Follow-up Action Plan of the Strategic, country-level evaluation of the EU's cooperation with Serbia over the period 2012-2018

RECOMMENDATIONS, FINAL REPORT	RESPONSES EU SERVICES: (I) ACCEPTED OR NOT, II) ACTIONS TO BE UNDERTAKEN	FOLLOW UP (by who ; by when)
CLUSTER 1: Strategy and programming		
RECOMMENDATION 1: It is noted that under the plans for the IPA III instrument, the national authorities will be requested to prepare a 'strategic response' to the EU's proposed 'Programming Framework'. **It is therefore recommended that the EU provide, if requested, appropriate technical support to the national authorities that will assist in preparation of this strategic response.** In particular, the support should **assist the national authorities to consider** *how* **goals are best achieved,** and the logical sequencing of interventions. This can be further supported by including in the strategic response template a section for an overarching theory of change to explain *how* the agreed goals will be achieved. With sufficient consultation and discussion around the theory of change, explicit descriptions of assumptions and change mechanisms, the strategic response could provide the framework for more effective interventions.	**i) Accepted/Partially accepted/Rejected** *The Recommendation is accepted. Technical assistance support has been provided to the national authorities (Secretariat of the NIPAC, Ministry of European Integration (MEI) which are coordinating the process of the development of the Strategic Response document for Serbia). Assistance is available through a Project Preparation Facility supporting programming capacities. A section has been included into the template of the Action Documents on theory of change, i.e. on how the overall and specific objectives of the Action will be achieved. However, despite the support provided, there is still ample room for the improvement of the capacities of the national authorities and the Serbian Strategic Response, in terms of the logical framework (including theory of change and approach on how to achieve the expected results). The Strategic response document is developed on a rolling basis, which means that in the next iterations, there is room for improvement.* **ii) Actions to be undertaken** *Continued support to the capacity building of the Serbian authorities (NIPAC/MEI as coordinating bodies and national authorities at sector level) to improve their programming and planning capacities, as well as update and improve the Strategic Response with the aim of providing a framework for more effective interventions. Support is being contracted for the next mid-term period through IPA 2018 (Project Preparation Facility 10).*	EUD/already in place, to be continued after specific contract ends
CLUSTER 2: Support for reforms and capacity development		

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RECOMMENDATION 2: **It is recommended that the EU work to strengthen links between policy dialogue and programming of financial assistance both at the design stage and during implementation.** Under the new arrangements for IPA III, it is important that the policy context and the priority requirements of EU membership are clearly connected to IPA III assistance. The appropriate policy experts in the EU will be involved in the programming process. During implementation, efforts should be made to ensure that policy dialogue participants are informed both on the progress of relevant interventions and change processes, as well as on the opportunities for new interventions that would assist the policy process. Similarly, design of interventions – beyond the programming stage – would be assisted by the expert review of policy experts. It is noted that this has been done in some sectors, while other sectors could strengthen these links. This is also linked to recommendations to strengthen monitoring at the level of policy impact, institutional change and reform.	**i) Accepted/Partially accepted/Rejected** *The recommendation is partially accepted. The template of the Strategic Response document requires that in the programming and planning of the IPA III assistance there is a clear and strong alignment of beneficiary's sectoral strategies with IPA III Programming Framework, EU strategic and policy document priorities, other regional and global strategies as well as for a cohesive approach based on the sector approach. The financial assistance requirements, spelled out through the list of Actions per programme year, should derive from these considerations per each IPA III programming Window / sector. The new programming approach for IPA III gives the lead in the programming to DG NEAR, involving the Centres for Thematic expertise (CoTEs), DG NEAR experts and other line DG experts early in the programming stages (relevance and maturity assessment as well as quality control). This improves the coherence between the messages passed in the policy dialogue related to EU membership and the IPA programming discussions. A more systematic approach is employed in areas where sector budget support is considered, and policy experts in the EU follow the respective sector reforms for which budget support is proposed. The approach can still be made more consistent in all sectors.* *The part of the recommendation related to assistance by policy experts for the review of the design of interventions beyond the programming stage is not clear. Under IPA III supporting documents included in the maturity assessment phase (the second programming phase) include draft ToRs, Technical specifications, feasibility studies and descriptions of the Action for any proposed contract, so these are assessed already at that stage. The next stage after programming is procurement and contracting, following which the inception phase of specific contracts is used to elaborate further on the*	NEAR D2/EUD throughout the programming of IPA III 2021/22 round

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	needs and options in the area, and plan the activities. It is therefore not clear when the expert review would be conducted (before or after the adoption of the Commission decision), what it would entail, and what its legal outcome in the programming process would be. **ii) Actions to be undertaken** *Serbia unit to systematically involve policy experts from Centres of Thematic Expertise at the IPA III programming stage to ensure that key policy priorities are reflected in and sufficiently supported by EU financial assistance.* *DG NEAR to initiate strategic discussion on IPA support to implementation of key policy recommendations stemming from the Economic Reform Programme.*	
RECOMMENDATION 3: It is recommended that the EU continues to work with national authorities to identify opportunities for applying the sector budget support (SBS) modality for supporting reforms. SBS has shown the potential to be an effective modality for supporting the kinds of reforms needed for Serbia's accession to the EU. With the new approach to programming, the EU likely will need to assist the national authorities to identify appropriate areas for budget support interventions, as well as encouraging and supporting, if necessary, the fulfilment of preconditions.	**i) Accepted/Partially accepted/Rejected** *The recommendation is accepted. In the IPA III Programming Framework, SBS is foreseen as a modality of support for the different Windows. Opportunities for SBS have been identified in the Strategic Response document in a number of sectors, for IPA 2022 and 2023, and the authorities are being supported through existent Technical Assistance contracts to develop the proposals further and to ensure that the conditions for the SBS are in place.* **ii) Actions to be undertaken** *Follow up the programming discussions with the authorities on SBS actions identified in the Strategic Response.*	NEAR D2/EUD throughout the programming of IPA III
RECOMMENDATION 4: **It is recommended that DG NEAR work with EUDs as well as the body of staff and consultants that support SBS to strengthen practice in the Western Balkans.** Of most importance is the wider, more	**i) Accepted/Partially accepted/Rejected** *The recommendation is accepted. A Sector Budget Support Group is providing a framework for support and training for the EUDs in a number of general and cross-*	EUD, DG NEAR BS Team, MEI/programming date of the next SBS (date depends on future programming deadlines and decision of

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formal sharing of the lessons learned from the first round of practice. These lessons would also add value by being integrated into guidance for future SBS.	*cutting topics. It is also guiding the approach to the further expansion and development of tools such as the Risk Management Framework. The template for budget support actions has a specific heading under risks and lessons learnt with the aim of informing the design of successive programmes.* **ii) Actions to be undertaken** *Lessons learned should be integrated into the design of future SBS.* *Regional budget support trainings for EU Delegations/Office staff, where selected members of the partner authorities could be invited for ad hoc sessions could be organised for formal practice sharing.*	the SBS to be programmed in specific sector)
RECOMMENDATION 5: **It is recommended that the EU invest in developing a relevant knowledge base of what works in reform of partner government institutions.** In addition to drawing from international development approaches, support should also draw on the body of knowledge related to public sector management and change management within the EU and elsewhere. The aim should be to support learning about *how* change can happen in Western Balkans contexts. Areas for further learning could include: practical approaches for problem analysis and diagnosis; use of 'thinking and working politically' techniques,[1] use of theory of change approaches in programme design and evaluation, among others. This suggestion could be operationalised through a 'community of practice' approach, potentially based on the EU's Capacity4Dev hub.	**i) Accepted/Partially accepted/Rejected** *Partially accepted. Although the recommendation is relevant it mainly relates to horizontal issues not easy to operationalise. Knowledge base of successful reforms exists in the body of evaluations database, especially strategic evaluation findings, fully available online at EC websites. However, inclusion of beneficiary in EU's Capacity4Dev hub is welcomed.* **ii) Actions to be undertaken** *Registration and participation at Capacity4Dev hub of the Serbian beneficiaries. Topic will be covered through Sector Monitoring Committee (SMC) sessions.*	MEI, other beneficiaries/ASAP
RECOMMENDATION 6:	**i) Accepted/Partially accepted/Rejected**	EUD/sector approach already in place; IPA follow

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[1] See for example, 'The case for thinking and working politically: The implications of 'doing development differently' https://ecdpm.org/wp-content/uploads/Case-Thinking-Working-Politically.pdf

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It is recommended that the EU ensure that interventions designed to build institutional capacities place the locus of control in managing reforms firmly with government institutions and agencies so that they lead their own reforms, and not with the EU and contractors. It is important that EU-supported capacity development interventions shift from trying to *deliver reform* and instead focus on *building national authorities' capacities for designing and managing reform itself*. Initiatives such as the National Academy for Public Administration are crucial in this respect. SBS is a critical modality for achieving this, and ways to achieve this shift of control through other modalities need to be found. The experience of SBS offers examples of measures that could make interventions through other modalities more effective. The link to policy dialogue, external monitoring linked to explicitly agreed standards and indicators, and the use of conditionality are examples.	*Partially accepted. EU is providing support through technical assistance (ex. Project Preparation facilities, Policy and Legal Advice Centre, Cohesion policy support, support for Indirect management by the beneficiary country) which is geared at developing and strengthening the capacities of the governmental institutions, authorities and agencies for managing their reforms. Aside from budget support, modalities of implementation such as twinning and member state facilities are aimed at providing the tools and skills to the national and local authorities to be able to have strong ownership over the reform processes and be able to manage them. However, much work is left to be done in this field, as the efforts depend not only on the design of the interventions but also strongly on the administrative capacity, human and financial resources of the beneficiaries, as well as on political will to continue effectively implementing reform processes in diverse areas in the mid and long term. Accession negotiations remain the main driver of EU related reforms where the beneficiary country needs to demonstrate progress and ownership of own reforms.* **ii) Actions to be undertaken** *Continue to apply the sector approach in the design of interventions, including by ensuring links to policy dialogue, existence of external monitoring linked to clear indicators, as well as continued application of the relevance and maturity assessment criteria during programming.* *In order to further monitor progress in this respect recommendation is to be included to the list of IPA Monitoring Committee Follow up recommendation table.*	up recommendations to be drafted by the end of August 2021
CLUSTER 3: Support for investments		

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It is noted that arrangements for indirect management under IPA III will change, with a greater emphasis given to support for infrastructure by IFIs and the WBIF. In that regard, this report's recommendations aim towards further supporting national authorities' capacities for managing EU funds, as well as encouraging authorities' rationalisation of capital investment.		
RECOMMENDATION 7: **It is recommended that the EU works closely with IFIs active in Serbia to engage and support the Government of Serbia to create single institutional arrangements for managing investments in infrastructure, regardless of source of finance.** The aim would be to ensure improved relevance and effectiveness of all capital investment, not only that financed by the EU. Ideally these mechanisms could approximate to the structures needed for managing future EU structural funds. This would both reduce inefficiencies in the financing of infrastructure investments, and improve absorption capacity for eventual EU membership. Technical assistance from Member States with effective and appropriate arrangements for capital investment and EU funds management would be particularly relevant.	**i) Accepted/Partially accepted/Rejected** *The recommendation is accepted. Although there is progress through the more effective linking of the investment planning to the budget execution, Serbia has not yet fully developed a unified mechanism for prioritizing all investments, regardless of the source of funding and in accordance with the government's public finance management reform programme. Transparency of this process and efficient assessment and prioritisation of investment needs are considered to still be not sufficient.* **ii) Actions to be undertaken** *Continued support through technical assistance projects (project preparation) for the support to improving national public investment and budget planning.*	EUD/already in place, to be continued after contract ends
RECOMMENDATION 8: **It is recommended that the EU works with the national authorities to ensure that measures are in place to continuously develop the national capacities for managing EU funds.** In this regard, indirect management of EU funds is a basic platform for learning by doing. Additional support from line DGs – particularly DG Regio, DG Employment and DG Agri (which is already working with the IPARD programme), would provide knowledge and experience to assist the national authorities improve both policy capacity and funds management capacities. The IPARD model could provide useful lessons learned in this regard.	**i) Accepted/Partially accepted/Rejected** *The recommendation is accepted. Technical Assistance has been provided to the national authorities for developing capacity for indirect management of EU funds since the start of decentralised/indirect management in Serbia in 2014. Currently the TA contract (1,4 MEUR) is ongoing supporting Serbian authorities in indirect management of IPA funds. In addition a TA contract (2,6 MEUR) is ongoing for supporting Serbian administration in preparing for management of Cohesion Policy funds.* **ii) Actions to be undertaken** *Continued support (TA contracts) for indirect management of IPA funds and Cohesion Policy funds that*	EUD/already in place, to be continued after contract ends

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	is already under implementation. These TA contracts are aimed at capacity building for managing both pre-accession and post-accession funds and should be naturally renewed when the existing contract is ended.	
CLUSTER 4: Transparency, accountability and participation		
RECOMMENDATION 9: **With a view to the underdeveloped social dialogue, it is recommended that DG NEAR and the EUD ensure that there is systematic involvement of social partners, businesses and civil society in a wider range of support for reforms in Serbia.** While formal lead responsibility for involvement of civil society and social partners rests with the Government of Serbia, the EU can continue to provide space and financial support for the stronger role of civil society in programming, design, implementation and monitoring of EU-supported interventions with the Government of Serbia in priority areas such as justice, parliamentary and public administration reform. Examples of good practice do exist, as do forms of financial support through the CSF, but a greater systemisation is needed including: support to coalitions of related CSOs to be involved in programming; ensuring CSOs and social partners are included through implementation phases; and enabling shadow monitoring of key reforms, among other roles. Financial support should be identified for this purpose.	**i) Accepted/Partially accepted/Rejected** *The recommendation is partially accepted. The involvement of the social partners, businesses and civil society is part of the programming process for IPA through the formal inclusion of civil society through the sector-lead CSO (SECO) mechanism at the formal programming stages (namely as participants in the programming Sector Working Groups (SWGs). There is ample room for improvement of this process, and it is well noted that the lead on this is with the national authorities. The EU provides funding through the Civil Society Facility (CSF) for both the development of an enabling environment as well as for the strengthening of capacities of civil society and media organisations. The amount of funding has increased over the years under IPA II and has been further expanded under IPA III. Gearing financial support for IPA programming and monitoring may be restrictive – the approach by CSF has been thus far toward developing capacities of CSOs to participate in diverse policy process, budgetary processes, to network, monitor, evaluate, report notwithstanding whether this would be geared to EU, regional, national or local policy and budgetary processes.* **ii) Actions to be undertaken** *Continue to support CSOs to develop capacities to participate in policy development and budgeting*	EUD/on regular basis during the programming of assistance

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	processes at all level (from EU to local) through increased CSF financing.	
RECOMMENDATION 10: **It is recommended that DG NEAR develop additional mechanisms for supporting moves towards transparency from the side of the Government of Serbia.** This may involve support for technical solutions for budget transparency, but more likely would involve advocacy through policy dialogue, PFM reforms and potentially dialogue at parliamentary level. Another possible approach is to specify transparency as a requirement for SBS contracts, as either a general or a specific condition, and making payments of SBS tranches conditional on government financial transparency.	**i) Accepted/Partially accepted/Rejected** *The recommendation is accepted. In the IPA 2021 programme, a number of activities proposed under the public financial management field have been consolidated into a single support, to be implemented through a facility by a Member State institution. This will allow targeted and flexible support to the fields of public procurement, public financial controls, the commission for protection of bidder's rights, Ministry of Finance. The support will also be geared at implementing the PFM reform programme. DG NEAR has been strongly involved in both the development of the PFM reform programme, but also in the programming process for this action. With regard to SBS, budgetary transparency is already a condition for the fixed (general) tranches. The Open Budget Index (OBI) is followed as an indicator for this condition, and is assessed for the programming of budget support but also for any disbursements.* **ii) Actions to be undertaken** *DG NEAR will continue raising the need for enhanced budget transparency in its policy dialogue with the Serbian authorities, including in the operational conclusions of the PAR Special Groups.* *DG NEAR to follow up on Serbia's commitment to further improving budget transparency by using and implementing the Open Budget Index and SIGMA's recommendations, as well as preparing a transparency roadmap.*	NEAR D2/EUD to embed the actions in the next Stability and Association Agreement (SAA) cycle.

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CLUSTER 5: Monitoring, evaluation and learning (MEL)		
The aim of these two recommendations is to provide more real-time evidence-based feedback on what and how EU assistance is working in the accession context, and to support learning by both EU and national authorities.		
RECOMMENDATION 11: **It is recommended that the EU works with the national authorities to develop and operationalise an overarching MEL framework for EU cooperation at the country level, and to ensure that there is robust real-time evidence to demonstrate contribution to impact of EU cooperation.** The aim of the framework would be (i) to ensure that the information needs for tracking progress and outcomes are met, with a particular attention given to strengthening the data collection regarding outcomes in terms of institutional change and policy impact; and (ii) to ensure that information from monitoring and evaluation is cycled back into processes that need such information, including policy dialogue, intervention design, and programming, as well as performing a wider learning function. Where there are identified gaps in monitoring and evaluation, existing instruments could be modified, or new ones introduced. As an example, ROM exercises could be conducted on a representative sample of interventions to provide data valid for the whole portfolio. Formal evaluation exercises could be complemented by short investigations (or 'deep dives') into topics of particular interest for which answers are required quickly. Design of evaluations should also take into account effects at the policy level as well as institutional. Technical assistance and other contracted interventions need to ensure that adequate resources and methodology within the contract is dedicated to baseline and endline impact measurement.	**i) Accepted/Partially accepted/Rejected** *Accepted. Preparation for the redesign of the Monitoring Framework has been already initiated. Sector Monitoring Committee (SMC) reports now include also direct management contractual data for all sectors. On the other side significant effort is put in identifying and excluding obsolete action/project indicators from the reports. Exchange and use of information from the monitoring and evaluation is set in proper way allowing data to be used along the whole project cycle. However, external assistance is needed to further strengthen the SMC by redesigning existing reporting methods and make them even more meaningful.* **ii) Actions to be undertaken** *Engaging PROMEL institutional building coaching* *Introducing and implementing changes within the SMC's in order to allow collecting relevant information that can be cycled back in the programming cycle* *Connecting back to back SWG's (programming) and SMC's (monitoring) in order to ensure full coverage of project cycle by enabling full information exchange on progress in implementation, lessons learned, challenges/drawbacks identified etc.*	EUD, MEI/end of 2021
RECOMMENDATION 12: **It is recommended that the EU works with the national authorities to redefine the role and scope of work of the NIPAC with regard to monitoring of EU-funded actions under IPA III.** In addition to the critical	**i) Accepted/Partially accepted/Rejected** *Accepted. In relation to the previous recommendations, EUD will work closely with beneficiary in*	EUD, MEI/end of 2021

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role in monitoring progress of EU-funded actions regardless of management mode, the national authorities should add a more strategic level of assessment which would provide relevant, accurate and timely monitoring data and analysis relating to progress of reforms across each sector, including monitoring the contribution of EU-funded actions to policy-level progress. The roles of the SMCs should be revisited in this regard. Consideration should be given to including changes to the definitions of roles and requirements for monitoring of IPA assistance in the forthcoming IPA III framework agreement between EU and Serbia. DG NEAR could explore whether additional tools and resources, such as the PROMEL initiative, could be harnessed to provide support to national authorities.	*inclusion/integration of IPA III information in existing monitoring forums, avoiding doubling of the reports or channels of communication (different for IPA I and II and IPA III). Redesigning of SMC report will focus on integration of IPA III into existing reports and redefining the role of SMC aiming at monitoring data and analysis relating to progress of reforms across each sector.* **ii) Actions to be undertaken** *Engagement of Institutional building support (PROMEL):* *Rollover from IPA I/II to IPA III with definition of NIPAC roles, as well as the other stakeholders.* *Redesigning of the SMC's in order to strengthen monitoring of the IPA assistance in all sectors.*	