers and web portals

4.4.2. Direct Management (Prize(s))

N.A.

4.4.3. Direct Management (Procurement)

A part of this action, namely Output 1 and part of Output 3 will be implemented through procurement by the EU Delegation to Serbia.

4.4.4. Indirect Management with an international organisation

N.A.

4.4.5. Indirect Management with an IPA III beneficiary

A part of this action, namely Output 2, and Output 4 may be implemented through indirect management with the Republic of Serbia, namely through Twinning.

The managing authority responsible for the execution of the actions include is the NIPAC Office in the case of annual programmes. The managing authority shall be responsible for legality and regularity of expenditure, sound financial management, programming, implementation, monitoring, evaluation, information, visibility and reporting of IPA III activities.

The managing authority shall rely on sectoral expertise and technical competence of the following intermediate bodies for policy management: line ministries. They shall ensure sound financial management of the action.

²⁵ “Official Gazette of RS”, No. 104/09

Budget implementation tasks such as calls for tenders, calls for proposals, contracting, contract management, payments and revenue operations, shall be entrusted to the following intermediate body for financial management: the Central Finance and Contracting Unit in the Ministry of Finance. It shall ensure legality and regularity of expenditure.

4.4.6. Contribution to Regional Investment Platform

N.A.

4.4.7. EFSD+ operations covered by budgetary guarantees

N.A.

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

N.A.

4.5. Scope of geographical eligibility for procurement and grants

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

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

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution, in EUR
Methods of implementation – cf. section 4.4		
Output 1: Ensured prompt implementation of emerging accession related actions in the sectors covered by the EU <i>acquis</i> and policy dialogue with EU including high level of compatibility of national legislation with EU legislation and its effective implementation composed of	5 600 000	N.A.
Procurement (direct management) under cf. section 0	N.A.	
Output 2: Upgrading and supporting the Tax administration composed of	1 500 000	N.A.
Indirect management with Republic of Serbia cf. section 0	1 500 000	N.A.
Output 3: Upgraded statistical system and increased comparability and interconnectivity of statistical data	7 000 000	1 000 000
Grants (direct management) – cf. section 0	N.A.	

Procurement (direct management) under cf. section 0		
Output 4: Alignment with EU <i>acquis</i> under Chapter 12 composed of	1 800 000	N.A.
Indirect management with Republic of Serbia cf. section 0	1 800 000	N.A.
Indirect management with IO - total cf. section 0	N.A.	N.A.
Indirect management with Republic of Serbia - total envelope under cf. section 0	3 300 000	N.A.
Grants – total envelope under section 4.4.1	6 000 000	1 000 000
Procurement – total envelope under section 0	6 600 000	N.A.
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision	N.A.
Communication and visibility – cf. section 6	will be covered by another Decision	N.A.
Contingencies	N.A.	N.A.
Totals	15 900 000	1 000 000

4.7. Organisational Set-up and Responsibilities

The institutional arrangements for implementation of activities which will contribute to the achievement of Action Outputs are:

The Ministry in charge of European integration will coordinate all end recipients of the Outputs 1-4 including preparation of implementation and supporting documents, such as Terms of References, twinning fiche, Description of Action, etc. A Steering Committees will be established' for each intervention and will guide the implementation of the individual interventions related to Outputs 1-4. It will include representatives from the Ministry in charge for European integration, ministry in charge of Finance/CFCU and EUD. In addition, the composition of the Steering Committees' may also include relevant representatives of other stakeholders, depending on the type of intervention and will be based on equal representation of the interest of all institutions while bearing in mind effectiveness and efficiency of such body.

Output 1 - final beneficiary is the ministry in charge of European integration, in capacity of NIPAC TS/Body responsible for coordination of programming, monitoring and evaluation (BCPME), while the end recipients of the assistances may be line ministries and other responsible public institutions and will be known once the action proposal has been approved by the Working Group for the Management of Negotiation and Policy Envelope Funds within the IPA for the period 2014-2020. Members of the Working Group are the Ministry in charge of European Integration, the Central Financing and Contracting Unit of the Ministry in charge of finance, the National Fund, NAO support office and the EU Delegation. The main task of the WG is to ensure objective and transparent allocation of the "unallocated funds", to review and to adopt the list of prioritized actions and projects for financing. The basis for the work and the management of Negotiation and Policy Envelope funds is the jointly agreed Guidelines for management of Negotiation and Policy Envelope funds with following procedure: (i) Potential beneficiaries present possible Actions to be funded to the Ministry in charge of European Integration, that is responsible to consolidate all proposals and present them to the WG²⁶; (ii) Proposed Actions are reviewed and considered by the WG; (iii) On the basis of the predefined criteria, the

²⁶ Members of the WG can propose Actions for funding as well

WG shall define the priority list of the proposed Actions, programme year for allocation of funds and management mode of financing; (iv) List will be regularly updated based on the newly identified needs.

Output 2- final beneficiary is the ministry in charge of finance, while the end recipient is Tax Administration.

Output 3- final beneficiary SORS, while the end recipients of the assistance are all other responsible public institutions responsible for administering of different administrative registers as well as producers of different statistical data (i.e. Institutions which belong to Serbian statistical system). The SORS will have the guiding and lead coordinating role in the work of the Steering Committee (SC). The SC will encompass representatives of the beneficiary (SORS), EU Delegation as well as other key partners involved in Action implementation (i.e. Ministry for European Integration, Ministry of Labour, Ministry of Education, National Employment Service, Public Policy Secretariat, Chamber of Commerce, etc.). The tasks of the SC will be: to review the progress and endorse Action implementation reports (inception, quarterly and annual reports); discuss any open issues related to the implementation of the Action; approve requests for funding and review and make decisions regarding the overall structure and content of the Action, jointly discuss any critical points, risks or bottle-necks of project implementation and to propose and discuss remedies in case of problems. The SC will meet at regular intervals, at least quarterly to oversee the implementation of the project plan and, when necessary, on ad-hoc basis.

For each project component, the SORS will nominate Component Manager. Also, the SORS expert teams, which will be directly involved in the project implementation, will be set up at the beginning of the project.

The system within DMSS will be developed by SORS staff located in headquarters and 15 regional statistical data centres. Regional statistical data centres and its organisational structure have IT and analytical departments with skilled staff in these domains. Statistical data centres together with the department for development (in central office) have more than 200 employees, more than 90% of them with university degree, with background in mathematics and economics, capable to work on designing and developing DMS system. Large numbers of skilled staff will underpin the sustainability of this system.

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

Output 4 final beneficiary is the Ministry in charge of agriculture, forestry and water management while the end recipients are the Veterinary Directorate (VD), the Sector of Agricultural Inspection (SfAI), the Directorate for Plant Protection (DfPP), Ministry of Health.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the log frame matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

In case the arrangements remain the same as during the IPA II period, the overall progress will be monitored through participation of various stakeholders, such as EC/EUD, NIPAC, NIPAC TS/ BCPME, NAO, NAO

SO, NF, Contracting Authority- CFCU, Final Beneficiaries, AA, and other institutions and civil society organisations. More precisely, monitoring will be done through:

- **Result Orientated Monitoring (ROM) system (led by DG NEAR):** This will provide, as necessary and required, an independent assessment of the on-going or ex-post performance of the Action.
- **IPA Beneficiary's own monitoring:** IPA monitoring process is organised and led by the NIPAC, supported by the NIPAC TS/ BCPME. NIPAC is the main interlocutor between the Serbian government and the European Commission regarding strategic planning, co-ordination of programming, monitoring of implementation, evaluation and reporting on the overall IPA assistance. NIPAC monitors the process of programming, preparation and implementation, as well as the sustainability and effects of programmes, aiming to improve these processes, ensure timely identification, remedying and alleviation of potential issues in the process of programming and implementation of Actions. Through the support of the NIPAC TS/ BCPME, the NIPAC prepares regular monitoring reports for the Government and the EC based on the reports drawn up by the institutions responsible for implementation. It reports on the formulation of Action, the fulfilment of preconditions for the initiation of public procurement procedures, the implementation of Action, its sustainability and effects, and organises the process of evaluation.
- **Self-monitoring performed by the EU Delegation:** This is part of the annual assurance strategy process and is done based on the ex-ante risk assessment of actions/contracts that are considered riskier.

Joint monitoring by DG NEAR and the IPA Beneficiary: the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly (at least once a year) monitored by the IPA Monitoring Committee. It will be supported by Sectoral Monitoring Committees which will ensure monitoring process at sector level. The results of monitoring will be used in the policy-making process to propose programme adjustments and corrective actions.

A results-based monitoring system will be established in cooperation with the Twinning partner to generate data on the progress of the implementation on a regular basis. Data will be used for programme steering as well as for annual progress reporting. The Action's logframe with its underlying indicators for specific objectives and outputs will be the basis for the monitoring system. The logframe will be used as management tool, allowing for adjustments and revisions at the output, activity and indicator level in order to effectively achieve the expected specific objective.

During project implementation, a variety of tools and methods will be applied to regularly assess both quantitative and qualitative progress indicators. This includes, among others, gender-disaggregated participation documentation, training evaluations, tracer studies, comparative and retrospective surveys as well as focus group discussions and stakeholder consultations. Data collection will be harmonised with national partners systems.

Implementation of the Twinning contract would follow the monitoring and reporting requirements in line with the valid Twinning manual.

5.2. Evaluation

Having regard to the importance of the action, a final, mid-term or ex-post evaluation(s) for this Action, or its components may be carried out via independent consultants, through joint missions, contracted by the Commission or via an implementing partner.

The mid-term evaluation will be carried out for learning purposes, in particular with respect that it includes numerous components concerning the accession process.

The final or ex-post evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that it includes numerous components concerning the accession process.

In case an evaluation is not foreseen, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The Commission shall inform the implementing partner at least 6 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

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

Finally, the evaluations envelope will generate systemic recommendations and inputs relevant for future programming. Evaluation services may be contracted under a framework contract.

5.3. Audit and Verifications

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

6. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

7. SUSTAINABILITY

In view of sustainability, the end recipients are obliged to ensure the use of the outputs, resulting from the action, for the purpose they are procured for, in line with the action document, the contract or equivalent. The end recipients are obliged to allocate enough budget for the functioning and maintenance of the assets and

cover the costs of their operation and maintenance. The end recipients should recover the assets to their initial condition in case of their damage or replace the assets with those of minimum equal quality and functionality in case of their destruction.

The breach of the conditions for sustainability may lead to refund of the EU contribution in case the end recipients fail to take the necessary corrective measures for removing the deficiencies occurred.

The proposed Action will produce sustainable results in the short run, since it does not envisage establishment or financing of the new organisational units and their running costs, however it will provide support to beneficiary institutions and structures that are already in place, but which require additional assistance in the complex process of the harmonisation with *acquis* and for the preparation for negotiations. Although there is technical support ongoing for the harmonisation with the *acquis*, for the EU negotiation preparation as well as for project preparation, the demand is still high and the need for technical assistance is likely to increase proportionally to the challenges ahead. All of the capacities developed through this intervention will be used in the future period for the further alignment as part of the accession, and they will be a crucial resource for the EU integration. Sustainability is also given in the fact that the support for legislative alignment results eventually in adoption of the laws, by-laws, plans, etc., by the Parliament, Government or governmental bodies, ensuring that these are part of the system, and not ad hoc interventions.

This Action will ensure that all policies and legislation will be developed according to the better regulation approach, which ensures inclusive and evidence-based policy and legislative development. The increased focus on the quality of the legislative and policy-making process will help to ensure that adopted policies and laws can be better implemented. Also, institution-building under this action will respect effective lines of accountability between institutions (agencies and parent institutions), therefore avoiding any possible fragmentation of administration.

In case of Negotiations and Policy Developments Envelope, the sustainability has to be monitored through sub-actions, since the envelope itself is not using any funds or implementing any actions. The sustainability of envelope has been ensured in the past through the successful implementation of sub-actions and through the achievement of envelope purposes and results of individual sub-actions. Finally, the evaluations envelope will generate systemic recommendations and inputs relevant for future programming.

The evaluations envelope will generate systemic recommendations and inputs relevant for future programming. Furthermore, the support through this Action will produce sustainable results in the short run since a number of relevant structures for management of Union Programmes are already in place and the need for technical assistance is likely to increase proportionally to the challenges ahead. Serbia already invested considerable financial and human resources to set up the structures and systems for implementation of financial assistance under the rules and procedures of the IPA (including Union Programmes). It is expected that the instrument and regulations that will derive from the new financial perspective 2021-2027 should take account of this in order to ensure a seamless move to the new period without jeopardising efforts already made.

The action will achieve the sustainability almost immediately having in mind that its design is focusing on the existing beneficiary institutions which will be supported through additional assistance in the complex process of the harmonisation with *acquis* and enforcement of the legislation. Sustainability is also envisaged in the fact that the support for legislative alignment results in adoption of the laws, by-laws, plans and policy documents by the Parliament, Government, or governmental bodies, ensuring that these are part of the system, and not ad hoc interventions. The Action will support the preparation of such documents in the fields of food safety, veterinary and phytosanitary policies, namely administration bodies in charge for these areas and the staff employed. These policies will be translated into the national programmes in these fields which are financed from the national budget.