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Swiss Cooperation Programme for Serbia 2022–25



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Foreword

Stability and prosperity in the Western Balkan region features prominently among Switzerland's foreign policy objectives. The provision of humanitarian assistance and refuge for many people affected by the conflicts marked the beginning of Switzerland's engagement in the early 1990s.

Over the years, close political, economic, scientific and cultural ties have been developed with a sizeable diaspora living in Switzerland. Cooperation with Serbia started in 1991 and evolved over time to supporting transition processes and reforms in line with European values and standards. Today, Switzerland ranks among the largest bilateral cooperation partners of Serbia.

The Cooperation Programme 2022–25 is based on trusted partnerships and mutual interests, including the public and private sector as well as civil society. It lays out Switzerland's commitment to further support Serbia's economic, political and social reform processes, taking into account progress achieved over the past 30 years and remaining challenges.

During the next four years, Swiss–Serbian cooperation will be focused on three thematic areas: economic development and employment, democratic governance and civil society as well as climate change and sustainable urban development. Switzerland has relevant expertise in all three areas and is confident that the priorities laid out in this document will add value to its cooperation and bilateral relations with Serbia. The financial volume for this four year period amounts to CHF 96.5 million.

This programme was developed by the Swiss Agency for Development and Cooperation (SDC) and the Swiss State Secretariat for Economic Affairs (SECO), in close consultation with the Swiss State Secretariat for Migration (SEM), as well as government offices, civil society and the private sector in Serbia. The SDC and SECO cooperate and coordinate closely in the implementation of the cooperation programme, through the Swiss embassy in Serbia. We are confident that the goals and priorities set out in this programme will contribute in a relevant way to the sustainable and inclusive development of Serbia and the well-being of its people.

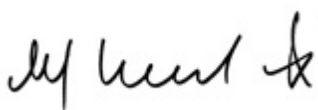
Bern, January 2022

Swiss Agency for Development
and Cooperation (SDC)



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A view on Mountain Ovcar from Mountain Kablar, Ovcarsko-kablarska klisura.
Photo: Dario Maric, Mikser festival 'New Perspectives' competition

1. Context

1.1. Political development

Serbia is the most populous country in the Western Balkans and plays a central political and economic role in the region. The country's progress on the European path and its efforts at promoting regional economic integration are a significant factor for the region's openness, European integration and prosperity. While Serbia has officially been an EU accession candidate since 2012, progress in accession negotiations has been slow with 18 out of 35 chapters opened and only two chapters provisionally closed so far. Slow progress on strengthening the rule of law and in overcoming the legacy of the past in Serbia's relations with Kosovo represent the main obstacles. While EU accession remains Serbia's official strategic goal, the government continues to carefully calibrate its foreign policy also towards the US, China and Russia. Relations with other countries in the region are periodically marked by provocative political rhetoric. At the same time, Serbia is championing efforts aimed at regional economic integration, such as the Open Balkans initiative, which has so far met a mixed response from various neighbouring countries.

Overall, the balance of Serbia's development over the past four years has been mixed. In particular, domestic politics have become less pluralistic and competitive, as a single political party has achieved and consolidated an absolute majority in the executive and legislative bodies, both at the central and local level. This concentration of power is exacerbated by the main opposition parties' difficulty to unite around a common agenda and propose political alternatives, as well as their boycott of the June 2020 elections. In order to live up to European values, Serbia needs not only to accelerate its ongoing reforms to strengthen the rule of law and independence of the judiciary. Creating conditions in which the full range of critical voices from all walks of society can be heard and debated should be prioritised in order to ensure a more open democratic competition of ideas. Such measures should include steps to safeguard an independent media sector and space for the country's active and diverse civil society to freely promote a variety of causes.¹

Serbia is a fairly decentralised country with persistent regional disparities regarding development and poverty. Numerous

local governments lack resources and capacities to fulfil their tasks. Nonetheless, local governments are incrementally professionalising, some have improved transparency, enlarged their property tax revenue and are increasingly performing participatory planning and budgeting as required by the law on planning systems. Elements of gender-based budgeting are also being gradually introduced, although more efforts and capacities are needed. Within the framework of the Public Administration Reform Strategy 2021–30, a pillar on local self-government reform has been included for the first time with a dedicated reform programme for 2021–25. It aims to improve the legal and organisational framework, professionalisation, efficiency, and modernisation of all aspects of the functioning of local self-government, and will contribute to strengthening the transparency and participation of citizens in the management of public affairs.

Within the framework of the E-Government Development Programme 2020–22, a National Open Data portal is in place as a one-stop shop for e-government services and as a central point of access for businesses and citizens alike. It has enabled Serbia to progress with public access to institutional data and is known by citizens as the main way of signing up for COVID-19 vaccination. Local level e-services are increasingly accessible through this centralised portal.

In the area of public financial management (PFM), which is connected to many accession negotiation chapters, Serbia has recorded a fair amount of progress in recent years. In particular, it has taken steps to attain a more balanced and sustainable budget, reduce public debt, enhance financial management and control and improve auditing processes. Ongoing investment in IT systems and digitalisation in the area of public finance has enabled significant advances in the area of e-government. Further reforms are planned under the PFM Reform Programme 2021–25. Serbia still has some way to go on public administration and PFM reforms before fully meeting EU standards.

1.2. Economic development

Serbia is an upper-middle income country, with a Gross National Income per capita of USD 7,400. In large part thanks to sound macro-economic policies and a favourable environment, Serbia has enjoyed stable GDP growth rates (3–4%), a balanced

¹ The 2021 edition of the freedom house report depicts Serbia as a partly free country. It was classified as free until 2018.

budget, declining public debt and steady access to international capital markets until 2020. This enabled Serbia to enact a sizeable stimulus package worth 13% of GDP after the outbreak of the COVID-19 pandemic in 2020, which helped keep the recession mild. As a result, 2020 saw a significant budget deficit and increase of public debt to a level still below 60% of GDP. The economy recovered strongly in 2021 and depending on international developments (including the control of COVID-19), is expected to return to its previous growth trajectory.

While all measures of poverty have been on a steady downward trend since 2014, 17% of the population is still below the national poverty line as of 2021. Despite steady growth of average wages (EUR 550 in 2021), half of the employed population still earns salaries below EUR 500, and 20% of employees earns the minimum wage of EUR 350 or less, reflecting low labour productivity and a high level of informality. Almost 30% of the workforce is employed in the public sector. Labour force participation is low, particularly for women (62.3% men and 46.8% women), who tend to be heavily underrepresented in management positions in the private sector. Unemployment is widespread, particularly among youth (22%, which is double the rate for adults), and 14.6% of youth are neither in employment, education nor training. According to the Serbian Strategy on economic migration 2021–27, the Serbian diaspora counts between 4.5–5 million people, whose average age is 35 years as compared to 42.5 for residents in Serbia. In 2021, they remitted about USD 4.4 billion, equivalent to 7.3% of GDP.

In order to converge with living conditions in Central Europe, Serbia is facing multi-faceted challenges. While foreign direct investment (FDI) has been growing healthily, domestic investment both public and private is underperforming. Developing the financial sector and more efficient public investment management could significantly accelerate growth. Building on its past achievements, the country is striving to further improve the business environment. Necessary measures include ensuring the predictability and transparency of administrative procedures, curbing corruption² and easing access to finance for private businesses, particularly SMEs, which employ 65% of the labour force.

But the key economic challenge for Serbia is raising total factor productivity, including labour productivity. According to the World Bank, a firm in Serbia requires three times the number of workers to produce the same level of output as an average firm in the EU. Increasing productivity would enable higher value-added production, more jobs, and higher wages. Trade and FDI are promising avenues to boost productivity. Exporting companies and FDI have been major drivers of productivity growth. Policies encouraging companies to innovate and upgrade their technology are required, as is investment in a more productive workforce.

² Serbia scored 38 out of 100 points on the 2020 Corruption Perception Index of Transparency International, and its score has worsened since 2012. On the Global Organised Crime Index published for 2020, Serbia held 33rd place, with a higher score than all other European countries, except Russia.

Labour shortages, combined with skills mismatches, significantly hurt the competitiveness of the Serbian economy. The country's shrinking and ageing workforce is underutilised. Despite high youth unemployment, companies report increasing hiring difficulties. Serbia's vocational education and training (VET) system is the main pathway for secondary education in the country. Three quarters of the students completing primary education enrol in a secondary VET programme offered by the 311 public VET schools every year, which is one of the highest proportions worldwide. Coupled with investment in technology and digital transformation, the ongoing reforms of the secondary and tertiary-level VET system towards a dual education model combining in-company and school-based training could make a significant contribution to raising labour productivity, wages and thus the attractiveness of the Serbian labour market for Serbian youth.

1.3. Social and environmental development

Despite progress achieved in poverty reduction, the environment for social inclusion needs further strengthening. Serbia is missing a national development strategy with elements of poverty reduction. Poverty is still persistent, with approximately 7% of citizens living in absolute poverty and with an at-risk-of-poverty rate of 21.7%. While the absolute poverty rate is higher in rural areas than in urban areas (10.3 versus 4.8%), about 40% of the people living in absolute poverty live in urban settlements. The pandemic represents a significant risk of additional social exclusion of vulnerable people, including the Roma, those working in the informal economy, female-headed households and the rapidly growing elderly population. Inequality of income distribution remains high, with 20% of the population enjoying an income 6.5 times higher than the poorest quintile. While the recently adopted law on social cards should ensure a better targeting of social assistance in the future, there is still scope for improving the quality and efficiency of social protection. The share of public expenditure on social assistance and budget transfers has not kept pace with GDP growth, and COVID-related budget cuts have left many municipalities with reduced resources for local social services.

The 2021 Gender Equality Index indicates that Serbia – similarly to many new member states – is lagging behind the EU average, although there is slight progress as compared to the 2018 Index. Gender gaps persist in the areas of political and social participation and leadership, access to financial resources and property, and time spent on unpaid care work.

Serbia's population is shrinking and ageing at a fast pace. The number of inhabitants in Serbia dropped by around 300,000 in the last ten years. The fertility rate accounts for this reduction even more so than migration. The natural decline is compounded by widespread emigration, and little permanent immigration. In the period from 2013 to 2020, according to Eurostat, some 240,000 people left Serbia and registered residence in Europe, mainly in Germany. Recent emigrants from Serbia are younger than the overall population, with an aver-

age age of 28.7, and from all educational backgrounds from unskilled to tertiary level. The World Bank projects that, based on current trends, Serbia will count 5.79 million inhabitants by 2050 (down from 6.9 million in 2021). More so than the decline of the overall population, the changing age structure poses a challenge for the economy and the pension system. The median age of the population is now 41.6 years and rising, the share of the working age population (ages 15–64) hovers at around 50%. The country is urbanising fast, too. 60% of the population now lives in urban centres, up from 50% in 1990. Serbia is home to a significant number of displaced people from former Yugoslavia. It is also a significant transit country for asylum seekers from the Middle East and Central Asia on their way to Western Europe, and has had to deal recurrently with significant spikes in its refugee population in transit. This burdens the country's migration management system, which is nevertheless deploying significant efforts to cope with these challenges.

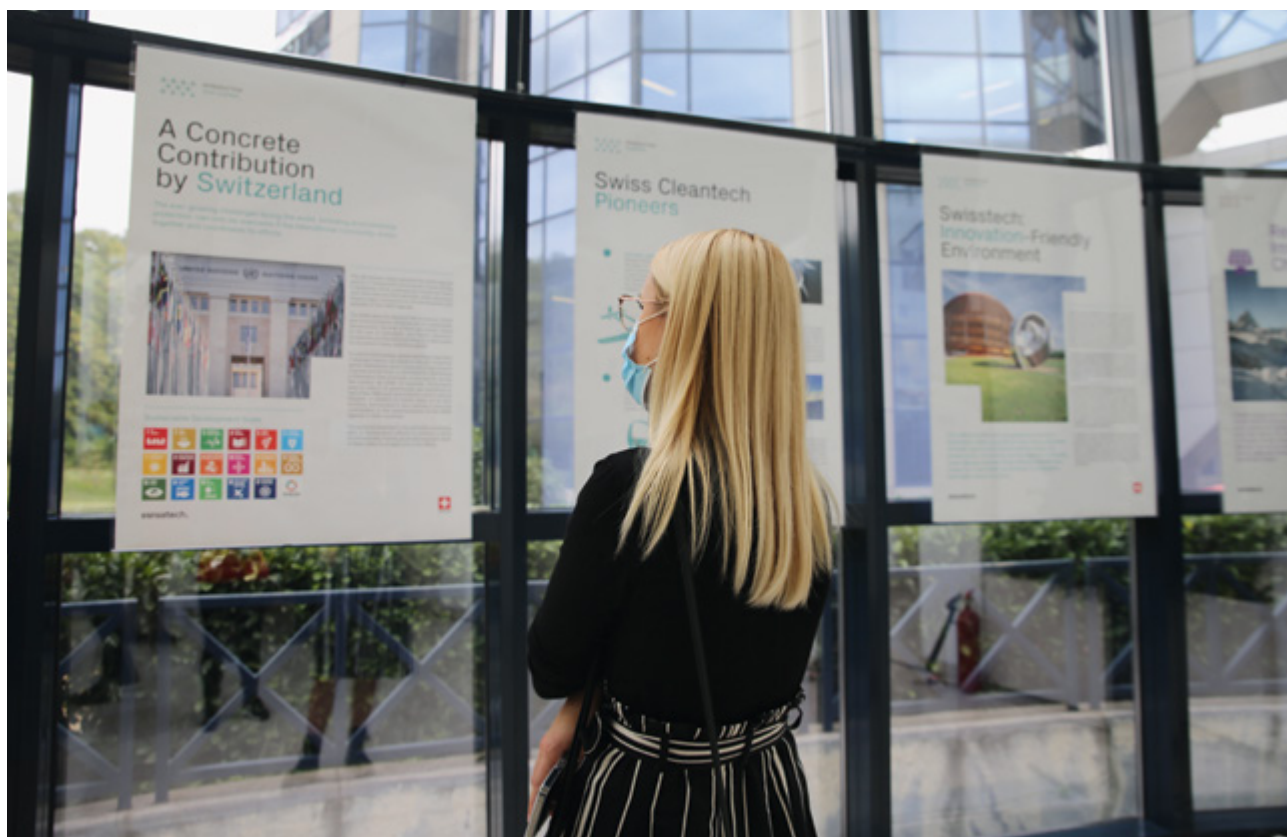
The Global Alliance on Health and Pollution has ranked Serbia as the most polluted country in Europe in 2020. However, after years of slow progress, recently a positive momentum can be observed within the government in the fields of climate, decarbonisation, environmental protection, pollution and especially air pollution. In 2021, this resulted in the adoption of a whole

series of new relevant laws and strategies, i.e. a low-carbon development strategy with an action plan designed to reduce levels of greenhouse gas emissions by 2030 and 2050 (33.3% by 2030 compared to 1990 levels, to be confirmed), as well as a law on climate change. In the field of energy, a new law on renewable energy sources, amendments to the law on energy, and a new law on energy efficiency and the rational use of energy were adopted. Serbia still lacks a sustainable financing system for energy efficiency investment, and reforms are needed to introduce cost-reflective electricity tariffs that take fully into account investment needs, climate change commitments and social security implications. An Energy Efficiency Fund is currently under preparation.

The network for air quality monitoring needs to be reinforced. The national waste management strategy needs revision in terms of reducing waste, waste separation at source and waste recovery and recycling. An action plan for the implementation of the water management strategy is under preparation, with untreated sewage as the main challenge.

The EU Green Agenda for the Western Balkans and the related Economic and Investment plan, adopted in October 2020, are important drivers for tackling the challenges related to climate, environment and energy.

Clean-tech exhibition 'Can tech save the world' that presented more than 30 innovative, clean-tech solutions developed by Serbian and Swiss startups and growing tech companies.
Project 'Technopark Serbia 2 – Boosting export through technoparks'





Roma children participating in an educational workshop within the small project 'Support to the social cohesion of Roma children'. The main goal of the project is to improve the quality of support for children in substandard settlements in the Pčinja District in order to include them in the preschool educational system. Project 'Swiss PRO – Enhancing Good Governance and Social Inclusion for Municipal Development'

2. Swiss foreign policy objectives in Serbia

In accordance with Switzerland's Foreign Policy Strategy 2020–23 and the Strategy on International Cooperation 2021–24, the focus of Swiss engagement for the Western Balkans, and thus for Serbia, is on supporting its stability and prosperous development in line with European values and standards. In this regard, constructive relations among the countries of the region are of paramount importance. Serbia can have a major stake both in advancing regional cohesion in general, but also in normalising relations with Kosovo and preserving the integrity of Bosnia and Herzegovina in particular.

The 2030 Agenda represents an overarching reference framework, which is in practice often eclipsed by the European accession agenda. Switzerland's cooperation with Serbia is based on a close and longstanding partnership, grounded in proximity and marked by strong political, economic and cultural relations. With a sizeable Serbian diaspora living in Switzerland, ties between the two countries are very close. Recognising these linkages, and capitalising on the successful cooperation over the last 30 years, international cooperation with Serbia responds to the demands and needs of Serbia and its population, to Switzerland's long-term interest and builds on Swiss added-value and comparative advantages, not least in the fields of vocational education and local governance. Due to their proximity and close ties, both countries have many common interests. Switzerland is the 4th source of FDI in Serbia, and Swiss enterprises and investors have close

ties and partnerships with the Serbian economy. Switzerland has a shared interest in Serbia's efforts to manage periodic spikes in irregular migration flows effectively, and to leverage the significant potential of the Serbian diaspora (including in Switzerland) for the country's economic development.

Cooperation in multilateral organisations complements Switzerland's bilateral cooperation and fosters relationships with Serbia on another level. Serbia is a longstanding member of the Swiss-led constituencies in the Bretton Woods Institutions (World Bank Group and IMF) and the European Bank for Reconstruction and Development (EBRD).

It is thus in Switzerland's own interest to contribute to the stability and prosperity of Serbia through the joint commitment of three Swiss ministries: the Federal Department of Foreign Affairs, represented by the Directorate of Political Affairs (DP) and the Swiss Agency for Development and Cooperation (SDC); the Federal Department of Economic Affairs, Education and Research, represented by the State Secretariat for Economic Affairs (SECO); and the Federal Department of Justice and Police, represented by the State Secretariat for Migration (SEM), acting within the Swiss Migration Strategic Framework for the Western Balkans 2020–23. All Swiss state actors cooperating with Serbia, based on their various mandates, contribute to the common goal laid out in this cooperation programme.

Launching event SDGs dialogue platform – CSO pillar moderators for three dimensions of sustainability: economic, social and environmental. Project 'SDGs4All'



3. Results and lessons learnt from 2018 to 2021

Most of the Swiss supported projects have achieved their objectives, contributing to both a better functioning of key institutions and better living conditions for the population to a certain extent. However, their contribution to effective systemic change and progress in reforms is difficult to assess and seems rather uneven and ad hoc, varying among the three domains of intervention (governance, economy and employment, sustainable energy and resilient cities).

3.1. Governance

The governance interventions, mainly at the local, but also at the national level, have yielded tangible results in terms of improved transparency, accountability and management capacities. A quarter of local governments have improved their financial autonomy (27% have increased property tax income) and involved citizens more systematically in decision-making regarding the use of these additional resources. Effectiveness of property tax has also improved for all local governments thanks to legislative changes and the introduction of a unified database. Moreover, financial management and control, the internal audit function as well as oversight of municipal enterprises have been strengthened in selected municipalities. Support provided to the Ministry of Finance (Central Harmonisation Unit, Fiscal Risk Monitoring Unit) has contributed to progress in the business environment and in aligning with EU standards in PFM.

The scope and quality of services provided by less developed local authorities, including for socially excluded groups, has increased. Public opinion on the quality of municipal services has steadily improved over the past ten years. Elements of gender-responsive budgeting have been applied in half of Serbian municipalities while inter-municipal cooperation was operationalised in few cases. Supported local governance reforms with the responsible ministry have good potential for systemic change. The institutional support provided to the Standing Conference of Towns and Municipalities proved to be instrumental with regard to promoting local governance

reforms and effectively representing and defending municipal interests at the central level, while better equipping local governments to implement adopted laws.

Cooperation with the National Assembly became challenging due to reduced space for pluralistic debates and had to be temporarily phased down. A positive result supported by Switzerland is the introduction of a 40% women quota for the national and subnational assemblies, which had a favourable impact on the representation of women after the 2020 elections (i.e. 39.8% in the National Assembly and 35–40% in subnational assemblies). The introduction of mobile committee sessions taking place in municipalities enabled specific problems to be resolved, e.g. regarding forest land property and related tax income, while it remains uncertain if such accountability instruments will continue to be used in future. More tangible results are possible in cooperation with local assemblies (strengthened oversight role, mandatory public consultation, e-parliament).

The civil society programme supported numerous advocacy and networking initiatives, showing improved citizens' mobilisation by CSOs (through petitions, campaigns, focus groups) and increased CSO capacities for local advocacy and participation in decision-making. Efforts undertaken to integrate the SDGs in strategic documents yielded some positive results (e.g. Economic Reform Programme, Gender Equality Strategy, local development plans) and a supported multi-stakeholder platform has produced a report on priorities for SDG implementation as a basis for further advocacy and societal dialogue with the government.

The Social Inclusion and Poverty Reduction Unit was to some extent able to influence social inclusion related strategies, laws and rulebooks (e.g. strategy and action plan for persons living with disabilities, employment strategy and gender index) and facilitated a coordinated donor response to vulnerable groups during the pandemic. SIPRU's institutionalisation process within the government is not yet finalised and remains uncertain.

3.2. Economic development and employment

Swiss interventions in the field of economic development and employment have as a whole yielded tangible, relevant results.

Switzerland systematically contributed to an improved quality of public financial management at the national level. Support was provided to the Serbian Tax Administration in strengthening tax collection and anti-fraud strategies, and to the Public Debt Administration in increasing liquidity in the government securities market and as a consequence raising its attractiveness for domestic and international investors. Further improvements were made in the area of government finance statistics, helping Serbia align with EU standards. Switzerland also supported capacity development of key national public finance institutions such as the Central Harmonisation Unit of the MoF, which piloted a new methodology for certifying internal auditors in the public sector. This measure addressed a key bottleneck for the improvement of PFM at the central and municipal level.

In terms of improving the business enabling environment in Serbia, Switzerland contributed through several programmes to the improvement of the framework conditions for doing business, the acceleration of the reform agenda and institutional capacity building (e.g. in the fields of corporate financial reporting, debt resolution and start-up ecosystem promotion). Capacity building of bankruptcy administrators gained in relevance and significance in the face of the recession in 2020, and contributed to lower levels of non-performing loans and an improved capital allocation towards more productive companies.

In the fields of competitiveness, private sector development and trade promotion, the establishment of the Science Technology Park Belgrade (STPB) and the development of its services to start-ups has resulted in 201 new jobs created (49 for women) by member start-ups and growing companies affiliated with the STPB, while the export volumes of these companies reached CHF 25 million. The Swiss Entrepreneurship Programme (EP) provided valuable expertise and capacity building to start-up ecosystem players, including on the topic of capital mobilisation. So far, cumulatively, 439 start-ups have received support from partner organisations of the Swiss

'Adient' company in Loznica has in the last cycle of the 'Education to Employment' (E2E) project, trained 100 young persons (equal numbers of men and women) to become sewing machine operators for car seat covers. After training, 92 trainees were offered a job in this company.





Deli Monday, an event where guests can try specialities from different cultures and cuisines, exchange experiences and socialise.
Project 'Mixed migration and Protection/Integration system support'

EP. Support facilitated by SIPPO in the sectors of natural ingredients, technical wood and value-added textiles, contributed to total additional exports of CHF 12.6 million of goods and services from Serbian companies active in these sectors by 2020 and the employment of 400 people.

Regarding employability and employment, Switzerland has continued its work on improving career guidance and counselling to young labour-market entrants and non-formal labour market intermediation activities at the local level. While the number of people who found employment is modest at national level (831 were placed in jobs, 430 men and 401 women, 17,887 young people received career counselling, out of which 52% female, 21% hard-to-place), local ownership of the training alliances at local level is highly encouraging in terms of sustainability. Not only have employers contributed 50% of the costs for labour-market insertion, but four municipalities have come forward to contribute to the labour-market insertion measures from their own budgets, with one municipality even independently replicating the measures. In parallel, Swiss research and policy advice has made a significant contribution to the Serbian government's reforms of the formal secondary VET system, which is attended by 73% of secondary level students in Serbia. Dual VET programmes in the public secondary education system were introduced by the government in 2018, and an estimated 10,000 boys and girls are currently enrolled in such three or four-year programmes combining in-company training with school-based training. This double approach of addressing immediate needs for labour-market intermediation at the local level, while at the same time investing in long-term, systemic change of the formal VET system to address the root causes of the labour-market challenges, has proved highly promising and will be reinforced.

3.3. Sustainable Energy and Resilient Cities

Programmes in the 'Sustainable Energy and Resilient Cities' domain are at different stages of implementation. Results in terms of reduced greenhouse gas emissions through the implementation of energy efficiency measures in public buildings and additional kilowatt-hours produced through renewable energy sources in district heating systems cannot be assessed yet and will continue to be monitored and reported on under the results framework of the new co-operation programme. An encouraging result is the application of a financing mechanism, developed under a Swiss supported local PFM programme, which will be applied for financing of energy efficiency measures of residential buildings until the planned Energy Efficiency Fund is fully operational. The Swiss supported introduction of an auctions programme for renewable energy, switching from feed-in tariffs to an auction-based scheme, is currently in the legislative procedure.

The introduction of an early warning system for natural disasters in Uzice in 2021 and the heightening of seven bridges in Paracin as well as the recently started urban planning programme will contribute to the resilience of cities. With the official recognition of municipalities reaching 35% of the European Energy Award (EEA) criteria as energy award pioneers, a boost for the full implementation of the EEA is expected as an important contribution to Serbia's energy transition.

3.4. Migration partnership

The Swiss migration partnership was fully aligned with Swiss priorities in Serbia. Facilitated by the SEM, it contributed to better protection of migrants and improvements in the management of the asylum system. As stressed in the Strategy on International Cooperation 2021–24, the migration partnership and its migration dialogue will remain relevant. It will provide Switzerland and Serbia with a shared platform to discuss, manage and develop interventions of mutual interest. These comprise a flexible set of initiatives in line with the Swiss Migration Strategic Framework for the Western Balkans 2020–23.

4. Implications for the Cooperation Programme 2022–25

All three domains of intervention supported under the Cooperation Strategy 2018–21 remain relevant from the standpoint of the Serbian reform agenda, Swiss foreign policy objectives and international cooperation. However, newly arising opportunities and challenges in the country context, uneven achievements in the three domains of intervention and the need to align with selected sub-objectives of the Swiss IC strategy 2021–24, call for a certain rebalancing, and shift in emphasis and priorities.

Further breaking down the overarching criteria for Swiss engagement as laid down in the IC strategy 2021–24 (demand of partner country, Swiss interests and Swiss value added), three different strategic considerations for future Swiss support can be distinguished: a) addressing global challenges (e.g. climate change, macro-economic stability, digitalisation), b) interventions with specific shared values and mutual interests (e.g. dual VET, trade and investment, local governance reforms, migration) and c) cooperation in fields with a partly different interpretation of values and objectives (e.g. rule of law, democracy, civil society).

The greatest challenge lies in the rule of law and concentration of power. In the 'Democratic Governance and Civil Society' domain Switzerland will remain engaged with reform-oriented state actors and keep channels of dialogue open (e.g. local governance reforms), while further promoting democratic practices and space for civil society. The future programme will capitalise on positive results at the local level (e.g. quality of services, financial oversight, transparency and citizen participation) and reinforce its engagement, for instance on climate relevant topics. The continuously relevant issues of LNOB and social inclusion, for which limited opportunities for systemic change exist at national level, will be more explicitly addressed through concrete support at the local level. Depending on the evolution of the political context and the functioning of the National Assembly, new avenues for strengthening mechanisms of checks and balances and broader representation and participation of citizens in decision-making will be explored with civil society organisations and independent media. Development cooperation and diplomatic channels will complement each other in policy dialogue.

In the 'Economic Development and Employment' domain, there are numerous opportunities to capitalise on shared priorities and common objectives. Swiss support to macro-economic institutions has proven to be relevant and successful. The new national PFM reform plan offers opportunities for additional interventions to improve the efficiency and transparency of public procurement and public investment management. Capital market development will be considered to boost investment, including in the green economy. Regarding the business enabling environment, successful programmes and good experiences, e.g. in the support to debt resolution, should be built upon.

In the field of fostering competitiveness, the partnership with the Science and Technology Park for tech start-up incubation should move from a project implementation to an institutional development approach, and the provision of international expertise to incubators and accelerators by the Swiss EP should be complemented with interventions to stimulate private investment into early-stage technology start-ups. The IFC Light Manufacturing intervention for the Western Balkans region which is upgrading and connecting local manufacturing firms to international offtakes through a digital matchmaking platform is gaining momentum and will continue through 2024. There is a strong case to renew the Swiss engagement in private sector development in the economically less developed regions, such as the south of the country, to capitalise on opportunities created by FDI and international trade. To maximise the benefits of FDI and trade on the local economy and labour markets, SMEs need to be strengthened to connect to larger corporations in these regions and to better integrate into regional and international supply chains. Key challenges for SMEs include investment in digital transformation and resource efficiency, in order to meet the increasingly demanding requirements of such clients, as well as to raise productivity in tune with rising labour costs and create more decent and better paid employment in this economically lagging region. In this context, the Serbian private sector has recognised expertise, particularly in the development of business services related to new technologies and digitalisation. In order to bring this know-how to SMEs and enable them to integrate

into global value chains, Swiss IC will promote new forms of engagement with the private sector, facilitating exchanges between these SMEs, larger companies and service providers.

The current portfolio in employability and employment offers a solid basis for expanding and deepening Swiss support. In non-formal work-based learning there is scope for anchoring locally and scaling-up local training models in new regions. In dual VET the policy advice provided so far for the law on dual education offers promising prospects for engaging with the private sector, fostering company-school partnerships, expanding and diversifying dual VET in a gender sensitive way.

In the 'Sustainable Energy and Resilient Cities' domain the current portfolio can be further built on, making use of an improving context (various energy and climate relevant laws recently adopted) and increasing policy drive and citizen awareness for environmental and climate related topics. The Swiss portfolio will continue to support the green energy transition by increasing energy efficiency and the share of renewable energy sources. In disaster risk reduction and urban development (resilience of cities), new programmes have just started or are about to start. While climate mitigation and resilience of cities will remain in focus, there is scope to tackle climate change (mainly adaptation) in a more comprehensive way, for which complementary entry points to the existing portfolio still need to be explored.

The playground for children in Uzice, equipped with funds that were received as the National Annual Award for Best Practices in Applying Good Governance Principles at the Local Level, established under the Swiss PRO project.



5. Strategic orientations and Swiss priorities for 2022–25

Six sub-objectives (SOs) of Switzerland's strategy for international cooperation 2021–24 refer to the cooperation programme in Serbia: SO 1: Strengthening framework conditions for market access and creating economic opportunities, SO 2: Promoting innovative private sector initiatives to facilitate the creation of decent jobs, SO 3: Addressing climate change and its effects, SO 6: Preventing disasters and ensuring reconstruction and rehabilitation, SO 9: Strengthening and promoting human rights and gender equality and SO 10: Promoting good governance and the rule of law and strengthening civil society. The three portfolio outcomes (Democratic Governance and Civil Society, Economic Development and Employment, and Climate Change and Sustainable Urban Development) directly relate to the six sub-objectives, ultimately contributing to all four objectives of the Swiss Strategy for International Cooperation.

The strategic orientation of the cooperation programme 2022–25 builds on the following current trends: the government will maintain its aspiration for European integration and keep a strong focus on maintaining macro-economic stability, economic recovery and development after the COVID-19 pandemic. This offers possibilities to continue and deepen cooperation around shared values and joint objectives in macro-economic support, private sector development, trade and vocational education for more decent and better paid jobs. The concentration of political power will continue, offering limited space to work towards a more pluralistic polity and strengthening the rule of law. In spite of increasing inequalities, exacerbated by the COVID-19 pandemic, the topic of social inclusion is not at the top of the government's agenda. This situation calls for a certain rebalancing of the current governance portfolio, giving more

Inclusive workshop organised by the NGO Bazi Mili from Lajkovac.
Project 'For an Active Civil Society Together – ACT'





Local tax administration City of Sombor – citizen register their property assets which are subject to property tax.
Project 'Municipal Economic Development in Eastern Serbia' Phase 2

emphasis to local social service delivery and citizen-centred processes, and participation in sub-national decision-making, as well as mainstreaming governance throughout the portfolio. For climate change related action, there seems to be a positive momentum. Recently adopted laws, increasing political will and awareness in a broader public, offer an opportunity to deepen cooperation for both mitigation and adaptation measures.

The Swiss–Serbian migration partnership, with a flexible set of initiatives in line with the Swiss Migration Strategic Framework for the Western Balkans 2020–23, will continue following the proven WOGA approach. Likewise, the presence of the global programme for migration and development with a specific project component in Serbia will be maintained.

These considerations translate into the following **overall goal**: Switzerland will contribute to sustainable development and inclusive growth, while fostering democratic processes, in support of Serbia's progress towards European standards and values.

A theory of change for each portfolio outcome is displayed in the results framework.

*Portfolio Outcome 1: **Democratic governance and civil society.*** Citizens and civil society actively participate in inclusive democratic processes and institutions are more accountable and effective

*Outcome statement 1: **Responsive and accountable institutions.*** Transparent and accountable local and national institutions meaningfully involve citizens in decision and policy-making and increase awareness and capacities regarding environmental protection and climate change.

Local governments, the Standing Conference of Towns and Municipalities and the responsible line ministry (MPALSG) will be supported to shape and implement local government reforms. Capacity building of local governments will foster their transparency, accountability and responsiveness to citizens' needs. Selected relevant policy-making processes at central level will be supported in mainstreaming sustainable development goals in national policies addressing trade-offs and diverse interests in a participatory manner.

*Outcome statement 2: **Enhanced local services for all.*** Local authorities and CSOs provide effective and sustainable services, leaving no one behind.

Capacities of LSGs and local civil society to assess the needs and provide services to citizens, particularly vulnerable groups, in collaboration and complementarity with local service providers will be enhanced with a view to building effective, inclusive and sustainable local services systems and to leave no one behind.

*Outcome statement 3: **Civil society and oversight actors perform their democratic role.*** Informed citizens and strengthened civil society participate in decision-making and oversee government's work.



New biomass fuel plant in Priboj, which will contribute to the increase in use of renewable energy sources in Serbia to reduce pollution. Project 'Renewable Energy for District Heating Programme in Serbia'

The resilience and capacity of civil society will be strengthened to perform the democratic role of citizen mobilisation/representation, advocacy and oversight. Promoting dialogue between the state and civil society and access of citizens to independent, credible information will contribute to a more enabling environment for civil society and an active citizenry in democratic processes.

*Portfolio outcome 2: **Economic development and employment.*** Women and men benefit from inclusive and sustainable economic growth and more equal economic opportunities.

*Outcome statement 1: **Effective PFM and improved business environment.*** Reforms and capacity building of relevant national and local administrations and macro-economic institutions enable them to manage public finances effectively and to shape a more enabling business environment, including for trade and investment.

Capacities of national and local administrations will be strengthened for implementing PFM reforms at the central and local level, which contribute to improved macro-economic stability. Institutional and regulatory frameworks which create favourable conditions for business, trade and investment, stimulating the development of industry and entrepreneurship by reducing or removing administrative and/or legislative barriers will be further supported.

*Outcome statement 2: **Increased competitiveness.*** Strengthened innovation ecosystems, increased investment and private sector development lead to more competitive and resource-efficient enterprises, higher exports, more and better jobs and incomes for women and men.

Expertise and resources will be provided to support the innovation ecosystem as the key opportunity for Serbia's economic growth. Increased competitiveness of the economy will be promoted by supporting both industry 4.0 and enterprises from traditional industries (manufacturing) in accessing markets, improving resource efficiency and accessing international value chains (e.g. through digital transformation and compliance with sustainability standards) with a focus on more employment opportunities and better living conditions for all, particularly youth and women.

*Outcome statement 3: **Employability and employment.*** A labour market oriented VET system and effective intermediation between the economy and education system improve inclusive labour force participation, productivity and wages.

Support will be provided for the VET system reform at policy, institutional and operational level. Evidence-based decision-making in VET policy and stronger collaboration between the education system and the economy on dual VET will contribute to closing the skills gap, to increased labour force participation, higher productivity and wages.

*Portfolio outcome 3: **Climate change and sustainable urban development.*** The Serbian society and economy benefit from improved climate change resilience and decarbonisation in line with the objectives of the 'Green Agenda for the Western Balkans'.

*Outcome statement 1: **Climate mitigation and energy transition.*** Increased energy efficiency and decarbonisation of the energy sector contribute to Serbia's energy transition, sustainable growth and the well-being of citizens.

Support for energy efficiency measures and renewable energy sources will contribute to the energy transition in Serbia. Innovative technologies will be tested and showcased to encourage replication and investment in similar projects.

*Outcome statement 2: **Climate adaptation and resilience in cities.*** Climate smart urban development and disaster risk reduction measures will increase community resilience.

Municipal capacities will be strengthened to sustainably plan, implement and manage climate-resilient and inclusive urban development. The European Energy Award will be continued and further support energy management capacities of municipalities. Continued support for disaster risk reduction (DRR) and the promotion of new (nature based) solutions for climate adaptation will further increase the resilience of municipalities.

Climate change and environmental protection, good governance, as well as gender equality and social inclusion, will be integrated in a transversal manner in all the interventions. The cooperation programme will strive to benefit left-behind groups in a deliberate manner and disaggregate results wherever possible. For the portfolio outcome on democratic governance and civil society, left-behind groups include Roma, people with disabilities as well as all people eligible for support in line with the law on social protection. Hard to place youth and people at risk of poverty and/or unemployment will be part of the target groups for VET and labour market insertion interventions, while in general the portfolio outcomes on economic development and employment as well as climate change and sustainable urban development will have more indirect and longer term effects on left-behind groups.

Culture and artistic expression build meaning, identity and community, contributing to the creation of shared values and as such can be an empowering force. The cooperation programme will dedicate at least 1% of its budget to local cultural initiatives.

6. Programme management and implementation

Programme management will take into account the different contextual challenges and opportunities in the three defined portfolio outcomes. In areas of cooperation with a broader basis of shared values and objectives, aid modalities will use 'country systems', including the public and private sector, as much as possible. This applies in particular to the 'economic development and employment' as well as 'climate change and sustainable urban development' portfolios. In 'governance' a more balanced approach will be applied, working through the state system where real reform opportunities open up, but also supporting non-state actors where alternative mechanisms of check and balance, participation in decision making or access to independent sources of information are required. A broad modality mix, basically working through contributions and mandates, will be maintained, including engagement with IFIs in different portfolio outcomes. Cooperation with UN actors will evolve following progress achieved in the UN-system reform, in favour of a more policy-influencing and normative role, leaving project implementation to Serbian partners. Co-funding partnerships and topical alliances will be established with other bilateral donors and, whenever possible, with the private sector.

Switzerland will remain committed to donor coordination through active participation in the relevant sector working groups for the Swiss portfolio (co-lead by the Ministry of European Integration and different bilateral donors). Policy dialogue remains of key importance and will be conducted in the context of all three portfolio outcomes, keeping in mind the people centred outcomes of the programme.

Digital transformation will be used as a means to accelerate development outcomes and be more prominently integrated in new interventions across the portfolio. Besides digitalisation in the public sector under the lead of the MPALSG, the government works on developing and implementing a legal and strategic framework to enable more efficient and digital support to businesses as well. Climate-relevant interventions will be broadened through dedicated programmes and mainstreaming throughout the portfolio as opportunities arise. Opportunities for engaging more with the private sector will be assessed while developing new programmes especially in the portfolio outcome 'Economic Development and Employment'.

Young man holding on iron for the first time. He is one of six trainees at the MDS company in Knjaževac and the only man who, within the 'Education to Employment' project, chose to attend the training for sewing machine operators.



7. Strategic steering

The Swiss embassy cooperation team in Serbia is responsible for the implementation, monitoring and steering of the Swiss cooperation programme. A comprehensive monitoring system provides the basis for progress reporting, learning and steering in order to ensure effectiveness and relevance. The results framework with Swiss portfolio outcomes which contribute to country development outcomes and selected sub-objectives of the Swiss IC Strategy 2021–24, each with respective indicators, is the main reference for these purposes.

The annual reporting, including an assessment of the wider country context (MERV), informs on progress achieved in Swiss portfolio outcomes and their contributions to country

development outcomes and derives steering decisions and priorities for the following year. Annual reporting is also informed by regular monitoring visits to project partners, stakeholders and beneficiaries.

Programme management monitoring focuses on the efficiency and effectiveness of implementing the cooperation programme and includes continuous monitoring of financial planning and disbursements throughout the year. Partner risk and internal control system assessments are used to identify and mitigate the risks related to implementation partners and their administrative and financial compliance. Relevance and progress of the cooperation programme will be assessed in a mid-term review.







Horizons

Photo: Ana Teklerovic, Mikser festival 'New Perspectives' competition



Annex 1: Results framework synopsis

Overall Goal: Switzerland will contribute to sustainable development and inclusive growth, while fostering democratic processes, in support of Serbia's progress towards European values and standards.

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| IC STRATEGY 2021–24 SUB-OBJECTIVES | 9: Strengthening and promoting human rights and gender equality (link with SDGs 4, 5, 10, 16)  | 10: Promoting good governance and the rule of law and strengthening of civil society (link with SDG 16)  | |
| | 3: Addressing climate change and its effects (link with SDG 6, 7, 12, 13)  | 1: Strengthening framework conditions for market access and creating economic opportunities (link with SDGs 5, 8, 9, 10, 17)  | |
| | 2: Promoting innovative private sector initiatives to facilitate the creation of decent jobs (link with SDGs 5, 8, 9, 10, 17)  | 6: Preventing disasters and ensuring reconstruction and rehabilitation (link with SDG 11)  | |
| | Democratic Governance and Civil Society | Economic Development and Employment | Climate Change and Sustainable Urban Development |
| | <i>Citizens and civil society actively participate in inclusive democratic processes and institutions are more accountable and effective.</i> | <i>Women and men benefit from inclusive and sustainable economic growth and more equal economic opportunities.</i> | <i>The Serbian society and economy benefit from improved climate change resilience and decarbonisation in line with the objectives of the “Green Agenda for the Western Balkans”</i> |
| OUTCOME STATEMENTS | Responsive and accountable institutions Transparent and accountable local and national institutions meaningfully involve citizens in decision-making and policymaking and increase awareness and capacities regarding environmental protection and climate change. Enhanced local services for all Local authorities and CSOs provide effective and sustainable services leaving no one behind. Civil society and oversight actors perform their democratic role Informed citizens and strengthened civil society participate in decision-making and oversee government's work. | Effective public financial management and improved business environment Reforms and capacity building of relevant national and local administrations and macro-economic institutions enable them to manage public finances effectively and to shape a more enabling business environment, including for trade and investment. Increased competitiveness Strengthened innovation ecosystems, increased investment and private sector development lead to more competitive and resource-efficient enterprises, higher exports, more and better jobs and incomes for women and men. Employability and employment A labour market oriented Vocational Education and Training system and effective intermediation between the economy and education system improve inclusive labour force participation, productivity and wages. | Climate mitigation and energy transition Increased energy efficiency and decarbonisation of the energy sector contribute to Serbia's energy transition, sustainable growth and the well-being of citizens. Climate adaptation and resilience in cities Climate smart urban development and disaster risk reduction measures increase community resilience. |
| TRANSVERSAL THEMES | Transversal themes: Climate change and environmental protection, good governance, gender equality and social inclusion Migration | | |

Annex 2: Results Framework

| Democratic (local) governance and (active) civil society | | |
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| <p>Swiss Portfolio Outcome 1: Citizens and civil society actively participate in inclusive democratic processes and institutions are more accountable and effective</p> | | |
| <p>Contributing to:</p> <p>IC Strategy Sub-objective 1: <i>Strengthening framework conditions for market access and creating economic opportunities (link with SDGs 5, 8, 9, 10, 17)</i></p> <p>IC Strategy Sub-objective 2: <i>Promoting innovative private sector initiatives to facilitate the creation of decent jobs (link with SDGs 5, 8, 9, 10, 17)</i></p> <p>IC Strategy Sub-objective 3: <i>Addressing climate change and its effects (link with SDG 6, 7, 12, 13)</i></p> | | |
| 1) Swiss portfolio outcomes | 2) Contribution of the Swiss Programme | 3) Country development outcomes |
| <p>Outcome statement 1.1: Responsive and accountable institutions – Transparent and accountable local and national institutions meaningfully involve citizens in decision-making and policymaking and increase awareness and capacities regarding environmental protection and climate change</p> <p>Indicators</p> <p>1.1.1) Improved local indicators for transparency and accountability of supported LGs in selected areas³</p> <ul style="list-style-type: none"> • Baseline: Transparency Serbia's local transparency index [2022] • Target value: Swiss supported local governments show an improvement of 15% in selected areas of local transparency index [2025] <p>1.1.2) Number of supported policies elaborated in a participatory manner⁴ and adopted</p> <ul style="list-style-type: none"> • Baseline: National 0/ Local 0 [2022] • Target values: National 10/ Local 50 [2025] <p>1.1.3) CCE_ARI_2 Number of persons trained on climate change issues</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 550 (M 200/F 200, LNOB M 75/F 75) [2025] | <p>By supporting local governments (LGs), the SCTM and line ministry to shape and implement local government reforms, by making LGs' work more transparent, accountable and responsive to all citizens' needs, and by building LGs' capacity on environmental protection, Switzerland contributes to more democratic and effective LGs that act in the best interest of all citizens. With this, the social contract between LGs and citizens is reinforced.</p> <p>By supporting participatory processes in selected policy-making processes at central level, Switzerland contributes to preserving dialogue and coordination among multiple stakeholders and enables the mainstreaming of sustainable development goals and targets in national policies.</p> <p>The existing strategic framework for LG reforms, the important role of LGs in implementing the EU acquis, and increased citizen interest in environmental issues provide opportunities to further strengthen local governance in general and environmental governance in particular. However, LGs continue to lack resources, and the context is only partially conducive to reforms.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> • The central government re-activates coordination mechanisms around the 2030 Agenda. Local and national authorities are open to mainstream the 2030 Agenda in policies. They consult broadly and meaningfully and include proposals by the public and analytical institutions • The central government supports local government reforms • LGs are interested in improving their performance, and to become more transparent, accountable and participatory • LGs are responsive to citizens' demands on environmental challenges • The SCTM is able to successfully mediate between the central and local levels <p>Risks:</p> <ul style="list-style-type: none"> • Limited commitment towards the 2030 Agenda and its mainstreaming into sectoral policies • Limited support from the national government for local government reforms • Limited willingness of local governments to improve transparency, accountability and citizens' participation • Limited human and financial capacities of local governments, and increased dependence on the central government • Early local elections may lead to staff turnover and discontinuity, i.e. loss of capacity and delays | <p>Outcome statements related to 1.1:</p> <p>Local governments have their interests represented in law and policymaking and receive capacity building support. (Strategic Plan of SCTM 2022–25)</p> <p>Increased level of participation of civil society, businesses and other stakeholders in early preparatory stages of public policies and regulations (Action Plan for implementing Public Policy and Regulatory Reform Management 2021–25 by Public Policy Secretariat)</p> <p>2030 Agenda implementation (progress report on 2030 Agenda implementation by Statistical Office of Republic of Serbia - SORS)</p> <p>Improved capacity of local administrations to address environmental issues (Strategic Plan of SCTM 2022–25, chapter on environment)</p> <p>Indicators</p> <p>Aggregate index of SCTM's implementation of the strategic plan 2022–25 (related to SCTM's advocacy and LG capacity-building support functions) in %</p> <ul style="list-style-type: none"> • Baseline: SCTM has adopted strategy for 2022–25 in a participative manner [2021] • Target value: at least 65% implemented [2025] <p>Source: SCTM report on implementation of Strategic Plan 2022–25</p> <p>Share of public policies, laws and ordinances adopted in line with the law on planning system</p> <ul style="list-style-type: none"> • Baseline: public policies 100%; laws 35.71%, ordinances 11.46% [2020] • Target value: public policies 100%; laws 60%, ordinances 36% [2025] <p>Source: Report on the Action Plan for implementing public policy and regulatory reform (2021–25) by the Public Policy Secretariat</p> <p>Average value of Local Environmental Protection Index by SCTM</p> <ul style="list-style-type: none"> • Baseline: 48% (sample of LGs) [2021] • Target value: 10% improvement against the baseline [2025] <p>Source: SCTM report on implementation of Strategic Plan 2022–25</p> <p>Number of SDGs and their targets showing progress</p> <ul style="list-style-type: none"> • Baseline: SORS report [2021] (available in 2022) • Target value: Overall positive development in achieving SDG targets [2024] <p>Source: Progress report on 2030 Agenda implementation by SORS</p> |

³ Transparency Serbia considers nine areas of observation.

The SDC mainly supports and will monitor four areas: budget; free access to information; local governments and citizens; public debates and public calls.

⁴ in line with Art. 34 of the law on planning system

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| <p>Outcome statement 1.2: Enhanced local services for all – Local authorities and CSOs provide effective and sustainable services leaving no one behind</p> <p>Indicators</p> <p>1.2.1) Proportion of beneficiaries satisfied with supported public services delivered by local authorities and CSOs (Citizen Satisfaction Survey)</p> <ul style="list-style-type: none"> • Baseline: TBD [2022] • Target value: Improved (M/F, LNOB M/F) [2025] <p>1.2.2) Number of persons within covered LGs who benefit from services provided by local authorities or CSOs</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 20,000 (M 8,000/F 8,000, LNOB M 2,000/F 2,000) [2025] <p>1.2.3) POV_ARI_1 Number of persons from left-behind groups benefiting from projects that reduce exclusion, discrimination and inequality⁵</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value 15,000 (LNOB M 7,000/F 8,000) [2025] | <p>By supporting LGs to assess the needs and provide services to citizens, particularly vulnerable groups, in collaboration with local service providers, by supporting local civil society to provide services on behalf or in complementarity with local authorities and by improving local policies, Switzerland helps to build up effective, inclusive and sustainable local services systems and to leave no one behind.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> • LGs are willing to improve the effectiveness, range and sustainability of services under their responsibility, also including social services to vulnerable groups • LGs are ready to collaborate with line ministries, social welfare centres and local CSOs for the provision of high-quality services and improved policies <p>Risks:</p> <ul style="list-style-type: none"> • Transfers from central level for local services are unpredictable and delayed • Limited willingness of national and local authorities to allocate adequate funding for social services to vulnerable groups and to ensure their sustainability • Lack of licensed or poor quality (social) service providers • In case of economic or other crisis, services cannot be maintained at same levels | <p>Outcome statement 1.2:</p> <p>Improved quality and availability of local government and public utility services (LG reform programme)</p> <p>Improved preparedness on social protection in view of opening EU negotiating chapter 19</p> <p>Indicator:</p> <p>Improved quality and availability of LGs and public utility services as per Local Government Reform Programme (upcoming index by MPALSG)</p> <ul style="list-style-type: none"> • Baseline: TBD [2023] • Target value: Improved [2025] <p>Source: Report on Action Plan of the Local Government Reform Programme by MPALSG</p> <p>Social protection elements within EU progress report on chapter 19 on social protection and employment (qualitative assessment)</p> <ul style="list-style-type: none"> • Baseline: Serbia is moderately prepared in the area of social policies and needs to improve adequacy of social benefits for the people below poverty line. New strategy for Social Protection (2019–25) needs to be adopted and implemented. There is no progress in local level social care services or de-institutionalisation process. System of earmarked transfers by the social welfare law is not systematic and transparent, i.e. multiannual commitments which would ensure continuity of local level service provision, evidence-based priority setting and monitoring is not in place. [2021] • Target value: A higher level of Serbia’s preparedness to open chapter 19. [2025] <p>Source: EU progress report</p> |
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⁵ This indicator includes targeted services to left-behind groups and other interventions benefiting left-behind groups like technical assistance and policy influencing. They are not overlapping with 1.2.2.

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| <p>Outcome statement 1.3: Civil society and oversight actors perform their democratic role – Informed citizens and strengthened civil society participate in decision-making and oversee government’s work</p> <p>Indicators</p> <p>1.3.1) GOV_ARI_1 Number of people participating in and influencing public service provision, decision-making and budgets in their localities</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 50,000 (M 23,000/F 23,000, LNOB M 2,000/F 2,000) [2025] <p>1.3.2) GOV_TRI_2 Proportion of people who believe that they are better informed and have more say due to supported civil society initiatives or public interest media</p> <ul style="list-style-type: none"> • Baseline: TBD [2022] • Target value: Improved (M/F, LNOB M/F) <p>1.3.3) Number of CSO advocacy initiatives contributing to decision-making and increasing accountability of the government at national and local levels</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: National 30/ Local 120 [2025] | <p>By strengthening the resilience and capacity of civil society to perform the democratic role of citizen mobilisation/representation, advocacy and acting as a watchdog, by promoting dialogue between the state and civil society, and by creating a more enabling environment for civil society, Switzerland fosters an informed and engaged citizenry contributing to a democratic society and constructive state-society relations.</p> <p>Other oversight institutions are supported to inform the public and seek accountability from the government. The EU integration process and other donors’ support help preserve the space for civil society and citizens’ participation.</p> <p>The legal framework for civic participation has improved, but is not yet systematically implemented. The openness of national and local governments for meaningful involvement of civil society and citizens is limited.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> • Civil society is resilient and able to perform its democratic role • Citizens are willing to engage in shaping public affairs and participate in civic activism • Local and national governmental institutions are open to involve citizens/CSOs in decision-making • State oversight institutions and the media are able to work independently <p>Risks:</p> <ul style="list-style-type: none"> • Shrinking space for civil society and limitation to the freedom of expression • Limited willingness of local and national governments to involve citizens and civil society in decision-making • Citizens’ apathy towards participation | <p>Outcome statement 1.3:</p> <p>The Republic of Serbia fully recognises and benefits from the expertise of civil society, and therefore approaches real and systematic dialogue with civil society (Measure 1.1.6 Action Plan for EU negotiation chapter 23)</p> <p>Level and quality of citizens’ participation at the local/national level has improved.</p> <p>Indicators</p> <p>Civil Society Sustainability Index</p> <ul style="list-style-type: none"> • Baseline: 4.3 [2020] • Target value: Improved [2025] <p>Source: Report on Civil Society Sustainability Index</p> <p>Local Transparency Index/sub-index on participation (Transparency Serbia)</p> <ul style="list-style-type: none"> • Baseline 44.3% chapter public debates and public competition [2021] • Target value: Improved [2025] <p>Source: Local Transparency Index Assessment done by Transparency Serbia</p> |
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(4) Lines of intervention (Swiss Programme)

IF citizens and civil society perform their democratic roles, and IF local and national authorities advance with good governance reforms and provide inclusive services, THEN Serbia will progress in conducting national and local reforms for an improved quality of life of Serbian citizens (fundamental rights, effective services and democracy), BECAUSE the normative framework for local government reforms is improved through expertise and inputs from local governments (SCTM); local governments are directly supported to enhance inclusive and sustainable service delivery and apply the good governance principles; and civil society and citizens are capacitated and have a more enabling environment to maintain their democratic role and exercise their democratic rights.

Lines of intervention Outcome 1:

- Support to the MPALSG and SCTM for strategic local governance reforms and their implementation, and policy dialogue related to that;
- Technical assistance and capacity building for local governments in the areas of good governance, social inclusion and the environment;
- Support towards the institutionalisation and routine application of mechanisms of dialogue between citizens and national institutions and local governments on the use of municipal revenues, and to strengthening the fiscal autonomy of local governments;
- Support to national and local institutions to mainstream and localise the 2030 Agenda, underpinned by policy dialogue on Leave no one behind (LNOB).

Lines of intervention Outcome 2:

- Support to local governments for a comprehensive and sustainable provision of services to citizens, in particular to vulnerable groups, in collaboration with local service providers.
- Support to local civil society organisations providing social services to vulnerable groups to obtain licences, professionalise and operate on behalf or in complementarity with public service provision.

Lines of intervention Outcome 3:

- Support CSOs to rebuild their links with citizens/constituencies, particularly outside of Belgrade and engage them in local decision-making processes and cooperation with local governments;
- Support to CSOs to conduct issue-based advocacy that resonates with citizens;
- Support resilience of the civil society sector, and promote an enabling environment for civil society and dialogue with the government;
- Promote citizens' access to independent and credible information (potential engagement in the media sector).

On a general level:

- The embassy will engage in policy dialogue, particularly in the areas of democracy, an enabling environment for civil society, Leave no one behind, the 2030 Agenda and local government reforms/decentralisation (potentially media freedom).

Swiss indicators will be disaggregated by men and women, and LNOB groups.

(5) Resources, partnerships (Swiss Programme)

Planned financial resources per Portfolio Outcome and per period: CHF 29 million

If available/appropriate: information on co-financing:

- Ministry of Public Administration and LG (MPALSG);
- BMZ – SDGs for All;
- USAID – Civil Society Resilience Strengthening;
- Standing Conference of Towns and Municipalities;
- UNDP/LGs – Parliament and Local Assemblies;

Other aspects of partnership (nexus, joint results, complementary support): MoU with the MPALSG

Human resources: 2 National Programme Officers + Head of Governance Domain

| Economic development and employment | | |
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| Swiss Portfolio Outcome 2: Inclusive and sustainable economic growth, expanding economic opportunities for women and men in Serbia | | |
| Contributing to: | <p>IC Strategy Sub-objective 1: Strengthening framework conditions for market access and creating economic opportunities (link with SDGs 5, 8, 9, 10, 17)</p> <p>IC Strategy Sub-objective 2: Promoting innovative private sector initiatives to facilitate the creation of decent jobs (link with SDGs 5, 8, 9, 10, 17)</p> <p>IC Strategy Sub-objective 3: Addressing climate change and its effects (link with SDG 6, 7, 12, 13)</p> | |
| 1) Swiss portfolio outcomes | 2) Contribution of Swiss Programme | 3) Country development outcomes |
| <p>Outcome statement 2.1: Effective public finance management and improved business environment – Reforms and capacity building of relevant national and local administrations and macro-economic institutions enable them to manage public finances effectively and to shape a more enabling business environment, including for trade.</p> <p>Indicators</p> <p>2.1.1) Selected PEFA indicators (PEFA national and PEFA local) and additional ones based on requests from the Serbian authorities for support</p> <ul style="list-style-type: none"> • Baseline: PEFA national scores [2021] <p>PI-10 Fiscal Risk Reporting C+, PI-11 Public Investment Management D+, PI-16 Medium term expenditure budgeting D+, PI-19 Revenue Administration B, PI-26 IA effectiveness B+</p> <ul style="list-style-type: none"> • Target value: Improved PEFA national scores [2025] • Baseline: PEFA subnational scores – internal audit, fiscal risk oversight, financial management and control [2018] • Target value: Improved PEFA subnational scores [2025] <p>2.1.2) SI 1 Measures for improving the regulatory and institutional framework</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 7 [2025] <p>2.1.3) SI 4 Measures for improving institutional and professional capacity/skills</p> <ul style="list-style-type: none"> • Baseline: 0 people trained [2022] • Target value: 2,700 people trained (30% F) [2025] | <p>By supporting public finance reforms and building capacities at the central and local level, Switzerland contributes to improved macro-economic stability in Serbia. National and local administrations improve their capacities to implement national reforms, and manage public finances more effectively, freeing additional resources for public and private investment. Switzerland engages actively in the informal PFM Donor Coordination Group. In addition, Switzerland supports reforms that create an enabling business environment.</p> <p>In addition, Switzerland promotes an institutional framework that creates a favourable business environment, stimulates the development of industry and entrepreneurship by reducing or removing administrative and/or legislative barriers. Switzerland supports the creation of favourable trade framework conditions contributing to greater resilience of the economy. Contribution to improving rules and regulations will lead to increased investment as a key factor in faster economic recovery and creating the basis for dynamic economic growth.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> • Political will to implement reforms related to public finance management, business enabling environment and trade remains strong • Credible prospect of EU accession remains an incentive to reform <p>Risks:</p> <ul style="list-style-type: none"> • Frequent staff turnover and limited human resources in government organisations and LGs • Vested interests and lack of transparency jeopardise implementation of reforms | <p>Outcome statement 2.1: Implementation of the national Public Finance Reform Programme leads to sustainable budget with a stable ratio of public debt to GDP through better Financial Management and Control, auditing, and integration of budget planning with government priorities and policy objectives. (PFM Reform Plan 2021–25)</p> <p>Indicators</p> <p>Improved Public Finance Management</p> <p>- Baseline: further improvement needed in: strategic perspective in use of public funds, medium-term budgeting, performance management, management of public investment, assets and fiscal risks, accounting and reporting [2021]</p> <ul style="list-style-type: none"> • Target value: Improved [2025] <p>Source: PEFA National 2021</p> <p>Financial sector development - Depth and liquidity of capital markets</p> <ul style="list-style-type: none"> • Baseline: size and liquidity of non-government bond instruments negligible (total volume of outstanding corporate bonds less than 0.1 percent of GDP, capitalisation of the equity market is less than 13% of GDP. Government bond trading accounts for 90% of the total turnover and < 3% of revenues) [2019] <p>Target value: Improved [2025]</p> <p>Source: WB Capital Market Development Technical Note 2019</p> <p>% of GDP created by investment (thanks to improved rules and regulations)</p> <ul style="list-style-type: none"> • Baseline: 21.4% [2020] • Target value: 25% [2023] <p>Source: Fiscal strategy for 2021 with projections for 2022 and 2023</p> <p>Logistics Performance Index (LPI): The capacity of developing countries to efficiently move goods and connect manufacturers and consumers with international markets is improving</p> <ul style="list-style-type: none"> • Baseline: Rank 68/167 [2018] • Target value: Improved [2024] <p>Source: World Bank</p> |

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| <p>Outcome statement 2.2: Increased competitiveness – Strengthened innovation ecosystems, increased investment and private sector development lead to more competitive and resource-efficient enterprises, higher exports, more and better jobs and higher incomes.</p> <p>Indicators</p> <p>2.2.1) Number of jobs created or retained or improved</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 1,210 [2025] <p>SI 13 (SECO)</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 1,160 (25% F) [2025] <p>Country specific indicator (SDC)</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 50 (M/F, LNOB M/F) [2025] <p>2.2.2) IED_TRI_1 Net additional income - Change in yearly net income (salary/wage or profit) of individuals in USD, adjusted for inflation</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: TBD (M/F) [2025] <p>2.2.3) SI 16 Increase in trade volume of sustainable commodities, knowledge-based products or services in USD</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: USD 39.5 million [2025] | <p>Switzerland provides expertise and resources to support the innovation ecosystem as the key opportunity for Serbia's economic growth identified by the government.</p> <p>Switzerland contributes to increased competitiveness of the economy by supporting both industry 4.0 and enterprises from traditional industries in accessing markets and improving (resource) efficiency of business models through digital transformation.</p> <p>With that, Switzerland contributes to development of the private sector to become innovative, investment-active and competitive, which will foster linkages to European and global value chains. This will result in increased employment and improved living standards, with a specific focus on women and youth.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> • The government stays committed to transforming from labour intensive to knowledge-based economy • Continued digitalisation in public and private sector leads to efficiency increases, cost reductions and new value creation <p>Risks:</p> <ul style="list-style-type: none"> • With continued overall (negative) demographic trends, labour force is shrinking, especially in youth group 15–30 • Lack of funding and access to funds, as well as lack of adequate financial support, with conventional funding sources remaining dominant • Difficulties in accepting innovation, due to national culture, with a pronounced lack of trust in the domestic innovation potential | <p>Outcome statement 2.2: Implementation of the Smart Specialization Strategy leads towards a highly competitive economy through research, development, innovations, and entrepreneurial initiatives in the 4S areas - food for future, ICT, future machines and manufacturing processes, creative industries (Smart Specialization Strategy of the Republic of Serbia for the period 2020–2027)</p> <p>Indicators</p> <p>Global Competitiveness Index – Overall ranking (out of 141 economies) and scoring (scale 1–100)</p> <ul style="list-style-type: none"> • Baseline: ranking 79 and scoring 60.9 [2018] • Target value: Improved [2025] <p>Source: The Global Competitiveness Report</p> <p>Total export of goods</p> <ul style="list-style-type: none"> • Baseline: EUR 1.573 billion [2020] • Target: Improved [2025] <p>Source: Statistical Office of Republic of Serbia, annual reports on external trade</p> <p>Total exports of services in the field of 4S</p> <ul style="list-style-type: none"> • Baseline: EUR 1.135 billion [2018] • Target value: EUR 1.7 billion [2027] <p>Source: National Bank of Serbia, Smart Specialization Strategy of the Republic of Serbia for the period 2020–2027</p> |
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| <p>Outcome statement 2.3: Employability and employment – A labour market oriented vocational skills development system and effective intermediation between the economy and education system improve inclusive labour force participation.</p> <p>Indicators</p> <p>2.3.1) IED_ARI_2 Employment - Number of persons having new or better employment</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 1,200 (M/F, LNOB M/F) [2025] <p>2.3.2) IED_ARI_1 Access to vocational skills development - Number of persons enrolled in new or better vocational skills development</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 2,000 (M/F, LNOB M/F) [2025] <p>2.3.3) IED_TRI_2: Private sector and vocational skills development - Number of companies or professional organisations contributing to relevant vocational skills development</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 200 [2025] <p>2.3.4) IED_TRI_3: VET system reform - Number of contributions towards a more inclusive or more labour market relevant Vocational Education and Training (VET) system</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 7 [2025] | <p>Switzerland supports a labour market oriented vocational skills development system and effective intermediation between the economy and education system. By supporting evidence-based decision-making in VET policy and stronger collaboration between the education system and the economy on dual VET, Switzerland contributes to closing the skills gap, to increased labour force participation, higher productivity and wages. A special focus will be to set up more VET careers that are also attractive to women, in order to attain more equality between male and female VET students/graduates and subsequent employment.</p> <p>Switzerland supports the VET system reform at policy, institutional and operational level, and encourages gender equality, inclusion and inter-sector cooperation.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> • Sufficient interest from companies, including foreign and diaspora owned, to design and deliver formal and non-formal work-based training • Sufficient interested youth to take part in dual VET and work based learning <p>Risks:</p> <ul style="list-style-type: none"> • Insufficient political will to shape a formal dual VET system that addresses the needs and priorities of the economy • Continued emigration specific risk for non-formal WBL (not for formal VET) | <p>Outcome statement 2.3: Improved status of young unemployed people in the labour market (Employment strategy of the Republic of Serbia 2021–26)</p> <p>Improved conditions for development of quality in work force (Action plan 2021–2023 for the Implementation of the Employment Strategy of the Republic of Serbia 2021–26)</p> <p>Indicators:</p> <p>Unemployment rate</p> <ul style="list-style-type: none"> • Baseline: 11% overall (age 15–64) and 17.5% youth (age 15–29) [2021] • Target value: 9.2% overall (age 15–64) and 16.3% youth (age 15–29) [2026] <p>Source: Labour Force Survey, Statistical Office of Republic of Serbia, Employment Strategy of the Republic of Serbia for the period 2021–26</p> <p>NEET (not in employment, education or training) rate for youth (age 15–29)</p> <ul style="list-style-type: none"> • Baseline: 16.9% [2021] • Target: 12.8% [2026] <p>Source: Labour Force Survey, Statistical Office of Republic of Serbia</p> <p>Improved standards for accreditation of nationally recognised service providers</p> <ul style="list-style-type: none"> • Baseline: No standards [2021] • Target value: Standards adopted [2023] <p>Source: National Qualification Framework Agency, Ministry of Education, Science and Technological Development Reports</p> <p>Number of students enrolled in first year dual VET secondary education as percentage of overall VET</p> <ul style="list-style-type: none"> • Baseline: 5.3% [2019] • Target value: 8.8% [2023] <p>Source: Ministry of Education, Science and Technological Development Reports, Law on Dual Education Commission art.40 Yearly Report.</p> |
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(4) Lines of intervention (Swiss Programme)

IF public finances are managed effectively, legal and administrative barriers holding back investment and trade reduced, competitiveness and market access of 4.0 and traditional industries are strengthened and the labour-market relevance and inclusiveness of VET and intermediation services improved, THEN domestic and foreign investment, job creation and revenues will increase, BECAUSE more public resources will be available for capital investments, the business environment for domestic and foreign direct investment will be more enabling, the innovation ecosystem will be stronger and Serbian high-tech and traditional companies will have better access to new, more stable and profitable (export) markets, and the VET system's offer will align with demand from the private sector, leading to increased labour market participation, higher productivity and wages.

Lines of intervention Outcome statement 2.1:

- Support Serbian public finance reforms at the local level, including introduction of financial management and control, internal audit and oversight of local enterprises
- Support to public finance reforms at the central level: improving monitoring and oversight of fiscal risks, transformation of revenue administration, public investment management, mid-term budgetary framework, disaster risk financing and insurance and others
- Support to capital market development
- Support to private sector development through improving insolvency resolution, adoption of good environmental, social and corporate governance (ESG) practices and integration of manufacturing firms into intra-regional and global value chains.
- Support Serbia's institutions and businesses to strengthen capacities in trade policymaking, to implement and benefit from trade agreement; fostering and facilitating international trade through simplifying customs procedures and efficient customs administration.

Lines of intervention Outcome statement 2.2:

- Swiss EP/STP/SIPPO: Support to development of entrepreneurial and start-up ecosystem, institutional strengthening of various POs/BSOs through organisational development and change management processes.
- Support to increased productivity and know-how of local SMEs to enable stronger backward linkages between exporting/foreign direct investment (FDI) firms and SMEs serving the domestic market. For this, new modalities and partnerships, including direct private sector engagement (PSE) will be implemented.

Lines of intervention Outcome statement 2.3:

- Support with direct labour market measures in selected regions in Serbia, through career guidance and counselling and an opportunity fund for companies and training providers and in this way contribute to the re-design of inclusive and innovative youth employment measures and policies.
- Advisory support to the Serbian Ministry of Education to diversify and broaden the dual VET legislative framework and support the private sector in delivering labour market oriented apprenticeships in line with legislation on dual education.

At the general level:

- The embassy will engage in a policy dialogue on VET with like-minded donors (Austria and Germany), advocating for closer links between the public and private sector.

Swiss indicators will be disaggregated by men and women, and LNOB groups.

(5) Resources, partnerships (Swiss Programme)

CHF 44.5 million for economic development and employment over the period 2022–25, of which CHF 26 million from SECO and CHF 18.5 million from the SDC.

Co-financing foreseen with the Austrian Development Agency on VET, with private sector (on SME competitiveness), and with EU (on PFM, Tax).

Human resources: 3 National Programme Officers (4 people, 3 FTE), + management

| Climate change and sustainable urban development | | |
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| <p>Swiss portfolio outcome 3: The Serbian society and economy benefit from improved climate change resilience and decarbonisation in line with the objectives of the “Green Agenda”.</p> | | |
| <p>Contributing to:</p> | <p>IC Strategy Sub-objective 3: Addressing climate change and its effects (link with SDG 6, 7, 12, 13)</p> <p>IC Strategy Sub-objective 6: Preventing disasters and ensuring reconstruction and rehabilitation (link with SDG 11)</p> | |
| <p>1) Swiss portfolio outcomes</p> | <p>(2) Contribution of Swiss Programme</p> | <p>3) Country development outcomes</p> |
| <p>Outcome statement 3.1: Climate Mitigation and Energy Transition – Increased energy efficiency and decarbonisation of the energy sector contribute to Serbia’s energy transition, sustainable growth and the well-being of citizens.</p> <p>Indicators</p> <p>3.1.1) SI 11 Kilowatt hours saved through energy efficiency (EE) measures or kilowatt hours additionally produced from renewable energy (RES)</p> <ul style="list-style-type: none"> • Baseline: EE 0 KWh saved [2022] • Target value: EE 11’591’660 KWh/year saved [2025] • Baseline: RES 0 KWh produced [2022] • Target value: RES 224’518’400 KWh/year produced [2025] <p>3.1.2) SI 10 Reduction of greenhouse gas emissions in Mt CO₂eq</p> <ul style="list-style-type: none"> • Baseline: 0 CO₂ saved [2022] • Target value: 39’579 t/year CO₂ saved [2025] <p>3.1.3) SI 8 Number of persons with access to better public infrastructure services</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: 101’030 [2025] | <p>Implementation of energy efficiency measures and decarbonisation of district heating and power systems helps the energy transition in Serbia. Innovative technologies are tested and showcased to encourage replication and investment in similar projects. The implemented measures benefit citizens of Serbia.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> • Positive and proactive attitude of government towards energy transition and implementation of the relevant legislation • Both public and private sectors are reactive • Government creates an enabling environment for energy transition <p>Risks:</p> <ul style="list-style-type: none"> • Delays due to decision-making process in the relevant ministries | <p>Outcome statement 3.1: Climate Mitigation and Energy Transition – Increased energy efficiency and increased use of renewable energy sources.</p> <p>(Law on Renewable Energy, Law on Rational Use of Energy, Law on Energy and Law on Mining and Geological Explorations, Climate Law; Low-Carbon Development Strategy TBD and Intended National Determined Contributions TBD, National Energy and Climate Plan TBD)</p> <p>Indicators</p> <p>% of renewable energy in the Serbian energy portfolio</p> <ul style="list-style-type: none"> • Baseline: 21% [2020] • Target value: 30% [2030] (TBC) <p>Source: National Energy and Climate Plan TBD</p> <p>Amount of energy saved</p> <ul style="list-style-type: none"> • Base line: [year] • Target value: [year] <p>Source: National Energy and Climate Plan TBD</p> <p>% of greenhouse gas emissions (CO₂) reduced</p> <ul style="list-style-type: none"> • Baseline: [year] • Target value: [year] <p>Source: (Intended National Determined Contributions TBD)</p> |

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| <p>Outcome statement 3.2: Climate Adaptation and Resilience – Climate smart urban development and disaster risk reduction measures increase community resilience.</p> <p>Indicators</p> <p>3.2.1) SI 7 Number of cities with measures for sustainable urban development and number of inhabitants benefiting</p> <ul style="list-style-type: none"> • Baseline: 0 cities and 0 inhabitants [2022] • Target value: 5 cities and TBD inhabitants/companies [2025] <p>3.2.2) European Energy Award (EEA) – Number of EEA awarded local self-governments</p> <ul style="list-style-type: none"> • Baseline: 0 [2021] • Target value: 4 [2025] <p>3.2.3) CCE_ARI_1 Beneficiaries from climate change adaptation measures – Number of persons benefiting from concrete climate change adaptation measures</p> <ul style="list-style-type: none"> • Baseline: 0 [2022] • Target value: TBD (M/F, LNOB M/F) [2025] | <p>Municipal staff will improve their management capacities to sustainably implement infrastructure. Energy management capacities will be improved by introduction of the European Energy Award. Additionally, activities in disaster risk reduction (DRR) and urban development will further increase the climate resilience of municipalities.</p> <p>Assumptions:</p> <ul style="list-style-type: none"> • Good cooperation between national and local level • Positive attitude of municipalities to implement energy legislation, climate-smart urban development and DRR measures <p>Risks:</p> <ul style="list-style-type: none"> • Delays due to decision-making process in the relevant ministries | <p>Outcome statement 3.2: Municipalities are accountable for improving energy management and increasing resilience. (Law on Rational Use of Energy, National Programme for Disaster Risk Management)</p> <p>Indicators</p> <p>% of local self-governments that have appointed energy managers</p> <ul style="list-style-type: none"> • Baseline [2021]: 70% (55/79) • Target value [2025]: 100% (all LSGs over 20,000 inhabitants, 79/79) <p>Source: Ministry of Mining and Energy</p> <p>% of local self-governments that have DRR strategies/plans</p> <ul style="list-style-type: none"> • Baseline [2021]: 3% • Target [2025]: 30% <p>Source: Law on Disaster Risk Reduction and Emergency Management, Public Investment Management Office</p> <p>Afforestation level</p> <ul style="list-style-type: none"> • Baseline: 29% (2021) • Target: 41% (2050) <p>Source: Ministry of Agriculture, Forestry and Water Management</p> <p>% of local self-governments that have low carbon strategies, local climate adaptation plans, and local air quality plans</p> <ul style="list-style-type: none"> • Baseline <p>Low Carbon Strategies 0% [2021] Local Climate Adaptation Plans 0.5% [2021] Local Air Quality Plan 8.6% [2021]</p> <ul style="list-style-type: none"> • Target value <p>Low Carbon Strategies 30% [2025] Local Climate Adaptation Plans 30% [2025] Local Air Quality Plan 30% [2025]</p> <p>Source: Ministry of Environmental Protection</p> |
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| <p>(4) Lines of intervention (Swiss Programme)</p> <p>IF innovative technologies for energy efficiency and decarbonisation in district heating systems are tested and showcased and if they trigger replication and investment in similar projects and IF municipal management capacities for sustainable energy, infrastructure, climate change adaptation and urban planning are strengthened, THEN Serbia's energy transition and achievement of climate targets will be accelerated, BECAUSE these lines of intervention correspond to government priorities and citizens' demands and will directly contribute to the implementation of the recently adapted laws on renewable energy, rational use of energy, climate change, disaster risk reduction and emergency management.</p> <p>Lines of intervention Outcome statement 3.1:</p> <ul style="list-style-type: none"> • Support to improving energy management, introduction of the European Energy Award, and implementation of energy efficiency measures at the local level • Decarbonisation of the district heating sector with the introduction of solar/thermal/innovative technologies and biomass • Policy support in designing the auction system <p>Lines of intervention Outcome statement 3.1:</p> <ul style="list-style-type: none"> • Strengthening sustainable and resilient urban development at central and local level • Supporting climate actions in line with the Green Agenda in the areas of: decarbonisation, depollution, afforestation and local climate adaptation planning • Support for implementation of disaster risk reduction measures at municipal level and capacity building |
| <p>(5) Resources, partnerships (Swiss Programme)</p> <p>Planned financial resources per Portfolio Outcome and per period: CHF 20,900 (CHF 16 million SECO, CHF 4.9 million SDC)</p> <p>If available/appropriate: information on co-financing: KfW, EBRD, UNDP</p> <p>Human resources: 0.5 National Programme Officer + management</p> |

Annex 3: Monitoring system

The monitoring system of the Swiss Cooperation Programme 2021–24 consists of a number of tools for enhancing the result orientation of the programme. It ensures that data relevant to the programme is collected, analysed and used for programme steering and learning, as well as for reporting.

The monitoring system serves three main purposes:

- Accountability – reporting on results of the programme to different target groups, including the Swiss public and decision-makers, the public, beneficiaries and governments in Serbia, and other interested parties.
- Steering – ensuring that the Swiss cooperation programme remains relevant, efficient and effective, and produces sustainable results.
- Learning – capitalising on lessons learnt, validated experience.

The monitoring system observes three dimensions: the country context, the programme and project levels. Different monitoring instruments are used and adapted as needed.

| | Instrument | Purpose | Frequency |
|-----------------|-------------------------------------|---|--|
| Context | Cooperation team meetings | Permanent context monitoring and discussion, as a basis for programme steering | Bi-weekly |
| | MERV | Context development analysis to identify changes relevant to the cooperation programme | Yearly: September |
| Programme level | Annual report | Cumulative reporting on progress made towards the targets of the results framework, used as a basis for the steering and planning of the subsequent year. The annual report includes an annual programme. | Yearly: October |
| | Mid-year review | Stocktaking and identification of necessary short-term adaptations of the annual programme | Yearly: June |
| | Mid-term review | Review of the cooperation programme's relevance, lessons learnt and results achieved, as a basis for planning the subsequent Swiss cooperation programme | 2024 |
| Project level | Strategic monitoring visits | Visits to project partners and beneficiaries to discuss findings of the OMS, as a basis for project steering and policy influencing | Twice a year for each project |
| | Steering committee | Steering and/or advisory bodies providing strategic assistance at the project level | At least once a year per project |
| | End of phase/end of project reports | Internal review with main conclusions on results achieved, project performance and recommendations for subsequent project phases | At the end of the project phase and the end of the project |
| | External project reviews | Evaluation of projects for reporting, steering, learning, and planning of subsequent project phases | Once per project phase |
| | Internal control system | Periodic financial and procedural audit done by the embassy | 3–5 projects per year |
| | Partner risk assessment | Assessment of a partner's policies, procedures and capacities and related risks to the management of Swiss funds | Before signing the contract |
| | Internal operational committee | Discussion of new entry and credit proposals by the embassy team | As required |

Annex 4: Financial planning (in CHF)

| Swiss Cooperation Programme for Country/Region: Serbia | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Duration of Cooperation Programme: Jan 2022 until Dec 2025 | | | | | | | |
| | SDC | | | | SECO | | |
| Financial Year: | 2022 | 2023 | 2024 | 2025 | 2022–25 | Total 2022–25 | in % |
| Break down of budget allocation according to Domain of Intervention/Portfolio Outcomes: | | | | | | | |
| Domain of Intervention/Portfolio Outcome 1 | | | | | | | |
| Governance | 7'500'000 | 7'500'000 | 7'000'000 | 7'000'000 | – | 29'000'000 | 30.1% |
| Domain of Intervention/Portfolio Outcome 2 | | | | | | | |
| Economy and Employment | 7'500'000 | 7'500'000 | 4'850'000 | 4'850'000 | 26'000'000 | 44'500'000 | 46.1% |
| Domain of Intervention/Portfolio Outcome 3 | | | | | | | |
| Climate Change and Sustainable Urban Development | 1'300'000 | 1'200'000 | 1'200'000 | 1'200'000 | 16'000'000 | 20'900'000 | 21.7% |
| Other outcomes | | | | | | | |
| Other (Culture and Global Credit) | 600'000 | 500'000 | 500'000 | 500'000 | – | 2'100'000 | 2.2% |
| Total budget allocation (to Intl. Cooperation-Office(s)) | 13'800'000 | 13'600'000 | 13'550'000 | 13'550'000 | 42'000'000 | 96'500'000 | 100% |

| General overview of indicative budget allocation by Swiss Federal Offices (for information purpose only): | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Budget allocated to IC-Office(s) | 13'800'000 | 13'600'000 | 13'550'000 | 13'550'000 | 42'000'000 | 96'500'000 |
| thereof: <i>SDC-Eastern Cooperation</i> | <i>13'800'000</i> | <i>13'600'000</i> | <i>13'550'000</i> | <i>13'550'000</i> | | <i>54'500'000</i> |
| <i>SECO-Economic Cooperation</i> | | | | | <i>42'000'000</i> | <i>42'000'000</i> |
| <i>SDC-Institutional Partnerships</i> | <i>1'220'000</i> | <i>1'220'000</i> | <i>1'220'000</i> | <i>1'215'000</i> | – | <i>4'875'000</i> |
| Total budget allocation by federal offices | 15'020'000 | 14'820'000 | 14'770'000 | 14'765'000 | 42'000'000 | 101'375'000 |

Furthermore, Serbia benefits from regional programmes of the SDC's Global Cooperation Divisions Climate Change and Environment and Migration and Development. In addition, CHF 2 million is made available for Serbia within the Swiss Migration Framework for the Western Balkans 2020–23.

The final allocation of funds will depend on the identification of suitable interventions, the absorption capacity as well as the efficiency and effectiveness of the cooperation with the relevant partners in the country. Accordingly, the information on planned budget for the four-year period is indicative. This information serves merely as a basis for the forward spending plans that are reviewed each year by the Swiss Parliament.

Annex 5: List of abbreviations

| | |
|---------------|---|
| CHF | Swiss francs |
| CSOs | Civil society organisation |
| DP | Directorate of Political Affairs |
| DRR | Disaster risk reduction |
| EBRD | European Bank for Reconstruction and Development |
| EEA | European Energy Award |
| EDE | Economic Development |
| EP | Swiss Entrepreneurship programme |
| EU | European Union |
| EUR | Euro |
| FDI | Foreign direct investment |
| GDP | Gross domestic product |
| GIZ | German Organisation for International Cooperation |
| IC | International Cooperation Strategy |
| IFC | International Finance Corporation |
| IFIs | International Finance Institutions |
| KfW | Kreditanstalt für Wiederaufbau/German Development Bank |
| MoF | Ministry of Finance |
| LFS | Labour force survey |
| LSG | Local self-government |
| LNOB | Leave No One Behind |
| MERV | Monitoring System for Development-Relevant Changes |
| MPALSG | Ministry of Public Administration and Local Self-Government |
| PFM | Public financial management |
| PSE | Private Sector Engagement |
| SCTM | Standing Conference of Towns and Municipalities |
| SIPRU | Social Inclusion and Poverty Reduction Unit |
| SDC | Swiss Agency for Development and Cooperation |
| SDGs | Sustainable Development Goals |
| SECO | Swiss State Secretariat for Economic Affairs |
| SEM | Swiss Secretariat for Migration |
| SIPPO | Swiss Import Promotion Programme |
| SMEs | Small or medium-sized enterprises |
| SORs | Statistical Office of the Republic of Serbia |
| STPB | Science Technology Park Belgrade |
| TRI | Thematic Reference Indicator |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| US | United States |
| USAID | United States Agency for International Development |
| USD | United States Dollar |
| VET | Vocational education and training |
| WoGA | Whole-of-government approach |

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