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Reform Agenda Update - Pilot Reform Monitor

FIRST SEMESTER 2025 - AS OF JUNE 2025



Reform Agenda Update: Pilot Reform Monitor

Serbia - FIRST SEMESTER 2025 - AS OF JUNE 2025

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This Reform Agenda Update: Pilot Reform Monitor is the first in the series of national monitoring reports within the Reform Monitor project.

This first Reform Agenda Update: Pilot Reform Monitor is a preliminary update intended as a mid-semester snapshot (alert!) rather than a detailed evaluation. As the project team pilots the methodological approach and the indicators, further policy developments in the coming weeks may shift the status of currently pending reforms.

The Reform Monitor tracks the implementation of selected reform steps from the Reform Agendas. The selected reform steps are organised in so-called “*policy domains*” that fall within the policy areas and sub-areas of the Reform Agendas. These “*policy domains*” are developed following an additional level of reform identification and coding of reform steps by the project team. This approach was chosen to focus on reform steps common across the WB region and to enable regional-level analyses, benchmarking and comparability, given the available human resources and the thematic expertise of the TEN network. For methodological notes and the reform steps selection process, see the [draft methodology note](#).

This Pilot Reform Agenda Update follows a structure aligned with the Reform Monitor’s methodology, covering: (1) a high-level Executive Summary; (2) procedural compliance under the RGF; (3) reform steps implementation status per policy domain; and (4) narrative and analysis of key progress and challenges. Each section provides a snapshot of progress and obstacles related to Albania’s Reform Agenda implementation.

Please note that the cut-off date for data collection and assessment for this update is **June 30, 2025**. Developments occurring after this date are not reflected in this report but will be considered in subsequent updates.

EXECUTIVE SUMMARY

In the first semester of 2025, Serbia made some progress in implementing its Reform Agenda under the EU's Reform and Growth Facility (RGF). However, the overall pace remains only partially on track. Several foundational steps—such as the submission of the Reform Agenda, ratification of the Facility and Loan Agreements, and appointment of a national coordinator—have been achieved, laying the institutional basis for implementation. However, due to the absence of publicly available information, it remains unclear whether Serbia has established the RGF Monitoring Committee or adopted the mandatory Communication and Visibility Plan. This lack of transparency makes it impossible to verify whether all eligibility conditions for pre-financing have been fulfilled. However, Serbia submitted its pre-financing request in March 2025 and received the first New Growth Plan funds in June 2025.

This delay occurred in a broader context marked by political turbulence. In early 2025, Serbia experienced mass citizen protests demanding accountability and anti-corruption measures following a deadly infrastructure collapse in Novi Sad. At the same time, a new government was formed, shifting public and institutional focus toward broader political processes. These developments reduced the visibility of the Reform Agenda in the public sphere and may have diverted administrative capacity from reform implementation. Moreover, the delay in pre-financing disbursement may also reflect concerns related to political conditionality, given that RGF support is explicitly linked to respect for democratic governance, the rule of law, and judicial independence. While no official explanation has been provided by the European Commission, the lack of disbursement raises legitimate questions about whether recent political developments have affected the assessment of Serbia's fulfilment of the political criteria.

In this update, **the Reform Monitor tracked eight out of seventeen reform steps foreseen for completion by December 2024¹ and June 2025.** Challenges such as protracted drafting processes, gaps in stakeholder engagement, and inconsistent follow-up after consultation phases continue to undermine reform momentum. **Overall, the Reform Agenda success in the coming months will depend on stronger political focus and institutional coordination.**

¹ The European Commission granted an extension for the December 2024 reform steps, allowing their completion by the end of February 2025.

Key Achievements

- » **Reform monitoring infrastructure formally established.** The Government Decision establishing the institutional structure for EU reform coordination includes explicit provisions for monitoring and reporting, laying a foundation for internal accountability mechanisms.²
- » **Strategic framework adopted for anti-corruption policy.** Serbia adopted a new Anti-Corruption Strategy and accompanying Action Plan for 2025–2028, following an inclusive consultation process and in line with European Commission recommendations.
- » **Innovation support targets exceeded.** The number of publicly funded researchers and innovative companies exceeded the targets of 3,400 and 600, respectively, supported by the transparent operations of the Science Fund and Innovation Fund.

Key Challenges

- » **Lengthy and uneven reform procedures.** In several cases, reform steps progressed slowly due to extended drafting phases, protracted inter-ministerial coordination, occasional political hesitations, and limited visibility of follow-up actions after consultations or public debates. These procedural obstacles, although not always resulting in formal delays, have impacted the pace and predictability of timely implementation.
- » **Insufficient transparency in sensitive areas.** In domains such as state aid alignment and internal affairs reform, key documents—such as the draft Action Plan for Alignment of State Aid Schemes with the EU acquis and the draft Law on Internal Affairs—have not been made publicly available. The absence of such drafts or accompanying consultation reports undermines transparency and public trust in the reform process.
- » **Compressed timelines for public consultation.** Several public consultations (e.g., SALW Strategy, Counter-terrorism Programme) were conducted within extremely short time windows, raising concerns about the quality of stakeholder engagement.
- » **Questionable assessment of general conditions in pre-financing disbursement amidst democratic backsliding.** While Serbia received the pre-financing funds in June 2025, the disbursement occurred in the context of democratic backsliding. Civil society organisations have repeatedly raised concerns about the erosion of civic freedoms and the rule of law—issues that have come into sharper focus amid the ongoing student-led protests that began in November 2024.

² However, the separate RGF Monitoring Committee—foreseen as an oversight body involving external stakeholders—is yet to be established.

RGF PROCESS MONITORING: LEGAL AND ADMINISTRATIVE STEPS

The RGF Process Monitoring tracks whether Serbia has fulfilled the necessary procedural milestones, i.e., the legal and administrative steps set out under the Reform and Growth Facility (RGF) framework, which are necessary to enable access to EU financial support. This part of the monitoring tracks the national government's initial and ongoing procedural compliance, using a straightforward binary scoring system: **Achieved** or **Not Achieved**.

Setting Up National Institutional Structures

The implementation of the RGF is coupled with several policy documents and arrangements that lay down the applicable principles and conditions for accessing RGF funding through loans. Some of these steps represent foundational requirements that Serbia must complete before receiving any RGF disbursements. Serbia can access funding after these documents have entered into force. Achieving these indicators is essential for initiating the reform funding process.

Procedural Step	Status	Progress Details
Reform Agenda Submission to the EU	Achieved	Serbia formally submitted its final Reform Agenda to the European Commission on 9 July 2024.
Reform Agenda Implementing Decision	Archived	The Implementing Decision was adopted by the European Commission on 23 October 2024.
Facility Agreement Ratification and Entry Into Force	Achieved	The National Assembly adopted the Law ratifying the Facility Agreement, which entered into force on 4 December 2024.
Loan Agreement Ratification and Entry Into Force	Achieved	The National Assembly adopted the Law ratifying the Loan Agreement, which entered into force on 19 March 2025.
National RA Coordinator Appointment	Achieved	By the Government Decision on the Establishment of the Coordination Body for Serbia's EU Accession Process, adopted on 21 November 2024, the Minister of European Integration was appointed as the National RA Coordinator.
Anti-Fraud Coordination Service	Achieved	Serbia relies on its existing Anti-Fraud Coordination Service (AFCOS), established under IPA III, to fulfil RGF-related obligations. The AFCOS is institutionalised as an internal unit under the direct authority of the Minister of Finance and is responsible for coordination with the European Commission in preventing, detecting, and reporting fraud and other irregularities involving EU funds.
RGF Monitoring Committee Establishment	No data	No publicly available information confirms the establishment of this structure. According to the Facility Agreement, the Monitoring Committee is to be established within six months of the Agreement's entry into force. This deadline expired on 4 June 2025.
Technical Infrastructure for Monitoring and Reporting	Achieved	The Government Decision of 21 November 2024 foresees a structured framework for monitoring and reporting within the Reform Agenda implementation process. This includes designated responsibilities and reporting mechanisms, laying the groundwork for further technical operationalisation.
Communication and visibility plan	No data	No public data is available.

Analysis and Remarks

During the current reporting period, Serbia completed the majority of key legal and administrative steps required to operationalise the Reform and Growth Facility. The Reform Agenda was formally submitted in July 2024 and [endorsed](#) by the European Commission in October 2024, while both the [Facility](#) and [Loan](#) Agreements were ratified by the National Assembly and entered into force on 4 December 2024 and 19 March 2025, respectively. In parallel, the Government appointed a National RA Coordinator and [confirmed](#) ongoing cooperation with the Anti-Fraud Coordination Service (AFCOS), providing an initial basis for procedural and institutional accountability.

Nevertheless, two essential elements of the institutional framework remain pending. The RGF Monitoring Committee has not been reported to have been established, and no public information suggests that the process is underway. As per the Facility Agreement, this structure should be in place within six months of entry into force—i.e. by 4 June 2025. Similarly, the Communication and Visibility Plan has not been published to date, casting doubt on public awareness of the reform process and the benefits of the RGF more broadly.

Request(s) and Release of RGF Funds

Each beneficiary, including Serbia, sustained eligibility for disbursements throughout the RGF lifecycle and is subject to several steps that recur semi-annually or annually. Each semester, these steps are reviewed and scored accordingly, using a binary scoring system: **Achieved** or **Not Achieved**.

Procedural Step	Status	Progress Details
Pre-Financing request	Achieved	According to data provided by the European Commission dated 26 March 2025, the pre-financing request had already been submitted by Serbia as of that date.
Pre-Financing disbursement	Achieved	The pre-financing funds were disbursed to Serbia on 21 June 2025.
Semi-annual payment request submission	Achieved	The first semi-annual payment request was submitted on 14 March 2025
Supporting documentation for reform completion (national semi-annual reporting)	Achieved	The national monitoring report for the December 2024 reforms was submitted together with the first semi-annual payment request, but it has not been made public.
EC assessment on RA implementation	No data	There is no publicly available information indicating that the European Commission has initiated its assessment of the Reform Agenda implementation.

Analysis and Remarks

In a statement to the media on 26 March 2025, the European Commission confirmed that Serbia had [submitted](#) its pre-financing request under the Reform and Growth Facility. In parallel, according to an interview with an official from the Ministry of European Integration, the government submitted its first semi-annual payment request on 14 March 2025, together with supporting documentation covering the December 2024 reform steps.³ However, as of May 2025, the national monitoring report remains unpublished. Consequently, these submissions cannot be independently verified, and it is not possible to assess whether the European Commission’s assessment process has been initiated.

On 21 June 2025, Serbia [received](#) EUR 51.66 million as pre-financing funds. However, it remains unclear to what extent the European Commission’s assessment took into account Serbia’s compliance with fundamental democratic principles, as [outlined](#) in Article 5 of Regulation (EU) 2024/1449. These include effective democratic governance, the rule of law, and judicial independence. The ongoing political climate in Serbia, [characterised](#) by the ongoing student-led protests in Serbia—triggered by a deadly infrastructure collapse in Novi Sad—have highlighted broader concerns about institutional accountability and the functioning of democratic checks and balances. These developments call for greater transparency in the assessment process, not only to ensure the credibility of conditionality but also to reassure the Serbian public that concerns over democratic governance are not overlooked by the EU.

To restore and sustain progress in the reform and funding cycle, Serbia will need to ensure full transparency, maintain timely communication with EU institutions, and demonstrate a clear commitment to the democratic conditionality underpinning the Facility.

3 Interview with a representative from the Ministry of European Integration, 29 May 2025.

REFORM AGENDA IMPLEMENTATION: STATUS OF REFORM STEPS IN FOCUS FIRST SEMESTER—2025

The table below provides an overview of the reform steps per policy domain that the Reform Monitor project tracks, with completion dates for December 2024 and June 2025. It highlights each reform implementation status and the progress achieved. Within the selected domains, Serbia has a total of seven reform steps due in December 2024 and ten reform steps scheduled for the first semester of 2025 (June 2025). As such, this Reform Monitor Update covers only eight reform steps of the total seventeen reform steps scheduled for implementation by December 2024 and June 2025.

Reform (ID & Title)	Progress Details
Reform area: Rule of Law & Fundamental Rights - Policy Domain: Anti-Corruption (one out of five reforms monitored in this Reform Area)	
Anti-Corruption Strategy - Following consultations with the Commission, the Anti-corruption strategy and action plan for 2025-2028 are adopted.	Strategy adopted in July 2024. Action Plan adopted in December 2024. Consultations widely inclusive.
Reform area: Rule of Law & Fundamental Rights - Policy Domain: Fight Against Organised Crime (four out of 5 monitored reforms in this Reform Area)	
New legislative framework adopted - New legislative framework is adopted, notably: a new Law on suppression and prevention of THB by Parliament; criminal code is amended in order to criminalise effectively the trafficking of weapons, in line with the provisions of the Convention on transnational organised crime and firearms protocol; adoption of a new Law on weapons and ammunition, in line with EU acquis.	None of the three laws have been adopted. The draft Law against Trafficking of Human Beings (THB Law) has been subject to public debate but has yet to enter parliamentary procedure; Criminal Code amendments are stalled; drafting of the Law on Weapons and Ammunition is still in the early preparation phase.
SALW Programme - Following consultations with the Commission, new strategic document and accompanying Action Plan (2025-2030) for the control of Small arms and light weapons (SALW), in line with the provisions of the revised Regional SALW Roadmap for Western Balkans are adopted.	The document has not been adopted, nor has a public debate been launched. Consultations lasted only seven days, and the official report noted that no comments were submitted. A formal public debate is yet to begin.
The Law on Internal Affairs - The Law on internal affairs, addressing the issue of police autonomy from the Ministry of Interior during pre-investigation and investigation phases and recommendations from the Committee for Prevention of Torture is adopted	The 30 June deadline has been missed, and the drafting process remains in its early stages. Consultations were formally conducted, but no draft or report on consultations has been published. Moreover, the working group lacks civil society participation.
Counter-Terrorism Programme - A new strategic document and accompanying action plan that covers counter terrorism and all forms of radicalization and violent extremism (irrespective of political, religious or ethno-nationalist so-called justification) are adopted in line with EU policies, including envisaging concrete steps to prevent recruitment and participation of Serbian citizens as foreign fighters and to prosecute returning foreign fighters returned to Serbia.	The documents have not been adopted. A formal public debate is ongoing. The consultative process lasted only seven days, which has raised concerns regarding the inclusiveness and overall quality of the legislative process.

Reform area Business Environment and Private Sector Development—Policy Domain: State Aid Control (two out of three reforms monitored in this Reform Area)	
State Aid Scheme Inventory - Final inventory submitted in line with the European Commission's comments from March 2024	The inventory was submitted to the European Commission on 15 April 2025, with no formal feedback received yet. The document is not publicly available.
State Aid Alignment Action Plan - A time-bound action plan for alignment of state aid schemes with the EU acquis, based on a final inventory, is adopted and approved by the European Commission	The document has not been adopted. Drafting is ongoing. As an internal operational document, it is not subject to public consultation or disclosure.
Reform area Business Environment and Private Sector Development—Innovation and Access to Finance (one out of three reforms monitored in this Reform Area)	
Number of Funded Researchers and Innovative Companies - The number of funded researchers/innovative companies in the National Innovation System (Supported by Science Fund and Innovation Fund programs) is increased to 3400/600	Both quantitative targets have been exceeded. The Science Fund and Innovation Fund regularly publish open calls, selection results, and related data.

PROGRESS BY REFORM STEPS IN FOCUS PER POLICY DOMAINS

Policy Area I: Rule of Law and Fundamental Rights

Policy Domain: Anti-Corruption							
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 27	Dec 27
No. of reforms	1	0	1	1	0	1	0

Reform efforts in the Anti-Corruption policy domain focus on establishing a more coherent institutional and legislative framework to prevent and combat corruption. The Reform Agenda sets three key priorities in this area for the 2024–2027 period: the adoption of a new Anti-Corruption Strategy and Action Plan; the improvement of the track record in corruption-related cases, particularly high-level ones; and the systematic filling of vacancies in specialised anti-corruption prosecution and judicial departments.

During the first semester of 2025, Serbia adopted the new Anti-Corruption Strategy for 2025–2028 and its accompanying Action Plan, following consultations with the European Commission. While this step lays an important institutional foundation, it is widely seen as the least politically demanding among the planned reforms. The key test will come with the implementation of measures that require sustained political will—including demonstrable results in investigations and prosecutions, and credible efforts to strengthen the capacity and independence of specialised institutions. The effectiveness of the new strategy will ultimately depend on how these next steps are pursued.

- » **Reform Step: Following consultations with the Commission, the Anti-corruption strategy and action plan for 2025-2028 are adopted (December 2024).** The Anti-Corruption Strategy for 2024–2028 was [adopted](#) by the Government of Serbia on 25 July 2024, with the accompanying Action Plan [adopted](#) on 26 December 2024. Earlier drafts of both documents were made [publicly available](#) via the national e-Consultation portal, ensuring transparency in the drafting process. Detailed reports on the public debates for both documents were published, containing a full record of received comments alongside the Government's formal responses, with explicit indications of whether each suggestion was accepted and, if not, the rationale for its rejection. The consultation process engaged a broad range of stakeholders, including civil society, independent institutions, and professional organisations. The European Commission's 2024 Report [acknowledged](#) the adoption of the Strategy and did not highlight any major shortcomings, indicating general alignment with EU requirements. Furthermore, the Strategy includes clearly defined provisions for monitoring, reporting, and institutional accountability, establishing a formal structure for tracking implementation over the coming period.

Policy Domain: Fight against Organised Crime							
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 27	Dec 27
No. of reforms	0	4	1	1	1	1	0

Reform efforts in the Fight against Organised Crime policy domain focus on strengthening Serbia’s legislative and strategic framework to address serious and complex crime, in line with EU and international standards. The Reform Agenda for 2024–2027 sets out a broad set of measures, including the adoption of new laws on trafficking in human beings (THB), weapons and ammunition, and financial investigations; strategic documents on SALW control and counter-terrorism; and reforms to enhance police autonomy and compliance with CPT recommendations. The reform package includes two steps focused on strengthening Serbia’s operational track record in organised crime cases. While no specific numerical targets are defined, these reform steps foresee demonstrable improvements in areas such as indictments, convictions, asset confiscation, firearms tracing, and victim protection. Progress will be reviewed twice: in June 2026 and June 2027.

During the first semester of 2025, Serbia focused on preparatory activities for reforms due by the June 2025 deadline. Most efforts were directed at drafting legislative and strategic documents, which are still in the process of preparation. While this reflects a degree of institutional engagement, the actual impact of reforms will depend on timely adoption and, more importantly, on the effectiveness of their implementation in the period ahead.

- » **Reform Step: New legislative framework is adopted, notably: a new Law on suppression and prevention of THB by Parliament; criminal code is amended in order to criminalise effectively the trafficking of weapons, in line with the provisions of the Convention on transnational organised crime and firearms protocol; adoption of a new Law on weapons and ammunition, in line with EU acquis (June 2025).** While the reform remains formally due by June 2025, none of the three legal acts envisaged under this reform step—the TBH Law, the amendments to the Criminal Code concerning weapons trafficking, and the new Law on Weapons and Ammunition—have been adopted by Parliament.

A dedicated working group for drafting the Law on the Suppression and Prevention of Trafficking in Human Beings was established on 8 October 2024, comprising representatives from relevant institutions and civil society organisations active in the field. Preliminary consultations were held between October 2024 and January 2025, and the process was documented on the e-Consultation portal. The draft law was subsequently published and underwent public debate from 22 May to 11 June 2025. A report on the [public debate](#) has since been published, providing detailed explanations as to whether comments were accepted, and if not, why. Nevertheless, the law has not yet entered parliamentary procedure.

Amendments to the Criminal Code were subject to public consultation in October 2024, but no report on the consultation has been published, and the [draft](#) has not been forwarded for adoption. The process appears to be stalled without a public explanation, indicating a delay.

As for the Law on Weapons and Ammunition, no official information has been made public. According to unofficial sources from the Ministry of European Integration, a working group was formed in February 2025, and early consultations are expected to begin shortly.⁴ This reform component is therefore still at a very preliminary stage, with considerable delays in the drafting process.

- » ***Reform Step: Following consultations with the Commission, new strategic document and accompanying Action Plan (2025-2030) for the control of Small arms and light weapons (SALW) in line with the provisions of the revised Regional SALW Roadmap for Western Balkans are adopted (June 2025).*** The process of preparing the new Strategy and Action Plan for the control of small arms and light weapons (SALW) was formally initiated on 23 May 2025. A call for public input alongside the first draft of both documents was published on the e-Consultation portal. The consultation window was relatively short, ending on 30 May 2025, which raises concerns regarding the adequacy of time for meaningful stakeholder engagement. According to the official report on the conducted consultations, no comments were submitted, further casting doubt on the inclusiveness and effectiveness of the process. A formal [public debate](#) has not yet been launched, and the documents were not adopted by the 30 June deadline.
- » ***Reform Step: The Law on internal affairs addressing the issue of police autonomy from the Ministry of Interior during pre-investigation and investigation phases and recommendations from the Committee for Prevention of Torture is adopted (June 2025).*** The Law on Internal Affairs has not been adopted by the end of June deadline. The process of drafting the new law, aimed at strengthening police autonomy during pre-investigation and investigation phases and aligning with CPT recommendations, was initiated with the establishment of a working group on 6 November 2024. It is particularly alarming that the working group does not include any representatives from civil society organisations, despite the law's direct relevance to issues of accountability, human rights, and institutional oversight. On 14 November, the Ministry [published a notice](#) on the e-Consultation portal announcing the start of preparatory work. The preliminary consultation phase was open until 31 January 2025. Since then, however, no report on the conducted consultations has been published, and no further updates have been made available.

The process appears delayed, with no working draft currently accessible to the public. Given the importance and sensitivity of this legislation, the absence of any publicly available consultation output raises concerns regarding transparency and inclusiveness. If the draft is introduced only at the start of the formal public debate, the quality of consultation will largely depend on the length and openness of that process.

4 Interview with a representative from the Ministry of European Integration, 29 May 2025.

- » ***Reform Step: A new strategic document and accompanying action plan that covers counter terrorism and all forms of radicalization and violent extremism (irrespective of political, religious or ethno-nationalist so-called justification) are adopted in line with EU policies, including envisaging concrete steps to prevent recruitment and participation of Serbian citizens as foreign fighters and to prosecute returning foreign fighters returned to Serbia (June 2025).*** The process of preparing Serbia's new Programme and Action Plan for countering terrorism and all forms of radicalisation and violent extremism formally began with the establishment of a working group on 2 December 2024. An announcement initiating the [drafting process was published](#) on the e-Consultation portal on 5 February 2025, and the first draft versions of both documents were made publicly available on 22 April. The initial consultation period was notably brief—lasting only seven days—after which a report on the consultation process was published on 30 April. The report stated that the drafts were prepared based on feedback from the OSCE Secretariat and noted that no comments were received from the public during the consultation period. The public debate began on 18 June and is scheduled to run until 8 July. Consequently, the documents were not adopted by the end of the June deadline.

Policy Area II: Green Transition and Digital Transformation

In the policy area *Green Transition and Digital Transformation*, there are **no reform steps scheduled in this semester that the Reform Monitor tracks**. In the upcoming period, the Reform Monitor will provide updates on the progress of reforms in the policy domains of energy efficiency and renewable energy, as well as cyber resilience and digital public services, within the context of the Green Transition and Digital Transformation, respectively. Reform efforts in the policy area of *Green Transition and Digital Transformation* focused on implementing **key energy reforms, such as the Renewable Energy Law and the third EU Energy Package, as well as developing energy efficiency mechanisms. These efforts were complemented by digitalisation measures aimed at enhancing e-government services, improving broadband infrastructure, and increasing cybersecurity resilience.**

Policy Area II: Green Transition and Digital Transformation							
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 27	Dec 27
Energy efficiency	0	0	1	0	1	1	0
Renewable energy	0	0	1	1	2	0	0
Cyber resilience	0	0	4	0	2	1	1
Digital public services	0	0	2	1	1	0	2

Policy Area III: Human Capital

Policy Area III: Human Capital							
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 27	Dec 27
Vocational education	0	0	0	0	2	1	0

In *Policy Area III: Human Capital*, there are **no reform steps scheduled for this semester that the Reform Monitor focuses on**. In the upcoming period, the Reform Monitor will provide updates on the progress of reforms in the policy domains of Vocational Education and Training (VET) and Quality of Education.

Reform efforts in *Policy Area III: Human Capital* focused **on addressing structural weaknesses in employment and education by tackling labour market barriers and aligning education outcomes with the needs of a modern economy**. The agenda includes two key reform strands: improving labour market conditions—through measures such as the planned Law on Traineeship and the implementation of the Youth Guarantee—and enhancing the quality and relevance of education, particularly via dual vocational education and training (VET).

Policy Area IV: Business Environment and Private Sector Development

Policy Domain: State Aid Control							
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 27	Dec 27
State Aid Control	1	1	0	0	0	0	1

Reform efforts in *the State Aid Control* policy domain focused on **aligning Serbia's state aid practices with EU competition rules by improving transparency, reviewing existing aid schemes, and adopting a structured plan for compliance. The Reform includes submitting a comprehensive inventory of state aid schemes, developing an action plan for alignment with the EU acquis, and ultimately ensuring that all remaining schemes comply with Serbia's obligations under the Stabilisation and Association Agreement (SAA).** At this stage, there is limited publicly available information on the formal progress of these reforms. However, based on informal consultations with the Ministry of European Integration, it appears that initial implementation has experienced delays. Still, the submission of a comprehensive inventory—developed in response to the European Commission's comments from March 2024—has laid important groundwork for future alignment efforts. The extent to which this momentum is sustained will become clearer in the next semester, particularly with regard to the adoption of the alignment action plan.

- » **Reform Step: Final inventory submitted in line with the European Commission's comments from March 2024 (December 2024).** The nature of this reform step does not necessarily require public transparency, as it involves direct, bilateral communication between the Serbian authorities and the Commission. Consequently, no official documents or progress reports have been made publicly available. However, according to informal information obtained from the Ministry of European Integration, the final inventory was submitted with a delay, on 15 April 2025,⁵ exceeding both the original December 2024 deadline and the extended timeframe granted by the European Commission, which allowed finalisation of reform steps until the end of February 2025. At the time of reporting, Serbia had not yet received a formal response from the Commission regarding the adequacy of the submission. The intention, as communicated informally, is to publish the document once it has been approved by the European Commission.
- » **Reform step: A time-bound action plan for alignment of state aid schemes with the EU acquis, based on a final inventory, is adopted and approved by the European Commission (Deadline: June 2025).** There are no publicly available documents or official statements concerning the preparation of the time-bound action plan for the alignment of state aid schemes with the EU acquis. According to informal communication with the Ministry of European Integration, the European Commission indicated on 29 April 2025 that the Government could proceed with drafting the action plan even before receiving formal approval of the final inventory—on the assumption that the content is broadly aligned, given that the inventory was developed in close coordination with the Commission.⁶ The drafting process is currently ongoing. Since

⁵ Interview with a representative from the Ministry of European Integration, 29 May 2025.

⁶ Interview with a representative from the Ministry of European Integration, 29 May 2025.

this action plan primarily serves as a timeline for legal adjustments to ensure full alignment of state aid schemes with the EU acquis by December 2027, it does not constitute a typical public policy document. While the Reform Agenda did not require any sub-steps, such as consultations or public debate for the adoption of this action plan, the Government did not succeed in meeting the June deadline. Given the closed nature of the process, it is difficult to assess the current stage of drafting or predict when the plan will be finalised.

Policy Domain: Innovation and Access to Finance							
Deadline	Dec 24*	June 25	Dec 25	June 26	Dec 26	June 27	Dec 27
Innovation and Access to Finance	0	1	1	0	1	0	1

Reform efforts in the *Innovation and Access to Finance* policy domain focus on **expanding Serbia’s innovation capacity by supporting researchers and innovative companies, improving alignment with EU research infrastructure standards, and increasing private sector involvement in research and development**. The Reform Agenda includes four interlinked reform steps: increasing the number of publicly funded researchers to 3,400 and innovative companies to 600; achieving full alignment with the European Research Infrastructure Consortium (ERIC) Regulation; raising the share of private sector expenditure to 50% of total R&I spending (as reported to Eurostat); and improving Serbia’s position on the European Innovation Scoreboard from ‘Emerging Innovator’ to ‘Moderate Innovator’. These measures aim to transition Serbia toward a more competitive, knowledge-based economy. At this stage, Serbia appears to be on track, with preparations progressing in a timely manner.

- » **Reform step: The number of funded researchers/innovative companies in the National Innovation System (Supported by Science Fund and Innovation Fund programs) is increased to 3400/600 (June 2025).** According to the websites of the Science Fund and the Innovation Fund, the number of supported [researchers](#) and [innovative companies](#) has exceeded the target of 3,400 and 600, respectively. Both funds maintain a high level of transparency, regularly publishing detailed information on open calls, Q&A sections, application forms, and lists of funded projects. This indicates not only that the quantitative targets have been met but also that the underlying funding mechanisms operate in a transparent and accessible manner, contributing to the broader goal of strengthening Serbia’s national innovation system.



FOLLOW THE MONEY (SEMESTER)

During the first semester of 2025, Serbia had access to up to **EUR 384 million** under the EU's Reform and Growth Facility (RGF). This total includes around **EUR 109 million in pre-financing and approximately EUR 275 million tied to the implementation of reform steps scheduled for completion by December 2024 and June 2025.**

While it is not unexpected that payments linked to the June 2025 reform deadlines remain pending as of May, it is notable that **no disbursement has yet occurred for reform steps due in December 2024, for which Serbia had an indicative allocation of around EUR 112 million.** No performance-based instalment has been released to date.

In parallel, **Serbia submitted its pre-financing request in March 2025, and the funds were disbursed on 21 June 2025. Of the total advance payment, Serbia has received EUR 51.66 million as direct budget support, while the remaining EUR 59 million is earmarked for projects under the Western Balkans Investment Framework (WBIF).** However, the absence of publicly available evidence on the establishment of the RGF Monitoring Committee and the adoption of a Communication and Visibility Plan raises doubts as to whether all general conditions for disbursement were fully met. These concerns are particularly relevant in light of the deteriorating state of the rule of law and civic freedoms in Serbia, as repeatedly flagged by civil society actors. The lack of transparency, combined with the broader political context, calls into question the robustness of the assessment process under the RGF conditionality framework.

