MONITORING REPORT

First Independent Monitoring Report on the Implementation of the

Reform Agenda

NCEU Intersectoral Working Group for Monitoring the Implementation of the Reform Agenda of the Republic of Serbia

Reporting period:
October 2024 – December 2025

May 2026

Executive Summary

This report presents the findings of the *first independent monitoring* efforts carried out by the *NCEU Intersectoral Working Group (IWG)* on the implementation of the Reform Agenda of the Republic of Serbia under the Reform and Growth Facility (RGF). The report covers thirty-seven reform steps due by 31 December 2025, across four out of the five policy areas of the Reform Agenda: Business Environment and Development of the Private Sector (7 steps), Green Transition – Energy (8 steps), Digital Transition (8 steps), and Fundamentals (14 steps). The Human Capital policy area does not include any reform steps with deadlines falling within this monitoring cycle. Three of the thirty-seven steps were approved by the European Commission in its first payment assessment in January 2026; this report reviews them from the perspective of the sustainability of reform results. For the remaining thirty-four steps, the IWG provides a detailed implementation assessment. The assessment draws on thirty-seven step-level monitoring reports prepared by the IWG's six subgroup coordinators, as well as on official sources, independent monitoring outputs, and the coordinators' direct involvement in the reform processes under review.

Conditions for Union support

The report assesses the two preconditions for Union support under Article 5 of Regulation (EU) 2024/1449, as well as the three general conditions for payment under Article 12. The IWG finds that the precondition concerning effective democratic and rule-of-law mechanisms, including the protection of human and minority rights (Article 5(1)(a)), **has not been met**. This finding reflects a material regression compared with the Commission's initial assessment. The regression has been driven by the escalation of the state's response to the protest movement following the tragedy at the Novi Sad railway station, including documented patterns of excessive use of police force and ill-treatment of detained students and citizens; the organised violence and systematic irregularities at the 29 March 2026 local elections; the adoption of the January 2026 judicial amendments that reduced the independence of specialised prosecution bodies; and the continuing deterioration of media freedom and the safety of journalists. The precondition concerning the normalisation of relations between Serbia and Kosovo (Article 5(1)(b)) **has been met**, albeit with significant outstanding obligations.

Of the three general conditions for payment, the IWG finds that macro-financial stability (Article 12(a)) and the soundness of the public financial management system (Article 12(b)) have been met at or near the minimum threshold, with materially increased downside risks. The third general condition concerning transparency and budget oversight (Article 12(c)) **has not been met** based on the sustained scale of public investment contracted outside the ordinary budgetary and procurement framework (in 2024 alone, public investments contracted outside the regular budgetary and public procurement frameworks amounted to EUR 5.7 billion); the further expansion of exemptions under the EXPO 2027 legal framework; the non-implementation of the Reform Agenda's own transparency commitment concerning contracts concluded under intergovernmental agreements; and the compression of parliamentary scrutiny procedures.

Implementation of the Reform steps

Of the thirty-four reform steps assessed in detail by the IWG, **six are assessed as achieved and twenty-eight as not achieved**. Non-achievement therefore predominates, while fully achieved steps are concentrated in sub-areas where the expected output relate almost entirely to the technical transposition of legislation or a quantitative indicator against a pre-defined baseline.

The results by policy area are as follows: Business Environment and Private Sector Development - 3 of 7 steps achieved; Green Transition – Energy - 1 of 7 IWG-assessed steps achieved; Digital Transformation - 1 of 7 IWG-assessed steps achieved; Fundamentals - 1 of 13 IWG-assessed steps achieved.

The Fundamentals cluster records the poorest overall achievement. Twelve out of the thirteen reform steps assessed by the IWG in this cluster have not been achieved, spanning the electoral framework, fundamental rights and media legislation, the fight against organised crime, counter-terrorism, anti-corruption, and the judiciary. Two reform steps in this cluster, the first electoral composite step (Reform 9.1.1) and the amendment of the media laws (Reform 9.2.2), are already in the 24-month grace period, which runs until 31 December 2026. The judiciary reform step (Reform 9.6.1) records a decline in the number of elected judges against the baseline - from 2,718 to 2,658 -while the January 2026 judicial amendments further reduced the operational capacity of the specialised prosecution bodies.

Cross-cutting findings

Several patterns recur across policy areas independently of the specific reform content. For a significant share of the assessed reform steps, supporting documentation - including regulatory impact assessments, tables of compliance, working-groups' meeting minutes, and consultation reports - has not been published on the websites of the competent institutions for a significant share of the assessed reform steps. Where public consultations were conducted, in a substantial number of cases, consultation periods were shortened or scheduled during public holidays and non-working days or carried out in the form of written comments without a public debate. Among the reform steps requiring the adoption of new legislation, working groups were established through public calls for civil society participation in only two cases. In both, civil society proposals were largely disregarded in the adopted text. Several reform steps were implemented through instruments whose content exceeds or departs from the scope required by the Reform Agenda - the most visible example being the new Article 41a of the Government Rules of Procedure, which broadens, rather than narrows, the grounds for exemption from public debate.

Financial monitoring

The total RGF allocation for Serbia amounts to EUR 1.586 billion, of which 53.5% is channelled through the Western Balkans Investment Framework (WBIF) for infrastructure investments. The Commission's first assessment of the payment request, issued in January 2026, found that three out of seven conditions had been fulfilled, thereby approving a gross amount of EUR 61.1 million, or a net amount of EUR 56.5 million after deduction of pre-financing. Two energy projects approved under pre-financing in July 2025 account for around 7% of the estimated feasible investment volume of EUR 2.8-3.1 billion. The limiting factor for absorption is project preparation capacity and institutional readiness, rather than access to funds. All amounts corresponding to unmet payment conditions are subject to decommitment by 31 December 2028.

Systemic risks

Three systemic risks warrant attention. First, the scale of recourse to the grace-period mechanism, with twenty-eight non-achieved reform steps entering 12- or 24-month grace periods, creates a financial exposure risk for Serbia, compounded by the absence of publicly available corrective plans. Second, the prevalence of closed drafting processes limits the substantive quality of reform outputs and constrains independent verification. Third, gaps in measurement and verification undermine the evidentiary basis on which both the Commission and civil society rely: the final outputs of reform steps have not been published at the verification sources indicated in the Reform Agenda, while composite indicators contain contested subcomponents, limiting the scope for independent assessment.

Key recommendations

To the Government of Serbia: repeal the March 2026 exemptions from regulatory impact analysis and public consultation for EU-accession legislation; conduct timely and sufficiently long public consultations on all reform-related instruments; form working groups through transparent public calls; publish final reform outputs at the sources of verification designated in the Reform Agenda; refrain from legislative measures adopted in parallel that undermine Reform Agenda objectives; and bring the general condition on budget transparency back within reach of fulfilment by ceasing to introduce new exemptions from public procurement, implementing the transparency obligation provided for in the Reform Agenda itself, and restoring meaningful parliamentary oversight.

To the European Commission: incorporate the findings of the IWG into the dialogue on the assessment of payment requests; assess the fulfilment of ambiguous reform steps against their substantive reform intent, rather than against minimal procedural alignment; require and publish corrective plans for reform steps in the grace period; and insist on the publication of documentation as a practical precondition for monitoring.

To both: maintain a regular and structured dialogue on upcoming reform steps through trilateral technical meetings within the Reform and Growth Facility (RGF) Monitoring Committee, particularly for reform steps whose content and expected results are not sufficiently specified in the Reform Agenda.

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List of Abbreviations

Institutions and organisations

Abbreviation	Full form
ACER	Agency for the Cooperation of Energy Regulators (EU)
AERS	Energy Agency of the Republic of Serbia
CEP	European Policy Centre (CEP), Belgrade
CSAC	Commission for State Aid Control
CPT	European Committee for the Prevention of Torture (Council of Europe)
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
ENTSO-E	European Network of Transmission System Operators for Electricity
ENTSOG	European Network of Transmission System Operators for Gas
EU	European Union
EUD	Delegation of the European Union to Serbia
EWBJF	European Western Balkans Joint Fund
GRECO	Group of States against Corruption (Council of Europe)
HJC	High Judicial Council
HPC	High Prosecutorial Council
ICJ	International Court of Justice
IFI	International Financial Institution
IMF	International Monetary Fund
IWG	NCEU Intersectoral Working Group for Monitoring the Implementation of the Reform Agenda of the Republic of Serbia
MC RGF	Monitoring Committee for the Reform and Growth Facility
NEMO	Nominated Electricity Market Operator
NCEU	National Convention on the European Union
ODIHR	OSCE Office for Democratic Institutions and Human Rights
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Co-operation in Europe
SIGMA	Support for Improvement in Governance and Management
TSO	Transmission System Operator
UNSC	United Nations Security Council
Venice Commission	European Commission for Democracy through Law (Council of Europe)
WBIF	Western Balkans Investment Framework

Policy, legal, and technical terms

Abbreviation	Full form
AI	Artificial Intelligence
CACM	Capacity Allocation and Congestion Management
CPI	Corruption Perceptions Index (Transparency International)
CSO	Civil Society Organisation
CVD	Coordinated Vulnerability Disclosure
DNSH	Do No Significant Harm
EED	Energy Efficiency Directive
eIDAS	electronic Identification, Authentication and Trust Services (Regulation)
EPBD	Energy Performance of Buildings Directive
EPC	Energy Performance Certificate
ETS	Emissions Trading System
ETSI	European Telecommunications Standards Institute
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HPP	Hydro Power Plant
IBS	Interconnection Bajmok–Subotica
IPA III	Instrument for Pre-Accession Assistance (2021–2027)
LOTL	List of Trusted Lists (EU Third Countries)
MEPS	Minimum Energy Performance Standards
MMRR	Monitoring and Reporting Regulation (Commission Implementing Regulation (EU) 2018/2066)
MRVA	Monitoring, Reporting, Verification and Accreditation
NIS2	Network and Information Security Directive 2
nZEB	nearly Zero Energy Building
PCI	Policy Coordination Instrument (IMF)
PFM	Public Financial Management
RA	Reform Agenda
RED II	Renewable Energy Directive (recast, Directive (EU) 2018/2001)
RES	Renewable Energy Sources
RGF	Reform and Growth Facility (Regulation (EU) 2024/1449)
RoP	Rules of Procedure
SALW	Small Arms and Light Weapons

Abbreviation	Full form
SCP	Single Contact Point (for RES permitting under RED II)
TA	Technical Assistance
THB	Trafficking in Human Beings
TPA	Third-Party Access

Projects and programmes

Abbreviation	Full form
BIO4	BIO4 Campus (biomedicine, biotechnology, bioinformatics, biodiversity research campus, Belgrade)
EXPO 2027	Specialised Exposition, Belgrade, 2027
INV Round 10E	WBIF tenth investment round, call E
REEP	Regional Energy Efficiency Programme (WBIF)

Authors and Contributors

This report was prepared by Milena Mihajlović Denić, who authored the main body of the report and coordinated the monitoring process. Marko Todorović authored the analysis of the fulfilment of general conditions and preconditions for Union support (Section II), with inputs by Kori Udovički.

The report draws on the individual reform step reports produced by sub-group coordinators and members of the NCEU Intersectoral Working Group for Monitoring the Implementation of the Reform Agenda of the Republic of Serbia, who monitored the implementation of the reform steps within their respective policy areas:

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I. Introduction

I.1 Context

The Reform and Growth Facility for the Western Balkans (RGF), established under Regulation (EU) 2024/1449, operationalises the second pillar of the EU Growth Plan for the Western Balkans. The Facility provides performance-based support – grants and concessional loans – released against the achievement of pre-agreed reform commitments. For Serbia, the instrument provides an envelope of €1.6 billion through the end of 2027, disbursed through successive payment requests tied to the fulfilment of specific reform steps.

The conditionality instrument under the RGF is the country-specific Reform Agenda. Serbia's Reform Agenda for 2024–2027 was adopted by the Government of the Republic of Serbia on 3 October 2024 (Conclusion No. 337-9422/2024-1) and endorsed by the European Commission. It is structured around five policy areas: Business Environment and Private Sector Development; Green Transition, with a concentrated focus on the energy sector; Digital Transformation; Human Capital; and Fundamentals – encompassing rule of law, public administration reform, and public financial management. Each policy area contains reform steps; each step sets a measurable deliverable with a deadline and is assigned a financial value in the payment-request architecture.

Monitoring the implementation of the Reform Agenda is built into the architecture of the RGF. Under the Regulation, a Monitoring Committee for the RGF (MC RGF) is established for each beneficiary country. The MC RGF for Serbia is tripartite in composition – comprising representatives of the European Commission, the Government of Serbia, and civil society. It held its first meeting on 2 October 2025 and its first trilateral technical meeting on 1 December 2025. Civil-society representation on the Committee is drawn from the National Convention on the European Union (NCEU), Serbia's umbrella platform for civil-society engagement in the EU accession process.

The Intersectoral Working Group for Monitoring the Implementation of the Reform Agenda (IWG) is the civil-society mechanism established under the NCEU to monitor the implementation of Serbia's Reform Agenda. The IWG was constituted in 2024, ahead of the formal establishment of the MC RGF, and is recognised by the Government of the Republic of Serbia and the European Union as the representative mechanism for civil-society participation in Reform Agenda monitoring. It is organised in six subgroups that predominantly mirror the policy structure of the Reform Agenda: 1) Business Environment and Private Sector Development; 2) Green Transition; 3) Digital Transition; 4) Human Capital; 5) Fundamental Rights and Rule of Law; and 6) Financial and Budgetary Effects of Reform Agenda Implementation, horizontally covering the five policy areas. The IWG is coordinated by the European Policy Centre (CEP) and held its inaugural plenary on 13 November 2025 in Belgrade, bringing together thirty-one participants across the subject-matter subgroups, and adopting its Rules of Procedure at the same session.

The present report is the first comprehensive monitoring output of the IWG.

I.2 Scope

The reporting period runs from the adoption of the Reform Agenda by the Government of Serbia on 3 October 2024 to 31 December 2025, the end of the third payment-request cycle under the Facility. Within that period, the report assesses all reform steps whose own deadline falls on or before that date. Steps due in 2026 or later are outside the scope of the present cycle and will be taken up in the future IWG monitoring reports.

Thirty-seven reform steps fall within this scope. Their distribution across the five policy areas is shown in Table 1.

Table 1. Scoped reform steps by policy area

Policy area	Reform steps in scope
Business Environment and Private Sector Development	7
Green Transition (energy, sub-area 7.1)	8
Digital Transformation (sub-area 7.2)	8
Human Capital	0
Fundamentals	14
Total	**37**

The Human Capital policy area contains no steps with deadlines on or before December 2025; its earliest commitments fall in 2026 and cover pre-school access, the learning-transitions framework, adult digital skills, and the preparatory phase of a Youth Guarantee. Human Capital will therefore be the included in the second monitoring report and is not examined here.

Three of the thirty-seven steps in scope had been approved for payment by the European Commission in January 2026, ahead of the finalisation of the present report: the steps under Reform 7.1.1 (implementation of the electricity integration package), Reform 7.2.1 (adoption of the 5G Security bylaw transposing the EU Toolbox for 5G Security), and Reform 9.4.2 (alignment of Serbia's visa regime with the EU in respect of at least three third countries). These steps are retained within the scope of this report because their original deadlines fall within the reporting cut-off. They are treated in a dedicated sub-section (Section III.6) distinct from the per-step IWG assessments, because an EC payment determination has already been issued in respect of them. For these three steps, the report includes an assessment of the **sustainability of results**. This narrower focus reflects the architecture of the Facility under the Regulation: Article 21(2) provides that the satisfactory fulfilment of payment conditions presupposes that the measures related to reforms for which a beneficiary has previously been judged to have achieved satisfactory fulfilment have not been reversed, and Article 21(4)–(7) empowers the Commission to withhold further payments, reduce support proportionately, and – in cases of identified irregularities, fraud, corruption, or serious breach – offset amounts already disbursed under Article 102 of the Financial Regulation.

Beyond the per-step analysis, the report also covers the layers of Union-support conditionality that sit above the individual reform step, each in its own dedicated section. The preconditions for Union support under Article 5 of the Regulation (the democratic functioning of Serbia's institutions; the normalisation of relations between Serbia and Kosovo*[1]) and the general conditions for each payment release under Article 12 (macro-financial stability, soundness of the public financial management system, transparency and oversight of the budget) are assessed in Section II. Financial implementation of the Facility – payment requests submitted, tranches released, allocation of the funds disbursed to date, and the budgetary treatment of the Facility envelope in Serbia's public finances – is handled in Section IV. The report's concluding findings and recommendations are in Section V.

1 This designation is without prejudice to positions on status, and is in line with UNSC Resolution 1244 and the ICJ Opinion on the Kosovo declaration of independence.

I.3 Methodology

The IWG's assessment of each scoped reform step follows a common analytical template and a shared set of formal-achievement categories, applied by the coordinators of the six IWG subgroups to the reform steps falling within their policy-area scope. This sub-section sets out the template, the classification of formal achievement, the treatment of the RGF principles, the primary-source base, the evidence and time parameters of the present cycle, and the methodological limitations that applied to the work.

Each assessment was prepared by the coordinator of the corresponding policy-area subgroup, using a common assessment template. The template structures the assessment in three blocks:

1. **Step overview** – sub-area, reform, reform step text reproduced verbatim from the Reform Agenda, indicator, deadline, financial value, responsible institution, baseline, and primary documentary sources.

2. **Analysis** – milestones within the step, achievement per milestone, key issues of process and substance, application of the applicable RGF principles, public availability of evidence, and an assessment of the extent to which the final output of the reform step respects the applicable EU membership requirements, principles, and standards.

3. **Final assessment** – formal achievement (categorical label) with an explanatory elaboration.

The thirty-seven completed assessments are provided as an annex to the present report; the main body below summarises their findings for each scoped reform step rather than reproducing them in full.

Formal achievement is classified using two categories: *achieved* and *not achieved*. For qualitative reform steps the binary classification applies by design. For quantitative steps a *partially achieved* label remains available in principle, but no step in the present reporting cycle fell into that category. Where the public-evidence base is incomplete, this is recorded and analysed in the body of the assessment; the final formal-achievement label is nonetheless assigned on the best available information, rather than deferred.

The RGF principles set out in the Regulation are assessed cross-cuttingly in each reform-step assessment: transparency of the process, inclusivity of consultation, proportionality of the reform to its stated purpose, and – where relevant under the Regulation – compliance with the "do no significant harm" principle. Assessors analysed the application of the principles as applicable and as possible, based on the data and information available, and the report surfaces cases where a step is formally achieved while the applicable RGF principles are respected only in part.

The primary sources drawn upon in the assessments are: the Official Gazette of the Republic of Serbia; the official websites and public registries of responsible ministries and agencies; the Government's eConsultation portal; the Government's 2025 Annual Report on the implementation of the Reform and Growth Facility (hereafter: Government RGF report 2025); the records of the National Assembly; European Commission payment determinations and related correspondence; Energy Community reports; ODIHR, Venice Commission, and other Council of Europe body outputs; UN human-rights body reports; SIGMA reports; and monitoring outputs of specialised Serbian civil-society organisations in their respective fields of expertise, including CRTA, Transparency Serbia, BIRN, BCBP, and others.

The evidence cut-off for this report is 31 March 2026. Reform-step assessments were prepared by the subgroup coordinators during March 2026 and transmitted at the end of the month; the main

body of the report was drafted in April 2026 on that basis. Developments after 31 March 2026 are not reflected.

The report is methodologically independent from, but reads alongside, other monitoring streams relevant for the EU accession reforms: the European Commission's annual reports and RGF payment assessments; SIGMA/OECD monitoring of public administration reform; Energy Community reports on the implementation of the energy acquis; ODIHR/OSCE observation of elections and electoral-framework reforms; outputs of Council of Europe bodies, including the Venice Commission, GRECO, and the Commissioner for Human Rights; UN human-rights body reports; and the monitoring work of specialised Serbian civil-society organisations across specific policy fields. Where these external streams produce findings directly relevant to the implementation of a specific reform step, they are cited in the corresponding step sub-section of Section III.

The methodology is subject to two main limitations. The first is information asymmetry. The IWG, as a civil-society body, does not enjoy direct access to government-internal monitoring data, draft regulatory impact assessments, the records of inter-ministerial working groups, or consultation reports in their pre-publication form. Where information required to assess a step was not publicly available, rapporteurs sought to close the gap through two routes. The first was the formal right of access to information of public importance under Serbian law; within the present cycle, this instrument was used by the Digital Transition subgroup, which submitted requests to the Ministry of Information and Telecommunications and to the Office for Information Technologies and eGovernment and reproduced the responses received – together with the underlying requests – on a publicly accessible repository. The second was the direct participation and accumulated experience of the policy-area coordinators and IWG member organisations in the reform processes under assessment, which in several cases provided context not available from public sources. Where an uncertainty in an assessment could not be resolved from the public evidence base even after recourse to these routes, the report records the uncertainty explicitly in the body of the assessment.

The second limitation concerns the time available for monitoring work. Under the Facility's architecture, the Commission's assessment cycle allows a standing window of six months per payment-request review, and the IWG's monitoring cycle is designed to feed that window. In the present cycle, however, the IWG entered operation with a delay relative to the start of the implementation period, reflecting the time needed to constitute the subgroups, to secure funding for the monitoring work, and to establish the coordination and editorial infrastructure around it. The analysis nonetheless draws on all available information for each step within the reporting scope.

A final technical note concerns composite reform steps. Two of the thirty-four scoped reform steps bundle multiple distinct deliverables and are therefore covered by several sub-assessments rather than a single one. Both fall under Reform 9.1.1 on the electoral framework. The first, due December 2024, is covered by three sub-assessment reports provided in the Annex – on the composition of the working group on electoral reform, the audit of the voter register, and the re-election of the Council of the Regulatory Authority for Electronic Media (REM). The second, due December 2025, is covered by two sub-assessments – on the revision of electoral legislation and the establishment of an independent secretariat for the Republic Electoral Commission. The remaining thirty-two scoped reform steps are each covered by a single reform-step assessment. This accounts for the thirty-seven assessments annexed to the present report against the thirty-four scoped reform steps; Section III treats each scoped step in a single summary sub-section, drawing on the corresponding sub-assessments where applicable.

II. Preconditions and general conditions for Union support

This section sets out the IWG's assessment of the conditions that apply to Union support under the Reform and Growth Facility at a layer above the individual reform step: the preconditions for Union support under Article 5 of Regulation (EU) 2024/1449, and the general conditions for each payment release under Article 12. These obligations are incorporated by reference into the Facility Agreement between the European Union and the Republic of Serbia, signed in Belgrade on 22 November 2024 and ratified by the National Assembly of the Republic of Serbia (Article 6(1)–(2) of the Facility Agreement).[2]

II.1 Preconditions for Union support (Article 5)

II.1.a Effective democratic and rule of law mechanisms, including human and minority rights protection

Serbia formally maintains a multiparty parliamentary system, but the democratic mechanisms assessed in the initial payment decision have continued to erode rather than improve. Political divisions have intensified to an extent without modern precedent in the country. The mass protest movement sparked by the Novi Sad railway station tragedy persisted throughout 2025 and well into 2026, extending to communities across the entire country and representing the broadest mobilisation of Serbian citizens in a generation. The authorities' handling of the protests has itself become a source of serious democratic concern. From August 2025 onward, the response escalated markedly, with documented cases of excessive police force, credible reports of torture and sexual abuse of detained students, the prosecution of protest participants on politically motivated charges, and the deployment of specialist military formations in what are fundamentally domestic civilian situations. The use of presidential pardons to shield those convicted or prosecuted for attacking peaceful demonstrators has further eroded confidence in the institutional separation of powers, and has drawn explicit condemnation from United Nations human rights bodies, the Council of Europe Commissioner for Human Rights, and the European Parliament.

The local elections of 29 March 2026, conducted in 10 municipalities, offer the most immediate available evidence of the conditions under which electoral competition takes place in Serbia. Polling day was marked by organised violence directed at opposition activists, with perpetrators widely believed to include individuals with criminal records acting in coordination with ruling party structures, to the point that conditions in parts of several municipalities were unsafe for voters and observers alike. The independent election monitoring organisation CRTA concluded that the elections ranged from poor to very poor in their conduct, recording systematic violations including dual voter registries, breaches of ballot secrecy, and the bussing of voters under conditions strongly suggestive of coercion; these irregularities were themselves overshadowed by the scale of physical violence in Bor, Kula and Bajina Bašta. Council of Europe congressional observers who were present in the field reported witnessing violent incidents and intimidation in nearly every municipality they visited, and concluded that the conditions were fundamentally incompatible with a genuine expression of voter will. The EU Commissioner for Enlargement and the EU Delegation in Serbia both publicly characterised the situation as unacceptable and called for swift accountability.

In the judicial sphere, the trajectory is one of regression rather than consolidation. The most significant recent development is the January 2026 adoption of a set of amendments to core judicial legislation, referred to informally as the "Mrdić laws." The practical effect of these changes, notwithstanding their technical framing, is to reduce the independence of the specialised prosecution bodies responsible for high-level corruption cases and to concentrate managerial authority

2 Law on Ratification of the Facility Agreement between the European Union and the Republic of Serbia, *Official Gazette of the Republic of Serbia – International Treaties*, No. 9/2024.

within both the courts and the prosecution service in ways that undermine functional autonomy. The amendments have been met with organised resistance by professional associations within the judiciary and prosecution. The decision by the Speaker of the National Assembly to request an urgent opinion from the Venice Commission is itself an acknowledgement of the exceptional nature of the concerns involved.

The safety and independence of the media have continued to deteriorate. Serbia's press environment is currently characterised by elevated levels of physical violence against journalists, systematic online harassment and defamation campaigns, the effective absence of accountability for perpetrators, and structural mechanisms of political control over editorial decisions and media ownership. Journalists covering the 29 March 2026 local elections were among those attacked, confirming that these conditions extend to the specific context of electoral reporting. The prolonged failure to constitute a legitimate and independent REM Council – the body responsible for regulating the electronic media sector – remains unresolved, with the process continuing to raise serious questions about political interference in regulatory appointments.

Respect for all human rights obligations

The formal legal architecture for the protection of fundamental rights exists on paper but has been consistently undermined in practice. Documented patterns throughout 2025 include disproportionate use of force at protests, the surveillance and prosecution of civil society actors, and credible accounts of mistreatment of individuals held in custody. International human rights bodies have recorded a systematic practice of portraying peaceful protesters as threats to constitutional order, including through coordinated defamatory media campaigns. Civil society organisations, after facing sustained smear campaigns by senior officials and being denied meaningful institutional engagement, formally suspended their participation in the governmental cooperation framework. The Ombudsman has not acted as an effective check in this context. The minority rights framework remains formally adequate, though uneven in its implementation.

Overall, the current state of democratic mechanisms, electoral integrity, the rule of law, media freedom, and human rights protection in Serbia represents a material regression relative to the findings of the initial Commission assessment, and falls short of the standards that beneficiaries of the Reform and Growth Facility are required to uphold.

Based on these elements, this precondition is not met.

II.1.b Normalisation of relations between Serbia and Kosovo*

Serbia has maintained its participation in the EU-facilitated Dialogue with Kosovo*. It actively encouraged the participation of Kosovo* Serbs in successive electoral processes – the general elections of February 2025, local elections of October 2025, and the general elections of December 2025 – and supported the return of Serb political representatives to local and national institutions in Kosovo*. The Joint Commission for Missing Persons, grounded in the Declaration on Missing Persons adopted by the two parties in 2023, became formally operational in January 2026, representing a concrete step in the implementation of past agreements.

Significant outstanding obligations nonetheless remain. Serbia has yet to demonstrate adequate cooperation in accountability proceedings related to the Banjska attack, and the unresolved situation concerning the Ibar/Lepenac canal continues to require more substantive engagement. The return of Kosovo* Serb judges and prosecutors to Kosovo's* judicial institutions has not been secured, and Serbia's active encouragement of this process remains necessary. Looking ahead, Serbia is expected to engage constructively in the new round of high-level negotiations in Brussels anticipated during 2026.

Based on these elements, this precondition is confirmed as met, albeit with significant obligations outstanding whose fulfilment will be essential to sustaining this assessment in future reviews.

II.2 General conditions for payment (Article 12)

II.2.a Macro-financial stability

Serbia's economy has shown a degree of resilience under compounding pressures, though the overall trajectory has weakened compared to the initial assessment. Growth in 2025 came in at approximately 2 percent, dragged down by the combined effect of an increasingly adverse external environment, and the completion of large investment projects as well as, eventually, by the prolonged political unrest. A moderate rebound to around 3 percent in 2026 is projected by the International Monetary Fund. The deceleration was driven by a contraction in public investment execution, and a dramatic fall in foreign capital inflows. The current account deficit widened and is expected to remain elevated before narrowing from 2027. Inflationary pressures – temporarily exacerbated by poor harvests but mitigated by administrative food price controls – eased toward the close of 2025 and are expected to remain manageable through 2026. The fiscal anchor of a 3 percent of GDP deficit ceiling has been maintained under the revised medium-term fiscal framework but the public debt burden, while moderate, remains on a gradually declining path.

The political crisis has combined with the sharp cumulative appreciation of the dinar real exchange over the past three years to produce measurable economic consequences. Together with the completion of large investments in mining and of the expansion of construction capacity ahead of the expansion in public investment, this resulted in a foreign direct investment contraction of a severity not seen in recent years. Investors in the footloose labour-intensive industries such as textiles and wire harnesses are beginning to retrench. This has raised questions about medium-term growth sustainability that were not present at the time of the initial assessment. Sanctions on the macro-critical oil company NIS introduced an energy supply uncertainty that remains only partially resolved. A further and more immediate fiscal risk has emerged in early 2026 from the global energy price shock triggered by the conflict in the Middle East and the disruption to oil flows through the Strait of Hormuz. In response, the Serbian government has implemented a series of successive reductions in excise duties on fuel, amounting cumulatively to approximately 61 percent of the statutory rate – effectively forgoing a revenue stream that ordinarily contributes around two billion euros annually to the budget. The fiscal cost of this intervention, while manageable in the short term given existing buffers, represents a non-trivial pressure on budget execution and introduces uncertainty into the credibility of the 3 percent of GDP deficit ceiling for 2026. Serbia's continued engagement with the IMF under the 36-month Policy Coordination Instrument provides an external framework that has supported policy credibility, and the second review under the instrument was successfully completed in late 2025. The IMF has acknowledged the prudence of Serbia's macroeconomic management while simultaneously flagging governance weaknesses as the principal constraint on sustaining the country's growth potential over the medium term.

In conclusion, despite a significant growth slowdown and a deterioration in the investment climate driven by real exchange rate appreciation and domestic political instability, the authorities are broadly adhering to a stability-oriented macroeconomic policy framework.

The general condition is met, though downside risks have increased materially relative to the initial Commission assessment.

II.2.b Soundness of the public financial management system

The public financial management system remains operational and broadly adequate, though persistent structural weaknesses limit its effectiveness. The IMF's second review confirmed incremental advances in public investment management and fiscal reporting. Steps have been taken to address public arrears, with a commitment to begin reducing their stock from 2026 onward under the PCI framework.

Weaknesses are, however, substantial and in some areas structural. The practice of procuring major infrastructure contracts through bilateral intergovernmental agreements or bespoke legislation, thereby circumventing standard procurement rules, has not been discontinued. On the contrary, a dedicated legal framework was adopted for the EXPO 2027 project that replicates this approach for a package of high-value public works. Independent audit findings from 2025 documented hundreds of individual procurement violations across a large number of audited public entities, with the combined value of non-compliant contracts running into the tens of billions of dinars. The exposure of the procurement system to corruption-related manipulation therefore remains a serious and inadequately addressed concern. Programme budgeting and performance management continue to require structural improvement, and internal audit coverage – while expanding – has yet to reach adequate depth at either central or local level.

In conclusion, **the public financial management system meets the threshold for confirming the general condition**, but the persistence of significant structural vulnerabilities – most acutely in procurement integrity – represents an ongoing risk.

II.2.c Transparency and oversight of the budget

The formal architecture of budget transparency is broadly in place. Key fiscal documents are publicly available and published within the required timeframes, and the 2026 budget was adopted in line with the established calendar. Two substantive improvements relative to earlier practice should be acknowledged. First, starting with the 2025 budget, a dedicated overview of the capital investment projects with their values and three-year horizons has been included among the budget documents, rendering the largest capital projects visible in a way they previously were not. Second, the Fiscal Strategy has begun to present the top-ranked investment projects in a structured form that allows changes in cost estimates and timelines to be followed across successive documents. Both are genuine advances in what can be monitored by civil society and other independent actors.

In substance, however, the quality of transparency and oversight falls materially short of what these arrangements are meant to deliver. The budget as formally presented does not provide a reliable picture of actual public spending on investment, because a large and growing share of capital projects is contracted outside the ordinary budgetary and procurement framework. Contracts exempted from the Law on Public Procurement in 2024 alone amounted to EUR 5.7 billion – of which EUR 1.2 billion under intergovernmental agreements and the remainder under special laws and government decrees – and the stock of such exemptions is being added to rather than reduced, most recently through the dedicated legal framework adopted for the EXPO 2027 project, which does not set clear boundaries for what is, in fact, covered by the EXPO 2027 "project". Capital investments cannot yet be traced end-to-end across fiscal strategies, annual budgets, and execution reports, which makes systematic and reliable monitoring of cost escalation, scope changes, and implementation delays effectively impossible. In-year reallocations through the current budget reserve have repeatedly financed items recurring from year to year, in effect establishing a parallel authorisation channel that substitutes for regular programme planning. Serbia's score in the Open Budget Index places the country in the category of limited budget transparency, a characterisation consistent with independent civil-society assessments. Public participation in the budget process is in practice negligible: parliamentary hearings on budget proposals have been scheduled

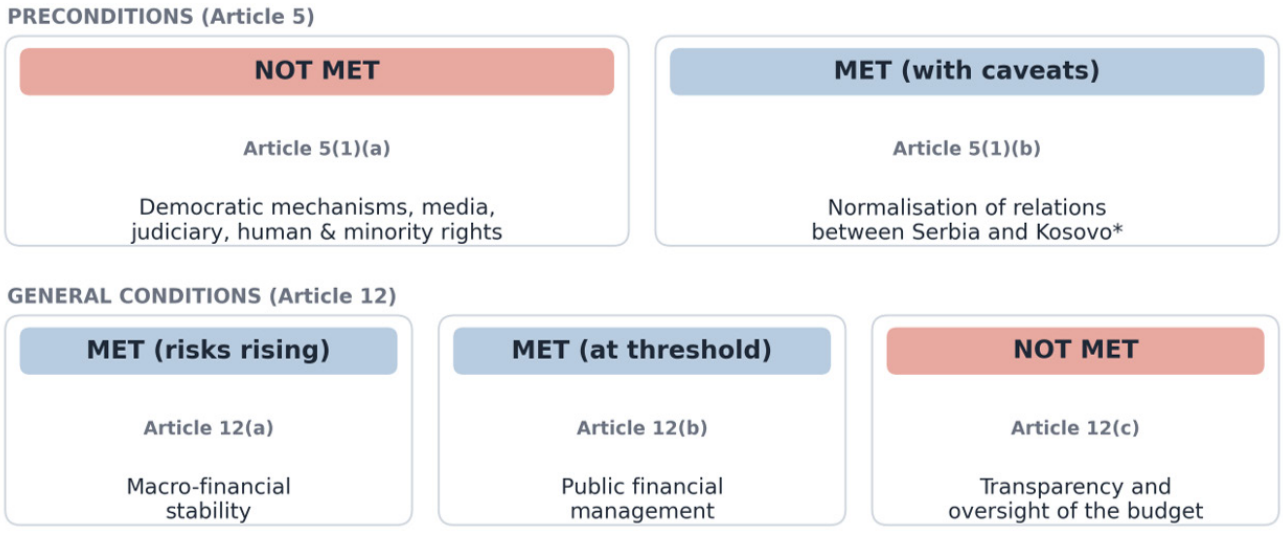
in ways that structurally preclude meaningful civil-society input. Parliamentary engagement with fiscal policy remains superficial, the selective use of the fast-track procedure for material supplementary budgets further compresses scrutiny, and independent oversight bodies – including the Fiscal Council and the State Audit Institution – operate within constraints that limit the reach of their work, with their findings not consistently acted upon.

Serbia's record on the specific transparency commitment embedded in the Reform Agenda itself warrants separate attention. The step-level assessment of this commitment – including on its scope and on the ambiguity in its wording – is set out under Reform 6.2.1 in Section III.1. The Reform Agenda provides that, "All contracts under intergovernmental agreements will be published starting from December 2024 and this practice will be maintained in the following years for all new contracts". By the end of 2025, this had not been systematically implemented: partial information had appeared on individual ministry websites, but no unified disclosure standard had been established and the scope and completeness of published information varied across ministries, while the authorities argued that the Reform Agenda's formulation left room for interpretation. It bears emphasis that, while the use of special laws and intergovernmental agreements to accelerate priority investments may conceivably be argued as a provisional response to a regulatory framework not yet adapted to the pace of implementation required, **no such argument can justify the withholding of information on the procurement substance and procedures actually followed under those exemptions**. Their absence is therefore not a consequence of the derogations themselves but a separate choice.

In conclusion, considering the sustained scale of public investment contracted outside the ordinary budgetary and procurement framework, the further expansion of exemptions through the EXPO 2027 law rather than their reduction, the parallel use of the budget reserve, the absence of end-to-end project traceability, the non-implementation of the Reform Agenda's own transparency commitment on contracts concluded under intergovernmental agreements, and the procedural compression of parliamentary scrutiny – none of which the two improvements noted above are sufficient to offset – **this general condition is not met**.

Overall, two of the three general conditions are met at or near the minimum threshold, while the third – transparency and oversight of the budget – is not. Under Article 12(3) of Regulation (EU) 2024/1449, all three general conditions shall be fulfilled for any release of funds.

Figure 1. Preconditions and general conditions for Union support — IWG assessment, March 2026.



Source: Author's own analysis.

III. Assessment of reform steps in the monitoring period

This section presents the IWG's step-by-step assessment of the thirty-four reform steps within the scope of this reporting cycle for which the European Commission has not yet issued a formal payment determination. Each sub-section records the reform-step text, responsible institution, and financial value; summarises the implementation record drawn from the underlying step-level assessment produced by the respective sub-group coordinator; and states the IWG's formal-achievement finding together with a brief justification. The full evidentiary analysis for each step is retained in the corresponding step-level monitoring reports which constitute an annex to this report.

The three steps approved by the European Commission in January 2026 – Reform 7.1.1 (electricity integration package), Reform 7.2.1 (5G Security bylaw), and Reform 9.4.2 (visa-regime alignment) – are treated separately in Section III.6, and are assessed from the perspective of sustainability of results only.

III.1 Business Environment and Private Sector Development

Reform 6.2.1 – Final State aid inventory (December 2024)

- **Reform step (verbatim):** "Final inventory submitted in line with the European Commission's comments from March 2024."
- **Responsible institution:** Commission for State Aid Control (CSAC).
- **Step value:** €3,396,905.84.

As of the end of March 2026, the adopted State aid inventory has not been published on the websites of the Commission for State Aid Control or the Ministry of Finance. The Government RGF report 2025 asserts that the inventory was finalised through working-level correspondence with the European Commission in May–June 2025 and formally adopted by the Government on 10 July 2025, on the basis of an email from the Commission dated that day. That account is directly contradicted by the Commission's own Implementing Decision C(2026)18 of 12 January 2026, which records that, as of the first payment request, several of the Commission's comments from March 2024 remained unaddressed, and accordingly grants Serbia a grace period until 31 December 2026 for the full and final adoption of the inventory. As the source of verification has not been published, independent verification of its content or of its alignment with EU State aid rules is not possible. The drafting process remained restricted to inter-institutional exchanges, with no documented involvement of civil-society organisations, business representatives, or independent experts, and no public roadmap has been issued setting out how the outstanding comments from March 2024 are to be addressed within the grace period now running.

Final IWG assessment: Not achieved. The Commission's January 2026 Decision recorded non-achievement for the first payment cycle, and no compliant inventory has since been published to allow independent verification.

Reform 6.2.1 – Time-bound Action Plan for State aid alignment (June 2025)

- **Reform step (verbatim):** "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."

- **Responsible institution:** Government of the Republic of Serbia.

- **Step value:** €13,587,623.37.

The Government RGF report 2025 records that draft versions of the Action Plan were exchanged with the European Commission between April and July 2025 and that a revised Action Plan was submitted to the Commission on 2 February 2026. As of the end of March 2026, no Action Plan has been published on the websites of the Commission for State Aid Control or the Ministry of Finance; no draft was ever placed on the eConsultation portal; and no consultation report listing stakeholder comments with responses has been issued. The Government RGF report 2025 (Annex 7.1) confines the stakeholders consulted for this step to "all institutions responsible for state aid schemes", and no call was issued for civil-society organisations, independent business associations, or independent experts to participate in the preparation of the Plan. No ex-ante analysis of the individual state aid schemes has been identified in the public domain. The Plan remains an internal document in development; the scheme-by-scheme alignment methodology and timeline it is intended to set out are not available to economic operators or to the public.

Final IWG assessment: Not achieved. The Action Plan has not been adopted, approved by the Commission or published, and the preparatory documentation needed to assess compliance is not in the public domain.

Reform 6.2.1 – Transparency of projects under intergovernmental agreements (June 2025)

- **Reform step (verbatim):** "The level of transparency regarding all projects contracted under intergovernmental agreements is increased by introducing project-specific information on the website of the ministry in charge of implementing the project on any completed, ongoing and new procurement contracts under intergovernmental agreements. All contracts under intergovernmental agreements will be published starting from December 2024, and this practice will be maintained in the following years for all new contracts, including: name of the project; basic procurement contract information; contracting authority; main contractor and procurement procedure followed."

- **Responsible institution:** All line ministries in charge of the projects.

- **Step value:** €20,381,435.06.

The Ministry of Finance, the Ministry of Mining and Energy, the Ministry of Construction, Transport and Infrastructure, the Ministry of Environmental Protection, and the Ministry for Public Investment have each established dedicated project sections on their websites. Beyond that formal step, implementation is fragmented and inconsistent. Content varies significantly in scope, structure, and frequency of update across ministries; no harmonised Government-wide approach is evident. The information typically disclosed is limited to basic descriptive elements (project name, contractor, procurement procedure, status), reflecting a narrow reading of the Reform Agenda obligation. Full contract texts and annexes are not systematically published; the single identified exception – the Novi Sad railway reconstruction, where the main contract and four annexes were released following public pressure – did not translate into an institutionalised practice across other projects. Infor-

mation on contract amendments, financial execution, delays, and subcontracting arrangements is likewise not available. The wording of the step itself, which declares that "all contracts under intergovernmental agreements will be published" and simultaneously limits disclosure to selected elements, has enabled this minimalist implementation; comments submitted by Transparency Serbia during the drafting of the Reform Agenda, flagging the ambiguity, were not reflected in the adopted text. The Government reported the step as implemented in the second payment request of 15 July 2025; no further documentation of how or when the step was considered achieved has been provided to the IWG.

Final IWG assessment: Not achieved. Dedicated project sections exist, but full contract texts, amendments, financial data and subcontracting arrangements are not systematically published, and the published information does not substantively improve on the pre-Reform Agenda baseline.

Reform 6.2.1 – Rules of Procedure amendment on public-hearing decisions (December 2025)

- **Reform step (verbatim):** "Changes in the Rules of Procedure of the Government so that the decision to conduct a public hearing, the program of the public hearing and the deadline for its implementation are determined by the Government, instead of a competent committee, upon the proposal of the proponent."

- **Responsible institution:** General Secretariat of the Government.

- **Step value:** €13,587,623.37.

The working group tasked with amending the legal framework for consultations and public debates was constituted in an open process following a public call issued by the Ministry for Human and Minority Rights and Public Dialogue on 16 October 2024, with three civil-society representatives (CEP, BOS, CDF) joining as members. The draft amendment circulated to the group in August and September 2025 contained – in addition to the change stipulated in the Reform Agenda – a new Article 41a permitting the Government, upon the proposal of the authorised proposer and on the basis of the report on conducted consultations, to adopt a conclusion dispensing with a public hearing where outstanding issues are deemed to have been harmonised during those consultations. The provision widens, rather than narrows, the discretion to exempt draft acts from public debate. Four working-group members – the three civil-society representatives and the Standing Conference of Towns and Municipalities – submitted written objections to Article 41a on 17, 28, and 29 November 2025. The amendment was nonetheless forwarded for adoption without notification to working-group members and without the European Commission or SIGMA/OECD having been given the opportunity to provide an opinion; SIGMA/OECD subsequently issued a largely negative opinion, including a recommendation that Article 41a be deleted or amended to align with the Law on State Administration. The draft was not posted on the eConsultation portal and was not submitted to public debate. At the first trilateral technical meeting of the MC RGF on 1 December 2025, a Government representative informed participants that the amendment had been adopted on Friday, 28 November; however, no Government session is recorded on that date on the Government portal, and the 27 November session does not list the amendment among the acts adopted. The amended Rules of Procedure appear on the Government portal (with a document timestamp of 15 December 2025) and in the Official Gazette of 28 November 2025, while the website of the General Secretariat of the Government continued to display the pre-amendment text as of 30 January 2026. The IWG issued its own opinion on the amendment on 5 December 2025.

Final IWG assessment: Not achieved. The adopted amendment extends beyond the step's scope and, through new Article 41a, creates additional grounds for exempting draft acts from public debate – reversing the step's intent.

Reform 6.2.2 – Funded researchers and innovative companies (June 2025)

- **Reform step (verbatim):** "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)."
- **Responsible institution:** Ministry of Science, Technological Development and Innovation.
- **Step value:** €13,587,623.37.

Both targets set by this step have been met and exceeded. The Science Fund's Report on the Implementation of Public Calls for the period March 2019 – June 2025 (13 June 2025) records 3,906 researchers supported – 2,263 female and 1,643 male, with a further 281 researchers from the Serbian scientific diaspora across 24 countries – against a target of 3,400. The Innovation Fund's Report on the Implementation of Innovation Fund Public Calls for the period December 2011 – June 2025 (10 June 2025) records 702 projects and 619 unique innovative companies as beneficiaries, against a target of 600. The programmes through which these results were achieved – Science Fund lines including PROMIS, IDEAS, PRISMA, and the Green Programme of Science–Industry Cooperation, and Innovation Fund lines including Mini Grants, Matching Grants, the Collaborative Grant Scheme, Innovation Vouchers, Katapult, and GovTech – remain operational, with national-budget allocations for 2025 of RSD 1.58 billion to the Science Fund and RSD 1.615 billion to the Innovation Fund. Two contextual issues nonetheless merit attention. First, the amendments to the Regulation on norms and standards for working conditions at universities and faculties adopted during the reporting period reduced the weekly time reserved for research activities from 20 hours to 5 hours; hundreds of university professors have since filed an initiative with the Constitutional Court challenging the regulation, and the measure risks constraining the participation of academic staff in future calls under the very programmes on which this indicator rests. Second, the continuity of public reporting by the Science Fund is uneven: the most recent quarterly bulletin available at the end of March 2026 covers Q2 2025, and the most recent annual report on the Fund's website covers 2022, which limits the systematic traceability of support provided in subsequent years. The Innovation Fund's 2024 Work Programme Report is published, but only as a static PDF, which constrains data reuse and comparative analysis.

Final IWG assessment: Achieved. The numerical targets (3,400 funded researchers, 600 funded innovative companies) are exceeded on the public evidence, and the funding mechanisms remained operational throughout the reporting period.

Reform 6.2.2 – Alignment with the ERIC Regulation (December 2025)

- **Reform step (verbatim):** "Full alignment with the European Research Infrastructure Consortium (ERIC) Regulation is reached."
- **Responsible institution:** Ministry of Science, Technological Development and Innovation.
- **Step value:** €13,587,623.37.

Amendments to the Law on Science and Research were adopted by the Government on 20 November 2025 and by the National Assembly on 3 December 2025 (Official Gazette of the Republic of Serbia Nos. 49/2019 and 108/2025). The amendments transpose the substance of Council Regulation (EC) No. 723/2009 as amended by Regulation (EU) No. 1261/2013, closing the legal gap that had previously prevented the recognition of ERIC entities in Serbia and the participation of Serbian research and development organisations in ERIC consortia established abroad. The amended Law

defines the institutional responsibilities for ERIC participation, designating the Ministry of Science, Technological Development and Innovation as the authority empowered to conclude agreements on the establishment of ERIC consortia and to decide on the participation of Serbian RDOs in existing ERIC consortia, subject to the consent of the Government. The amendments were adopted under an expedited legislative procedure, justified by the need to meet the Reform Agenda deadline; no draft was placed on the eConsultation portal, no public debate was conducted, and the drafting process was confined to institutional and expert channels, with a TAIEX expert mission conducted in October 2024 informing the legislative approach. The deadlines under the Reform Agenda were known well in advance of adoption, which would in principle have permitted a regular legislative procedure with stakeholder consultation. The full consolidated text of the Law is available on the website of the Ministry of Science, Technological Development and Innovation. Further implementing acts – procedures, guidance, model agreements, and templates covering financing, governance, infrastructure management, and participation modalities – will be required for operational readiness, beyond the legal alignment now in place.

Final IWG assessment: Achieved. The ERIC Regulation has been transposed through the December 2025 amendments to the Law on Science and Research; the legal framework is in place, even if practical operationalisation awaits implementing acts.

Reform 6.3.1 – Contracted rural public infrastructure projects (December 2025)

- **Reform step (verbatim):** "At least 10 projects financed from the national budget, not exceeding EUR 299,999 per project, contracted under public calls aimed to improve rural public infrastructure in the areas of water supply and road infrastructure facilities."
- **Responsible institution:** Ministry of Agriculture, Forestry and Water Management.
- **Step value:** €13,587,623.37.

The preparatory and procedural stages of this step are complete, and contracts have been confirmed for at least 10 projects, albeit through verification that required supplementary effort beyond the Reform Agenda's nominated sources. The 2025 state budget allocated RSD 5.8 billion under Programme 0103 (Incentives in Agriculture and Rural Development), Programme Activity 0002 (Rural Development Measures), implemented through the Agricultural Payments Directorate. The Ministry of Agriculture published an initial public call on 18 March 2025; on 25 April 2025 the Commission responsible for the call determined that it was not fully aligned with the Reform Agenda indicators and formally cancelled it. A revised call was published on 12 May 2025, with applications accepted via the eAgrar platform between 12 and 20 May 2025, a total envelope of RSD 400 million, and a cap of RSD 35 million per beneficiary – by design below the €299,999 ceiling set by the Reform Agenda. Eligible investments are confined to water-supply and road infrastructure in settlements with fewer than 10,000 inhabitants; the call was open to all local self-government units on equal terms. Three scoring lists were published, identifying 18 local self-government units selected for approval. Publicly available procurement and contracting documentation was subsequently identified for at least 10 of those municipalities – including the municipalities of Bač (road infrastructure rehabilitation), Krupanj (water supply network reconstruction), Lajkovac (local rural road construction), Mali Iđoš (road construction in Feketić), Mionica (water supply monitoring and management system), Petrovac na Mlavi (road rehabilitation and asphalting), Ub (water supply infrastructure), and Mladenovac (rural field road rehabilitation), as well as the cities of Kraljevo (water supply network reconstruction in Vitanovac and Čukojevac) and Sombor (road infrastructure rehabilitation) – confirming that contracts were formally concluded and implementation activities commenced within the reporting period. All identified contract values fall within the €299,999 per-project ceiling. A transparency deficit persists at the contracting stage: no consolidated list of contracted projects, individual contract amounts, or contracting decisions has been centrally published on the websites

of the Ministry of Agriculture or the Agricultural Payments Directorate – the sources of verification designated under the Reform Agenda – requiring the IWG to verify contracting through individual municipal procurement portals and municipal-level documentation.

Final IWG assessment: Achieved. At least 10 projects were contracted under the revised public call from national budget funds, within the €299,999 per-project ceiling; the step's formal requirement is met. The absence of centrally published contracting documentation through the Reform Agenda's designated sources of verification is recorded as a transparency gap in the implementation process.

III.2 Green Transition – Energy Sector (Reform 7.1)

Reform 7.1.1 – One certified Serbian TSO for the gas transmission system (June 2025)

- **Reform step (verbatim):** "One certified Serbian TSO operates the whole gas transmission system in Serbia."
- **Responsible institution:** Ministry of Mining and Energy; Energy Agency of the Republic of Serbia (AERS).
- **Step value:** €20,381,435.06.

The certification of Transportgas Srbija is well documented and was completed within the step's timeframe. Transportgas applied for certification on 10 May 2024; AERS issued a preliminary decision on 25 July 2024; the Energy Community Secretariat issued Opinion 3/24 on 21 November 2024; and AERS adopted the final certification decision on 21 March 2025. The Secretariat's Opinion identified a core unbundling deficit – the system owner (Srbijagas) remained active in gas supply, contrary to Article 15 of the Gas Directive – and required either the transfer of ownership to a legally and functionally unbundled entity or cessation of Srbijagas' supply activity. To address this, the Government adopted a new Law on Natural Gas in late 2025, which served as the legal basis for establishing a new company, "Gas Infrastruktura" (Novi Sad), as infrastructure owner, with a Decree granting prior consent published in the Official Gazette No. 102/2025. The founding act designates Gas Infrastruktura as the owner of the infrastructure over which an independent system operator performs transmission, and expressly prohibits it from producing or supplying natural gas; the company is newly established, and its functional unbundling has yet to be tested in operation. The reform-step wording – "operates the whole gas transmission system in Serbia" – is not, however, met on publicly available documentation: the Energy Community Secretariat's Serbia 2025 country report records three TSOs operating in Serbia (Transportgas Srbija, Gastrans, Yugorosgaz-Transport), with no progress on Yugorosgaz certification and with Gastrans exempt from third-party access contrary to Secretariat Opinion 01/2019. Only Transportgas Srbija has been certified through the Third Energy Package procedure within the reporting period.

Final IWG assessment: Not achieved. Transportgas Srbija has been certified and Gas Infrastruktura established to address ownership unbundling, but the literal indicator – a single certified TSO operating the whole system – is not met, as two further TSOs remain outside certification. In addition, it remains to be seen whether the unbundling will remain only legal and formal or progress to functional, which is a core requirement of effective unbundling under the acquis.

Reform 7.1.1 – Third-party access to gas infrastructure (June 2025)

- **Reform step (verbatim):** "Third-party access to gas infrastructure is in place."
- **Responsible institution:** Ministry of Mining and Energy; Energy Agency of the Republic of Serbia (AERS).
- **Step value:** €20,381,435.06.

The formal regulatory architecture for third-party access (TPA) was assembled within the reporting period. The Energy Law anchors TPA as a statutory duty of the independent system operator (Article 228); Transportgas Srbija's Rules on Operation were given consent by the AERS Council on 30 January 2025 (with amendments consented to on 28 May 2025) following a public hearing conducted between 9 August and 9 September 2024; and the Transmission Network Code of Transportgas, covering access and capacity allocation, received AERS consent on the same date. A structured annual capacity-allocation cycle was run via the Transportgas operational platform, aligned with the ENTSOG auction calendar, for gas years 2026–2030; the call ran from 6 June to 7 July 2025, with allocation completed on 8 July 2025. External assessments nonetheless find the step's substantive requirement – TPA effectively "in place" – unmet. The Energy Community Secretariat's Serbia 2025 report records that "transparent third-party access and, consequently, capacity allocation have not yet been conducted" at the interconnection points managed by Transportgas, and that the booking system remains difficult to access and lacks guidance for users. The Energy Community Regulatory Board's 2025 contractual-congestion report interprets Transportgas' non-offer of capacity as signalling a lack of third-party access at three interconnection points. The European Commission calls for Serbia to ensure effective, non-discriminatory and transparent third-party access at all gas entry points – phrasing that implies that this is not yet considered achieved. Structural constraints reinforce the picture: an AERS exemption arrangement for Gastrans sets aside 88% of capacity at entry and exit points for priority allocation on a long-term basis, which inherently reduces contestability of entry capacity. Participation in the regional Gas Booking Platform is expected to begin in gas year 2026/2027.

Final IWG assessment: Not achieved. Rules, codes, platform and allocation cycle are in place, but external assessments identify continuing deficits in effective, non-discriminatory TPA at interconnection points – including non-offer of capacity and long-term exemption regimes, along with the inadequate TSO platform usability.

Reform 7.1.1 – Allocation of capacities at Horgos and IBS border points (June 2025)

- **Reform step (verbatim):** "Allocation of capacities at Horgos and IBS border points is opened."
- **Responsible institution:** Ministry of Mining and Energy; Energy Agency of the Republic of Serbia (AERS).
- **Step value:** €20,381,435.06.

A key infrastructural precondition was met when the IBS pipeline (MG-10 Niš–Dimitrovgrad, the Serbia–Bulgaria interconnector) completed trial operation between December 2023 and December 2024 and received a use permit from the Ministry of Construction, Transport and Infrastructure on 14 January 2025, which enabled a new cross-border entry point "Bulgaria/Serbia" into the transmission system. The regulatory framework for capacity allocation was put in place through the Transportgas rulebook and network code consented to by AERS on 30 January 2025, with the rulebook defining the auction calendar, payment-security arrangements and publication duties (section

11.9), and the Transportgas User Platform making deadlines, product types and allocation results available to market participants. An annual capacity-allocation cycle for gas years 2025–2030 was completed on 8 July 2025, with explicit reference to Article 248 of the Energy Law and to section 11.9 of the rulebook. The Transportgas Report on non-discriminatory behaviour for 2024 identifies "U1 – PPS Horgos" and "U2 – IP Kalotina/Dimitrovgrad" as the two relevant entry points but records constraints on offering capacity beyond transit and limited conditions during 2024. Most of these 2024 limitations were addressed through the introduction of the booking platform in 2025; however, the Energy Community Implementation Report 2025 and the European Commission both continue to characterise open capacity allocation and unrestricted TPA at these points as pending, citing the limited user-friendliness of the national booking platform. Operationalisation of Transportgas' participation in the Regional Booking Platform, expected in gas year 2026/2027, is identified as the measure that would resolve the remaining gaps.

Final IWG assessment: Not achieved, with significant progress. Allocation was procedurally opened at both entry points in 2025 and the regulatory and platform infrastructure is in place, but the Energy Community benchmark of open, non-discriminatory TPA is not met, reflecting platform-usability limits and partial participation in regional booking.

Reform 7.1.3 – Just Transition governance and financing mechanism (December 2025)

- **Reform step (verbatim):** "Establish Just Transition governance process in accordance with the adopted plan and establish a Just Transition Fund/financial mechanism with EU support (RGF) and potentially other donors."
- **Responsible institution:** Ministry of Mining and Energy.
- **Step value:** €13,587,623.37.

The step's strategic precondition was met: the Government adopted the Just Energy Transition Plan of the Republic of Serbia up to 2030 by Conclusion 05 No. 312-7419/2025-2 of 24 July 2025, following a public consultation conducted from 20 May to 10 June 2025. The governance side of the step advanced in December 2025 when the Government adopted a Decision on the Establishment of the Inter-Ministerial Government Committee for Managing the Just Energy Transition Process (Official Gazette RS No. 118/2025), creating a formal inter-institutional coordination body supported administratively by the Ministry of Mining and Energy. A Cross-sectoral Working Group, bringing together ministries, local authorities, companies and civil society, has been formally constituted in parallel, reporting to the Committee; a public call for civil-society organisations to join the group was issued by the Ministry of Human and Minority Rights and Social Dialogue in cooperation with the Ministry of Mining and Energy. The civil-society members of the Working Group had not, however, been convened to a meeting by the end of March 2026. The financing side is weaker: initial funding was mobilised through a series of Government decisions of December 2025 regulating the use of funds from the budgetary reserve (Official Gazette RS No. 118/2025), but this constitutes a reactive and discretionary use of current budgetary reserves rather than a structured, predictable, institutionalised Just Transition Fund or a dedicated budget line with a long-term allocation logic. The preparatory phase of the governance process itself displayed substantial weaknesses: the plan's drafting working group did not meet between mid-2022 and 29 November 2024, and when the updated Diagnostics of Just Transition in Serbia and the draft Plan were finally presented, the commenting window was initially three days and then extended to seven, prompting the civil-society members of the working group to withdraw from the commenting phase; during the formal public debate only one public presentation was organised (in Belgrade), with none held in Serbia's coal-dependent regions.

Final IWG assessment: Not achieved, with substantial progress. The Plan was adopted and the inter-ministerial coordination body established, but no dedicated Just Transition Fund or structured financial mechanism is in place, and the participatory governance arrangements were not yet operational at the end of March 2026.

Reform 7.1.5 – Single contact point for RES permitting under RED II (December 2025)

- **Reform step (verbatim):** "Designate and operationalise a single contact point for RES permitting consistent with RED II Directive."
- **Responsible institution:** Ministry of Mining and Energy (lead); Ministry of Construction, Transport and Infrastructure; Ministry of Environmental Protection.
- **Step value:** €13,587,623.37.

A single contact point (SCP) for strategic renewable-energy projects has been established within the Ministry of Mining and Energy, following a cooperation agreement between that Ministry, the Ministry of Construction, Transport and Infrastructure, and the Ministry of Environmental Protection. The SCP operates as a centralised, primarily email-based interface (kontakt.tacka@mre.gov.rs), providing investors with information on applicable procedures, competent authorities, and statutory timelines, and signposting towards the unified digital construction-permitting system (CEOP), environmental-approval procedures, and energy-permitting procedures. A dedicated web page on the Ministry of Mining and Energy's website presents the SCP's scope, communication channel and basic procedural references. Two features of the Serbian SCP, however, place it short of the Article 16 RED II standard. First, the SCP's own description limits its role to informational and coordinative support, without operating as a single procedural interface for the permit-granting process. In practice, investors must still engage with multiple competent authorities in parallel, contrary to Article 16's core principle that "the applicant shall not be required to contact more than one contact point for the entire process". Second, its scope is initially limited to large-scale strategic projects, with broader coverage deferred to subsequent amendments to the Law on the Use of Renewable Energy Sources; smaller investors, prosumers, and community-scale projects are not served by the mechanism at the present stage. A formal act of legal designation of the SCP has not been identified in the public evidence base.

Final IWG assessment: Not achieved, with substantial progress. An SCP was designated and operationalised in a helpdesk capacity, but the Article 16 RED II benchmark – an end-to-end contact point for the whole permit process, covering all RES projects – is not met.

Reform 7.1.6 – Approval of GHG monitoring plans under the MRVA framework (December 2025)

- **Reform step:** The competent authority for the implementation of the ETS Directive approves monitoring plans in line with national legislation transposing Commission Implementing Regulation (EU) 2018/2066 (the Monitoring and Reporting Regulation, MMRR).
- **Responsible institution:** Ministry of Environmental Protection (competent authority).
- **Step value:** €6,793,811.69.

The competent authority under the Law on Climate Change – the Ministry of Environmental Protection – has been approving monitoring plans through the issuance of GHG permits under a national framework that transposes the core elements of the MRVA acquis (Commission Implementing Reg-

ulations (EU) 2018/2066 on monitoring and reporting and 2018/2067 on verification and accreditation). Permit issuance began in October 2024; 97 GHG permits with approved monitoring plans had been issued by the end of March 2026. The eGHG digital platform serves as the official system for submitting and processing monitoring plans and issuing permits, and also hosts a public registry of issued permits that is regularly updated. The verification and accreditation architecture is operational: the Accreditation Body of Serbia has accredited five verification bodies for GHG emission reports. Training and guidance activities have been carried out for covered operators and relevant institutions. The Energy Community Secretariat's Serbia reporting confirms that Serbia has transposed the core MRVA components and has established a digital system supporting permitting and transparency; the European Commission similarly describes Serbia's progress on the MRVA acquis as "advanced". One transparency aspect is worth noting. While the public registry lists operators and permit numbers, the permits themselves are not available for download. Although there is no explicit requirement to publish GHG permits or monitoring plans, this limits public oversight of the substance of approved monitoring plans, without prejudice to legitimate commercial confidentiality protections.

Final IWG assessment: Achieved. The competent authority is approving monitoring plans under a legal framework aligned with Regulation (EU) 2018/2066, supported by a functioning digital platform, registry and accreditation architecture.

Reform 7.1.7 – Implementation of the EPBD (December 2025)

- **Reform step (verbatim):** "The EPBD is implemented: recast of minimum energy performance standards for non-residential buildings and setting nearly zero energy building standards for new buildings, issuing of EPC in line with EPBD; independent control systems for EPC and inspection reports for heating and cooling systems."

- **Responsible institution:** Ministry of Construction, Transport and Infrastructure; Ministry of Mining and Energy.

- **Step value:** €13,587,623.37.

The step requires a composite EPBD implementation package – recast minimum energy performance standards (MEPS) for non-residential buildings, nearly-zero-energy-building (nZEB) standards for new buildings, EPBD-aligned Energy Performance Certificate (EPC) issuance, and independent control systems for EPCs and for heating and cooling system inspection reports. The core EPBD-aligning instrument – a regulation on minimum energy performance requirements and building certification, including an updated methodology for calculating the energy performance of buildings, as the recast successor to the existing rulebooks – was not finalised or adopted by 31 December 2025, according to the Energy Community Secretariat's Serbia 2025 country report, which records that no further progress has been made on EPBD alignment beyond the 2022 long-term renovation strategy and that the draft regulation is still pending. The existing EPC framework rests on the 2011 Rulebook on Energy Efficiency of Buildings (Official Gazette 61/2011), the 2012 Rulebook on the conditions, content and manner of issuance of EPCs (Official Gazette 69/2012, most recently amended 102/2025), and the operational Central Registry of Energy Passports (CREP); these instruments pre-date the EPBD recast and classify buildings primarily on the basis of heating demand rather than the overall primary-energy performance required by the EPBD. Rulebooks on the inspection of heating and air-conditioning systems were adopted in 2023 and supported by implementing instructions and a register of authorised inspection providers in 2024–2025, but the institutional framework for an EPBD-grade independent control system for EPCs is not yet established. Process transparency was weak on the legislative side: the Law on Amendments to the Law on Planning and Construction was adopted in October 2025 under an expedited procedure without public consultation, and the Rulebook on issuing EPC certificates was updated in 2025 without broader public participation.

Final IWG assessment: Not achieved. The composite requirement – recast MEPS, nZEB standards, EPBD-aligned EPC issuance and independent control – is not met; key foundational instruments remain in draft form, and the existing EPC framework does not yet implement the EPBD recast.

III.3 Digital Transformation (Reform 7.2)

Reform 7.2.1 – Alignment with the Gigabit Infrastructure Act (December 2025)

- **Reform step (verbatim):** "Serbia is aligned with the Gigabit Infrastructure Act through the adoption of the Law on Broadband Infrastructure by the National Parliament."
- **Responsible institution:** Ministry of Information and Telecommunications.
- **Step value:** €13,587,623.37.

Work on the new Law on Broadband Infrastructure (formally the Law on Measures for Reducing the Costs of Deployment of Very High-Capacity Electronic Communications Networks) was announced on 3 April 2025, following the first meeting of the working group. No open call for participation in the working group was issued; the Ministry of Information and Telecommunications extended direct invitations to RATEL, foreign investor and business associations, telecom operators, industry representatives, and one civil-society organisation – the National Alliance for Local Economic Development (NALED), which is also a member of the IWG. Consultations via the eConsultations Portal are recorded as having run from 24 June to 15 July 2025, but no concept paper, set of "initial grounds" (*polazne osnove*), or other working document was published during that period, and no broader written-comment or event-based consultation was organised. The draft law was published on the eConsultations Portal on 1 September 2025; a formal public debate, announced by Government Conclusion of 16 September 2025, ran from 17 September to 6 October 2025 – meeting the 20-day statutory minimum exactly – and included a public round-table on 24 September 2025. The Ministry published the public-debate report within 15 days as required by the Government Rules of Procedure; the final draft version of the law that would be submitted to Government, however, was not made publicly available. The Government had not adopted the draft law or submitted it to the National Assembly by 31 December 2025. By all indications, the draft has been designed to closely mirror the Gigabit Infrastructure Act – including a single information point, coordination of civil works, facilitation of access to existing physical infrastructure, streamlined permitting, and requirements for broadband-ready buildings – but its effect will depend on adoption, consistent application, and timely issuance of by-laws.

Final IWG assessment: Not achieved. The drafting process advanced substantively, but the step's formal requirement – parliamentary adoption of the Law on Broadband Infrastructure – was not met within the reporting period.

Reform 7.2.2 – Alignment with eIDAS 2.0 and the EU Digital Identity Regulation (December 2025)

- **Reform step (verbatim):** "Compliance with the EU digital identity Regulation and eIDAS Regulation is achieved through the adoption of the amendments of the Law on Electronic Document, Electronic Identification and Trust Services in Electronic Business (or a new law depending on % of amendments) by the National Parliament."

- **Responsible institution:** Ministry of Information and Telecommunications.

- **Step value:** €13,587,623.37.

A notice announcing the start of work was published on the eConsultations Portal on 12 August 2024 without background information on objectives or a call for working-group participation. The working group was formed on 9 July 2024 but its composition – predominantly public authorities, with one representative each from the Chamber of Commerce and Industry, the Faculty of Organizational Sciences, and NALED as the sole CSO – was made public only on 26 December 2025, more than a year after the work had begun, when the public debate was launched. No early consultations were organised. The draft law was first made publicly available only on 26 December 2025, together with the Public Debate Programme, the decision establishing the working group, the Government Conclusion on the public debate, the explanatory memorandum, the EU-acquis alignment statement, and – on the Ministry's website – the Regulatory Impact Assessment report. The public debate ran from 26 December 2025 to 19 January 2026, slightly exceeding the 20-day statutory minimum but falling almost entirely within the New Year and Christmas holiday period; a roundtable was held in Belgrade on 12 January 2026, and written submissions could be made via email, the eConsultations Portal, and post. The public-debate report, published on 12 February 2026, records three proposals accepted, one partially accepted, 48 not accepted (four explicitly rejected and 44 effectively rejected through the responses), and four clarification requests answered. Substantive concerns about the draft text remain: largely mechanical transposition of eIDAS 2.0 without sufficient adaptation to the Serbian legal and institutional context; highly technical drafting language and simultaneous introduction of multiple new concepts and systems; transitional provisions that have the law enter into force eight days after publication while deferring the establishment of key system elements (up to one year for the Office for Information Technologies to establish the digital identity wallet; two years for existing service providers to harmonise operations; indefinite continuation of old by-laws until new ones are enacted); vague normative standards such as "logical separation" of data and compliance with "domestic and international information security standards"; and unresolved data-protection questions, including undefined controller/processor roles within the system and a 10-year data-retention ceiling set without justification. The Government had not considered or adopted the draft law by 31 December 2025, and no submission to the National Assembly was recorded within the reporting period.

Final IWG assessment: Not achieved. The amendments required for compliance with eIDAS 2.0 and the EU Digital Identity Regulation were not adopted within the reporting period, and the public-debate phase commenced only after the deadline had expired.

Reform 7.2.2 – EU Third Countries Trusted List for validation of electronic signatures (December 2025)

- **Reform step (verbatim):** "Serbia has joined the EU Third Countries trusted list for the validation of electronic signatures as advanced electronic in the EU as a first step towards [eIDAS compliance]."
- **Responsible institution:** Ministry of Information and Telecommunications.
- **Step value:** €20,381,435.06.

No public information on the progress of this reform step has been released by the competent authority. This information gap is itself a substantive constraint on monitoring: no official reports, progress updates or supporting documents have been published by the competent authorities that would allow independent assessment of the steps undertaken, the challenges encountered, or the current level of compliance with the relevant requirements. The assessment that follows is based on responses to a request for access to information of public importance submitted to the Ministry of Information and Telecommunications by Partners Serbia. According to the Ministry's FOI response, the procedure for Serbia's inclusion in the EU Third Countries Advanced Electronic Signatures List of Trusted Lists (TC AdES LOTL) was formally launched with the European Commission on 4 April 2025; several technical meetings with Commission representatives have since taken place to clarify procedural steps and identify elements of the legal, institutional and technical framework that require further alignment with the eIDAS Regulation. The Commission's recommendations, the Ministry reports, are of a technical nature and concern the management of qualified electronic certificates and qualified electronic signatures, the maintenance of trusted-service lists, and the application of relevant ETSI standards; further alignment of secondary legislation is planned. Technical interoperability testing and signature-validation procedures based on a Third Country Trusted List have not been completed. Serbia is not on the TC AdES LOTL as of the end of March 2026; the Ministry confirms that the process remains in the phase of consultations and technical alignment with the Commission.

Final IWG assessment: Not achieved. Serbia has not been included in the EU Third Countries LOTL within the reporting period; the procedure with the Commission is ongoing, but the step's formal requirement is not met.

Reform 7.2.4 – Law on Information Security fully aligned with NIS2 (December 2025)

- **Reform step (verbatim):** "The Law on Information Security is adopted by Parliament and fully aligned with the NIS2 Directive."
- **Responsible institution:** Ministry of Information and Telecommunications.
- **Step value:** €13,587,623.37.

The drafting process was announced in 2023 and took place under a working group established on 20 April 2023; the Ministry described the working group's composition only in general categories, and no nominal membership list was published on official channels (a NALED report lists 57 members and several participating institutions, but not an official roster). Two public-debate rounds were conducted – 27 July to 30 August 2023 (with roundtables in Belgrade on 18 August 2023 and in Kragujevac on 21 August 2023) and 3–23 July 2024 (with an online roundtable on 17 July 2024) – and public-debate reports were issued for both rounds. The Regulatory Impact Assessment report was not published. The Government adopted the Proposal Law on Information Security on 27 Feb-

ruary 2025, with a subsequent Government communication referring to adoption of the proposal on 21 June 2025; the National Assembly adopted the Law on 22 October 2025, and it was published in Official Gazette of the Republic of Serbia No. 91/2025 on 23 October 2025. The enacted Law follows the core NIS2 architecture – risk-based obligations, clearer categorisation of covered entities, strengthened oversight, reinforced CERT function – and is accompanied by a clause-by-clause NIS2 correspondence table. According to the Ministry's own alignment table, however, several provisions still require secondary legislation, some matters are intended to be addressed through other laws (which has not yet been done), and certain elements – notably the sanctions regime – are not aligned with NIS2. Publicly available accountability documents needed for independent verification (full alignment table, RIA, working-group composition) are not consistently provided in a single, auditable package.

Final IWG assessment: Not achieved. The Law on Information Security has been adopted, but the second cumulative condition – *full* alignment with the NIS2 Directive – is not met on the Ministry's own alignment table, which records gaps in secondary legislation, cross-law dependencies and the sanctions regime.

Reform 7.2.4 – Office for Information Security operational (December 2025)

- **Reform step (verbatim):** "The Office for Information Security (within the Office for IT and e-Government) is operational (sufficiently staffed with at least 20 employees, equipped with supervisory powers, performing supervisory checks)."
- **Responsible institution:** Office for Information Technologies and eGovernment.
- **Step value:** €13,587,623.37.

On 18 December 2025 the Government adopted a new Rulebook on the internal organisation and systematisation of positions within the Office for Information Technologies and eGovernment, establishing a dedicated Department for Information Security as a separate organisational unit with 20 employees. The Department's internal structure includes units responsible for supervision, risk management, incident response, and the protection of ICT systems. An FOI response obtained by Partners Serbia confirms that the Office performs the competences prescribed by the Law on Information Security, including supervisory powers; the Department's CERT team was granted accredited-member status on the international Trusted Introducer platform on 12 February 2026. Two governance concerns remain on the public record. First, the staffing route bypassed open recruitment: a portion of the staff was appointed through internal reorganisation (reallocation of existing civil servants) and the remainder engaged on a contractual basis, reportedly following consultations with the Ministry for European Integration and the Delegation of the European Union, "due to the short deadlines and the complexity of regular recruitment procedures" – without publicly advertised procedures or published recruitment information. Second, the annual supervisory plan for 2026 had not been adopted at the time of the FOI response (10 March 2026), the statutory deadline being the end of April 2026; beyond the Office's self-report, no public documentation demonstrates that supervisory checks are being exercised in practice.

Final IWG assessment: Achieved. The organisational structure, staffing threshold and supervisory mandate are in place through the Department for Information Security established by the December 2025 Rulebook; recruitment transparency and publicly verifiable exercise of supervisory checks remain open governance concerns rather than shortfalls against the step's formal conditions.

Reform 7.2.4 – NIS2 scope list, CVD framework and crisis-management framework in place and in use (December 2025)

- **Reform step (verbatim):** "List of entities in the scope of the national law corresponding to the NIS2 Directive is finalized and Frameworks introduced by NIS2 alignment (CVD framework, crisis management framework), are in place and use."
- **Responsible institution:** Ministry of Information and Telecommunications.
- **Step value:** €3,396,905.84.

All three deliverables under this step depend on secondary legislation that has not yet been adopted. The finalisation of the NIS2-equivalent list of priority and important entities requires a Government bylaw on general and sectoral criteria and a Ministry rulebook on the Evidence (registry); in the Ministry's FOI response of 6 March 2026, the criteria bylaw was reported to be in the adoption procedure, while other implementing acts (including the Evidence rulebook) were not yet adopted, some only at the "expected to start" stage. The Coordinated Vulnerability Disclosure (CVD) framework rests on the national CERT's mandate to maintain a vulnerability database and on a Government bylaw regulating the content and verification procedure for vulnerabilities; the Ministry reports that the latter is still in drafting, and no publicly evidenced operational use has been demonstrated through adopted implementing acts. The crisis-management framework depends on a Government bylaw regulating incident notification procedures, forms, incident lists and severity classification, and on a Government crisis response plan for high-level incidents and information-security crises (statutory deadline: 18 months from the Law's entry into force); the Ministry reports that the relevant implementing acts have not been adopted.

Final IWG assessment: Not achieved. None of the three required outcomes – finalised NIS2 scope list, CVD framework in use, crisis-management framework in use – is verifiably in place; each depends on secondary legislation or operational instruments not yet adopted.

Reform 7.2.4 – Adoption of the Law on Artificial Intelligence (December 2025)

- **Reform step (verbatim):** "The Law on Artificial Intelligence is adopted, based on a high-risk approach, and with the necessary enforcement structures in place."
- **Responsible institution:** Ministry of Science, Technological Development and Innovation.
- **Step value:** €13,587,623.37.

No draft Law on Artificial Intelligence has been published and no public consultation has been conducted. Work on the law began in 2024: a first working group was formed by decision of 28 August 2024 with its first meeting announced for 31 May 2024, reaching 45 members of whom only two represented civil society (NALED and the SHARE Foundation); no open call for participation was issued, and no supporting documentation or baseline analysis was made public on the eConsultations Portal or the Ministry's website. Following the election of the new Government by the National Assembly in April 2025, the working group suspended its activities. A renewed initiative was announced at the Trilateral Meeting (Government – Delegation of the European Union – NCEU) on Reform Agenda Implementation Monitoring held on 1 December 2025; in January 2026, two NCEU-member civil-society organisations (NALED and Partners for Democratic Change Serbia) received direct invitations to join a new working group. At report finalisation, there is no publicly available information confirming that the new working group has been formally established, no published composition, and no notice on the eConsultations Portal re-initiating the process.

Final IWG assessment: Not achieved. The Law on Artificial Intelligence has not been adopted, no draft has been published, and the drafting process was discontinued and only informally re-initiated after the step's deadline.

III.4 Human Capital

The Human Capital policy area contains no reform steps with deadlines in the monitoring period (October 2024 – December 2025). Its earliest milestones fall in 2026 and will be assessed in the next IWG monitoring cycle.

III.5 Fundamentals

Fundamentals is the policy area under which most rule-of-law-related conditionality in Serbia's Reform Agenda is concentrated: fourteen reform steps across six sub-areas – democracy (9.1), fundamental rights (9.2), fight against organised crime (9.3), security and migration (9.4), fight against corruption (9.5), and judiciary (9.6). Thirteen of these steps are assessed substantively in this Section; the step on alignment with the EU visa regime (Reform 9.4.2) was approved by the European Commission in the first payment decision of January 2026 and is summarised under Section III.6. Two of the thirteen – the first electoral composite (Reform 9.1.1, December 2024) and the media-laws step (Reform 9.2.2, December 2024) – were assessed as not achieved in the Commission's Implementing Decision C(2026)18 of 12 January 2026, triggering the grace-period mechanism under Article 21(5) of Regulation (EU) 2024/1449 with an extended deadline of 31 December 2026; the IWG assesses them in the same terms as the remaining eleven steps, on the public evidence available at the end of March 2026.

Reform 9.1.1 – First electoral composite: Working Group, voter register audit, REM Council re-election (December 2024)

- **Reform step (verbatim).** First composite step due by December 2024 (subject to ODIHR assessment as the verification mechanism):
    - WG composed in accordance with the ODIHR recommendation. The would mean inter-agency Working Group on Co-ordination and Follow-up of the Implementation of Recommendations for the Improvement of the Electoral Process should act in full transparency, with the inclusion of relevant stakeholders, such as civil society organizations.
    - A meaningful audit of voter register completed in accordance with ODIHR recommendations. This step means establishment of the Commission which will oversee and control voters register. The Commission should include representatives of opposition, as well as relevant civil society organizations. The implementation of this recommendation should be recognized/verified by ODIHR.
    - REM Council is re-elected (in line with the Law on electronic media) in a transparent and inclusive process. Clear explanation of this step is given in the relevant law.
- **Responsible institution:** Working Group for the Improvement of the Electoral Process, established under the Parliamentary Committee for Constitutional and Legislative Affairs.
- **Step value:** €20,381,435.06.

The first deliverable – the Working Group – was formally established by decision of the Parliamentary Committee for Constitutional and Legislative Affairs on 29 April 2024, following consultations in April 2024 between the Speaker, parliamentary-group representatives and three civil-society organisations (CRTA, CESID and Transparency Serbia). Its composition departed from the original ODIHR proposal – which referred to the then-existing inter-institutional Government working group for co-operation with OSCE and ODIHR. Namely, the representatives of the executive and of independent bodies (including the Agency for the Prevention of Corruption and REM itself) were not included, and opposition parliamentary groups were divided on participation. In substantive terms, the Working Group reached no consensus decision: two concurrent drafts of the Law on Amendments to the Law on the Unified Voter Register (tabled respectively by CRTA and by the ruling-majority representative) were voted on at the December 2024 session without either reaching the qualified majority required for adoption as a WG proposal. A further ruling-majority iteration of the same draft, not produced within the Working Group, was inserted into the Committee's public-hearing series from 27 January 2025 and presented as Working-Group output; civil-society members withdrew from further public hearings on that basis, and, by early February 2025, eight of the eighteen Working-Group members withdrew, effectively ceasing its operation.

The second deliverable – a meaningful audit of the Unified Voter Register – progressed only after the Working Group had ceased to function, through an extended legislative process conducted outside it. After twelve successive draft versions of amendments to the Law on the Unified Voter Register, nine parliamentary public hearings, and five official ODIHR opinions issued between 28 March and 3 October 2025, the National Assembly adopted the Law on 7 November 2025 under urgent procedure. The final version was not submitted to ODIHR for assessment, and several ODIHR recommendations – in particular on the composition of the audit commission – were not taken up. The Commission for the Revision, Verification and Control of the Accuracy and Updating of the Voter Register was elected by the National Assembly on 28 January 2026 and held its first sitting on 4 February 2026; its rules of procedure were adopted on 13 February 2026, its work and financial plans on 3 March 2026, and the methodology for the audit on 3 April 2026. The audit itself is ongoing, with opposition-nominated members of the Commission already reporting obstruction of access to the voter register, restriction of data-access to the room in which the Commission sits, and systemic irregularities in the register (missing places of birth, inconsistencies in address recording, unexplained patterns of address change). No ODIHR verification of the audit outcome existed at the end of the first quarter of 2026, and none is yet possible, the audit not being complete.

The third deliverable – re-election of the REM Council under the Law on Electronic Media in a transparent and inclusive process – was not achieved in either of the two procedures conducted in 2024–2025. The parliamentary Committee for Culture and Information issued the first public call for nominations only on 25 November 2024, after the statutory deadline; the first selection process, concluded at the Committee's session of 30 December 2024, was marked by procedural irregularities and broke down on 28 January 2025 when seven candidates from five areas withdrew. A second procedure was opened on 8 May 2025 after a student-led blockade of public broadcaster RTS; it passed through extensive objections on eligibility of proposers and candidates (seventy-two proposers and twelve candidates withdrew in June 2025), concluded with the election of eight of nine Council members by the National Assembly on 12 November 2025, and was followed by resignations of four elected members, leaving a vacancy. A fresh procedure initiated on 29 December 2025 was abandoned at the Committee's session of 19 January 2026, when the Committee repealed its own initiation decision. At report finalisation the REM Council is not fully constituted.

In the same Implementing Decision, the Commission determined this step as not achieved and activated the grace-period mechanism, extending the effective deadline to 31 December 2026.

Final IWG assessment: Not achieved. None of the three cumulative deliverables is fulfilled: the Working Group ceased to function without output, the voter-register audit has begun but is not complete and lacks ODIHR verification, and the REM Council has not been re-constituted in full.

Reform 9.1.1 – Second electoral composite: key legislation revised and Republic Electoral Commission Secretariat established (December 2025)

- **Reform step (verbatim).** Second composite step due by December 2025:
    - Relevant legislation to address ODIHR and Council of Europe key recommendations, revised and adopted. Indicative list of laws subject to final approval of the WG include amendments to the following laws: Law on the Election of Members of Parliament, Law on Local Elections, Law on the Constitutional Court, Law on the Prevention of Corruption, and the Law on Financing Political Activities.
    - Improved capacities of Republic Electoral Commission and granting it its own secretariat. Achieving this step would mean Secretariat established by the decision of the National Assembly of the Republic of Serbia.
- **Responsible institution:** Working Group for the Improvement of the Electoral Process (legislative leg); Parliamentary Service, under the Secretary-General of the National Assembly (institutional leg).
- **Step value:** €27,175,246.75.

The first deliverable – adoption of legislation addressing ODIHR and Council of Europe key recommendations – is not achieved. Two framing problems shape the assessment. First, the reform step does not itself identify what is meant by "key" recommendations: ODIHR distinguishes priority from other recommendations across successive election reports, and the Venice Commission in its 2022 joint opinion with ODIHR identified seven recommendations labelled A to G; no list of key recommendations to be addressed under this step has been adopted by the Working Group or any other body. Second, as set out in the assessment of the first electoral composite, the Working Group has been dysfunctional since February 2025, and no attempt has been made to re-compose it, to establish an alternative multi-stakeholder body, or to reassign its tasks to the competent ministries. Of the laws on the indicative list (drafted by the WG), only the Law on Amendments to the Law on the Unified Voter Register has been adopted – on 7 November 2025, through the route documented in that earlier assessment and not through the Working Group. The Parliamentary Expert Service shared draft amendments to the Law on the Election of Members of Parliament, the Law on Local Elections and the Law on the Constitutional Court with former Working-Group members on 2 February 2026, and revised drafts of these together with draft amendments to the Law on Financing of Political Activities on 12 March 2026; ODIHR issued opinions on three of those drafts in February 2026 at Parliament's request. None of these drafts has been published by Parliament, no public debate has been organised, none has entered parliamentary procedure by late March 2026, and the Parliamentary Expert Service is in any event not the body legally competent to prepare draft legislation.

The second deliverable – establishment of a Secretariat of the Republic Electoral Commission by decision of the National Assembly – is not achieved, and as formulated cannot be achieved. A Secretariat *stricto sensu* would require the prior establishment of the Republic Electoral Commission as an independent state body, which has not occurred; the legal basis foreseen by the reform step – a "decision" of the National Assembly establishing such a Secretariat – does not exist. The route actually taken channels administrative support for the Commission through the Parliamentary Service. On 9 May 2024 the parliamentary Committee on Administrative, Budgetary and Mandate-Immunity Issues proposed amendments to the Decision on the Parliamentary Service that shifted determination of its internal structure from the Decision itself to the Secretary-General's Rulebook on Internal Organisation and Systematisation of Posts; the amended Decision was adopted on 31 July 2024; and on 20 December 2024 the Secretary-General adopted a new Rulebook providing, in Article 7, for a "Sector for Support of the Republic Electoral Commission" with 21 posts and 39 planned

staff, headed by an Assistant to the Secretary-General. The resulting arrangement is weaker than the reform step's intent in two respects: structurally, the Sector can be abolished at any time by the Secretary-General through a change to the Rulebook, whereas amendment of a National Assembly decision requires a parliamentary majority; operationally, no public information was available by end of March 2026 on whether the Head of the Sector has been appointed or on how many staff are actually in post – the Informative Directory of the National Assembly has not been updated since 2022, and the Republic Electoral Commission's own website contains no reference to the Sector.

Final IWG assessment: Not achieved. Neither cumulative deliverable is fulfilled: only one of the listed laws has been adopted, through a route outside the dysfunctional Working Group, and the support structure in place is an organisational unit within the Parliamentary Service – not a Secretariat of the Republic Electoral Commission established by decision of the National Assembly.

Reform 9.2.1 – Legislation following the action plans on gender-based violence, deinstitutionalisation and national minorities (December 2025)

- **Reform step (verbatim).** "The legislation foreseen following the adoption of action plans on gender-based violence, deinstitutionalisation and national minorities is prepared and adopted (following transparent and inclusive consultations in Serbia and with the Commission, and in line with the EU acquis and European and UN standards)" (December 2025). The step covers five laws: the Criminal Code, the Criminal Procedure Code, the Law on Amendments to the Law on Juvenile Offenders and Criminal Legal Protection of Juveniles, the Law on the Prevention of Domestic Violence, and the Family Law.

- **Responsible institution:** Ministry of Justice (first four laws); Ministry of Family Welfare and Demography (Family Law).

- **Step value:** €13,587,623.37.

The criminal-legislation set – Criminal Code, Criminal Procedure Code, and Law on Amendments to the Law on Juvenile Offenders and Criminal Legal Protection of Juveniles – did not progress through the milestones that the reform step's transparency-and-inclusiveness requirement implies. The Working Groups for the Criminal Code and the Criminal Procedure Code were formally constituted in May 2021, but their composition was published only in 2024, in response to repeated appeals from the National Convention on the EU; the composition of the Working Group for the LJO has never been published. The Working Groups did not meet after June 2022, yet draft amendments were placed on the e-Consultation Portal on 1 October 2024 and, in substantively revised form, on 10 September 2025 – with some Working-Group members publicly stating that the texts diverged from what had been agreed before the groups ceased to convene. Two public debates were held on the 2024 and 2025 drafts, lasting thirty and twenty days respectively (including non-working days); requests from civil society to extend the second debate, given the scope of the changes – over seventy articles of the Criminal Code and major structural changes to the Criminal Procedure Code – were not accommodated. A public-debate report was published for the 2025 drafts on 16 October 2025; no report was published for the 2024 version, and revised drafts reflecting the public-debate input have not been published. None of the three drafts had entered parliamentary procedure by the end of the first quarter of 2026.

The family-welfare legislative set – Law on the Prevention of Domestic Violence and Family Law – has advanced less. No public information is available on the constitution or composition of the Working Group for the Law on the Prevention of Domestic Violence; a draft was placed on the e-Consultation Portal on 12 November 2025, and a twenty-day written public debate ran from 12 November to 2 December 2025, with a public-debate report published on 12 December 2025. For the Family Law, the

Ministry of Human and Minority Rights and Social Dialogue issued a public call for three civil-society organisations to participate in the Working Group only in early December 2025; by end of March 2026 no further public information on the Working Group or on any draft law was available.

Beyond procedural deficits, the substance of the 2024 and 2025 drafts of the Criminal Code and Criminal Procedure Code raises concerns of two different orders. First, several provisions – expanded criminalisation of speech offences in broad and vague terms, new investigatory powers implicating online communications, and measures that could apply to acts associated with public protest – have been identified by civil-society organisations as posing risks to freedom of expression and assembly rather than strengthening the protection of vulnerable groups that the reform step requires. Second, civil-society advocacy produced some positive changes in the 2025 versions – non-consensual sexual acts incorporated into the basic definition of rape rather than set aside as a separate, milder offence; a new offence covering unauthorised sharing of intimate recordings – but other aspects, including proposed narrowing of protection for child victims and witnesses under the LJO and the procedural imbalance between accused and injured parties in the Criminal Procedure Code, remain unresolved in the drafts on public record.

Final IWG assessment: Not achieved. None of the five laws has entered parliamentary procedure. Where drafts exist, they have been prepared through processes that do not meet the step's transparent-and-inclusive-consultation requirement, and the criminal-law drafts raise fundamental-rights concerns the step is expected to remedy rather than generate.

Reform 9.2.2 – Amendment of the laws on electronic media and on public information and media, and adoption of the law on public service media (December 2024)

- **Reform step (verbatim).** "The three following laws are adopted, following consultations with the Commission: The law on electronic media and the law on public information and media are amended to align fully with the EU acquis and Council of Europe's standards; a new law on public service media is adopted in line with the media strategy, the EU acquis and Council of Europe's standards" (December 2024).

- **Responsible institution:** Ministry of Information and Telecommunication.

- **Step value:** €20,381,435.06.

The reform step's December 2024 deadline was missed; in the same Implementing Decision, the European Commission assessed the step as not achieved, activating the grace-period mechanism with an extended deadline of 31 December 2026. On process, the Working Group for the Law on Public Media Services was convened on 18 September 2024, and the Working Groups for amendments to the Law on Public Information and Media and to the Law on Electronic Media held their first meetings only on 5 December 2024 – weeks before the step's own deadline. Although the European Commission had submitted comments on earlier draft amendments as early as December 2023, the Ministry of Information and Telecommunication constituted the Working Groups only at the end of 2024, leaving them extremely compressed timelines and no access to the drafts that had been sent to Brussels. No consensus was reached within the Working Groups on the content of the bills, and the explanatory notes accompanying them did not reflect the divergent positions of members.

On consultation, a formal public consultation was conducted only for the Law on Public Media Services, for twenty days spanning not only weekends but also the New Year and Orthodox Christmas holidays; the consultation report included minutes from in-person discussions held in several cities. No public consultation was organised for the amendments to the Law on Electronic Media or the Law on Public Information and Media, despite repeated requests from journalists' and media associations. A single Ministry-convened presentation of all three drafts was held on 19 May 2025,

with journalists' associations stating that the meeting could not substitute for a legally mandated public-consultation process.

The Government adopted the three bills on 5 June 2025 and the National Assembly adopted them on 16 June 2025, approximately six months after the step's December 2024 deadline; the texts were published in the Official Gazette of the Republic of Serbia (Law on Electronic Media, Nos. 92/2023 and 51/2025; Law on Public Information and Media, Nos. 92/2023 and 51/2025; Law on Public Media Services, Nos. 83/2014, 103/2015, 108/2016, 161/2020, 129/2021, 142/2022, 92/2023, 51/2025 and 109/2025). On content, substantive deficiencies remain. The amendments to the Law on Electronic Media do not secure the functional independence of the Regulatory Authority for Electronic Media from political influence, and long-standing electoral issues – covert political advertising, official campaigns, political marketing – are not addressed. The Law on Public Information and Media introduces obligations for state-owned or partially state-owned media without independent oversight or sanctions, relying solely on self-regulation, and contains vague provisions that media associations have identified as carrying risks for investigative journalism. The Law on Public Media Services makes limited positive adjustments – clearer regulation of subscription fees, the Program Council's appointment of the Viewer and Listener Rights Commissioner, removal of the "national" designation – but does not resolve editorial-independence concerns, does not close avenues for political financing, and retains an over-concentration of authority in the general director.

Final IWG assessment: Not achieved. The laws were adopted after the deadline, but the adoption process did not secure transparent and inclusive consultation, and the texts do not fully align with EU acquis and Council of Europe standards on regulator independence, investigative journalism or political-financing channels for public-service media.

Reform 9.2.2 – Full implementation of media legislation: external complaints and co-financing compliance (December 2025)

- **Reform step (verbatim).** "Full implementation of media legislation is ensured (December 2025), in particular:
    - All external complaints received by REM in 2025 are decided upon and published, including explanations on REM reasoning.
    - Public co-funding of media content complies with Article 24 of the Law on public information and media."
- **Responsible institution:** Ministry of Information and Telecommunication; Regulatory Authority for Electronic Media (complaints leg); Vojvodina provincial bodies and local self-government units (co-funding leg).
- **Step value:** €13,587,623.37.

Assessment of this step covers principally the public-co-funding leg, for which public evidence is available through the Unified Information System (UIS). The complaints leg – timely disposition and publication of all external complaints received by REM in 2025, with reasoned explanations – cannot be independently verified on the public record available to the IWG: the REM Council has not been fully constituted during the reporting period (see the assessment of the first electoral composite under Reform 9.1.1), and no public aggregate statement of complaint intake, disposal and publication rates for 2025 had been identified as of 31 March 2026.

On the co-funding leg, the legal framework is in place. The Rulebook on Co-Financing of Projects for the Fulfilment of Public Interest in the Area of Public Information has been in force since 27 January

2024, with amendments in force since 18 November 2025; the Rulebook on the Establishment and Content of the Unified Information System (Official Gazette RS, No. 97/2024) has been in force since 1 January 2025; the UIS itself has been operational since 1 January 2025. Implementation, however, falls short of Article 24 of the Law on Public Information and Media in three respects. First, the statutory 1 March deadline for publishing annual open calls on the UIS was not consistently observed in 2025: thirty-one open calls were published after that date; four local self-government units did not finalise their 2025 calls at all, and six missed the deadline for the 2026 cycle. Second, the UIS does not contain a publicly available mechanism for monitoring how evaluation committees apply the Article 24 criteria; most of the structural information – project ranking, final selection decisions, open-call reports, internal evaluation reports – is either available only to registered users, published as scanned (non-searchable) documents, or absent altogether. Third, decisions on project selection frequently lack reasoning, and descriptions of awarded projects are often not published, making public verification of compliance with Article 24 infeasible on what the UIS currently discloses.

Final IWG assessment: Not achieved. The co-funding leg does not meet "full implementation" of Article 24 – timeliness, monitoring architecture and UIS transparency all fall short – and the complaints leg is not positively assessable on the available evidence.

Reform 9.3.1 – Strategic framework for the control of Small Arms and Light Weapons, 2025–2030 (June 2025)

- **Reform step (verbatim).** "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).

- **Responsible institution:** Ministry of Interior.

- **Step value:** €6,793,811.69.

The Program for the Control of Small Arms and Light Weapons, Ammunition and Explosives in the Republic of Serbia for the period 2025–2030, together with the Action Plan for 2025–2027, was adopted at a Government session on 26 December 2025 and published in the Official Gazette of the Republic of Serbia (No. 119/2025) on 29 December 2025. All procedural milestones foreseen by the Law on the Planning System and the Government Rules of Procedure were completed within the drafting cycle: a public call on 16 October 2024 invited civil-society organisations to nominate members to the Working Group (discontinued for lack of applications); a draft was placed on the e-Consultation Portal on 23 May 2025 with a seven-day written consultation; a twenty-day written public debate ran from 29 August to 19 September 2025; and consultation and public-debate reports, together with the final version of the Program and Action Plan, were published on the Portal on 3 June 2025 and 2 October 2025 respectively.

The process delivered those procedural steps with limited practical transparency and engagement. The composition of the Working Group – eight central-government bodies and one industry association (the National Firearms Association of Serbia) – was not published on the e-Consultation Portal and became publicly known only through the body of the adopted Program. Written consultation on the draft and the twenty-day written public debate each closed with no submissions received; several civil-society organisations subsequently reported that the invitation to the Working Group had not reached them by email, and one set of substantive comments (from the Autonomous Women's Centre) submitted one day after the public debate formally closed was, according to the Ministry, reviewed and forwarded to competent authorities for legislative follow-up, but is not reflected in the public-debate report.

On substance, the Program and Action Plan operationalise the Western Balkans SALW Control Roadmap 2025–2030 in a manner consistent with the reform step's alignment requirement. The six-year strategic framework is accompanied by a three-year action plan and annual reporting obligations; it integrates secondary legislation, training of prosecutors, judges and enforcement personnel, improved record-keeping, marking and deactivation systems, enhanced oversight of explosives storage, and performance indicators. Civil-society comments not taken up during drafting identify residual gaps – notably on stricter acquisition criteria for certain categories of civilian firearms, household notification requirements for applicants, enhanced health-capacity checks, regulation of replica weapons and associated training, protections for minors in hunting and shooting contexts, and gender-responsive measures addressing firearms-enabled violence against women – and concerns regarding secure storage and accountability practices following voluntary weapons-surrender campaigns. These residual gaps do not preclude adoption of the strategic document and Action Plan required by the step.

Final IWG assessment: Achieved. The drafting process followed the required public consultation procedures, and the Programme and Action Plan align substantively with the Western Balkans SALW Roadmap, though gender-responsive safeguards and accountability mechanisms could be strengthened further.

Reform 9.3.1 – Law on Internal Affairs: police autonomy and CPT recommendations (June 2025)

- **Reform step (verbatim).** "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).

- **Responsible institution:** Ministry of Interior.

- **Step value:** €20,381,435.06.

No Law on Internal Affairs had been adopted by end of March 2026, approximately ten months after the step's deadline. This is the third drafting cycle since 2021: the 2021 and 2022 drafts each contained controversial provisions and were withdrawn from parliamentary procedure after public pressure. The current cycle began when the Minister of the Interior established a new Working Group on 6 November 2024, composed exclusively of units of the Ministry and the Police Directorate together with three police unions, and with no civil-society representation; an announcement of the start of work on the draft law, together with the decision establishing the Working Group, was published on the e-Consultation Portal on 14 November 2024. The Working Group's own deadline for producing a draft – 31 January 2025 – was not met. No draft has been published on the Portal; no public debate has been convened; the bill has not been submitted to the Government or to the National Assembly.

Consultation with civil society has not been ensured. A working version of the draft dated August 2025 was shared with the National Convention on the European Union at short notice, during the summer holiday period, with a call for three-day consultations; the Convention declined on grounds that continued police conduct during ongoing protests made substantive dialogue on a new Law on Internal Affairs – aimed under this reform step at exactly those matters – inappropriate at that juncture. A separate channel of engagement was opened outside the regular legislative procedure: draft texts within the Ministry's competence, including the Draft Law on Internal Affairs, were presented to members of the parliamentary committee competent for internal affairs at a dedicated meeting on 2 February 2026, but no draft has entered parliamentary procedure.

On substance, the working version of August 2025 addresses the two requirements of the reform step only partially. It formally guarantees operational independence of the police from the Ministry and of the Internal Control Sector, but provides no mechanisms to secure that independence in practice and leaves significant avenues of ministerial influence intact, including over the Internal Control Sector. Provisions on the prevention of torture are improved relative to the 2022 draft but are not fully aligned with CPT recommendations – no provision introduces systematic audio-video recording of all police interviews, and the special commission for improving police conduct foreseen by the draft is to have its composition, organisation, tasks and working methods determined by the Minister, leaving extensive ministerial discretion. The 2022 controversy over the inclusion of sound cannons and instant-restraint devices among the means of coercion has not recurred, but rubber bullets remain on the list for use against both individuals and groups; and GRECO's recommendation to remove the possibility of a second term for the police director without open competition has not been acted upon.

Final IWG assessment: Not achieved. The Law on Internal Affairs has not been adopted and no draft has been published or entered parliamentary procedure. The working version shared informally does not sufficiently address the step's two substantive requirements: operational autonomy of the police and full implementation of CPT recommendations.

Reform 9.3.1 – Operational plan on financial investigations (December 2025)

- **Reform step (verbatim).** "Adoption of operational plan on financial investigations" (December 2025).
- **Responsible institution:** Ministry of Justice.
- **Step value:** €3,396,905.84.

The Operative Plan to Conduct Financial Investigation and Confiscation of Property Related to Criminal Offences for the Period 2026–2028, as it is titled in the draft submitted to public consultation, had not been adopted as of 31 March 2026. The Working Group that prepared it was established by decision of the Minister of Justice on a date not made public at the time of appointment; its composition – drawn from the judiciary, the public prosecution, criminal-police and financial-intelligence bodies, line ministries, the National Bank and public registries – became publicly known only when the draft appeared on the e-Consultation Portal, and no civil-society organisation or academic institution was included at the drafting stage.

An announcement of the start of the drafting process was published on the Portal on 22 August 2025, and the draft plan itself on 22 October 2025. The public consultation ran from 22 October to 11 November 2025 – twenty calendar days, and therefore fewer than twenty working days. At report finalisation no consultation report has been published on the Portal, no revised draft has been made public, and the Plan has not been adopted by the Government. According to unofficial information the draft is under revision following comments from the European Commission; no public notice to that effect has been issued.

A further difficulty concerns the legal identity of the instrument. The draft refers to itself as both an "Operative Plan" and, in places, a "strategy". The Law on the Planning System does not provide for a type of planning document corresponding to the heading used in the draft, leaving the instrument's legal status within the national planning system unresolved. Substantively, the draft contains a range of potentially useful measures but also – in some instances – relies on memoranda of understanding where clear statutory obligations already exist, and cross-references draft documents not yet adopted, notably the Action Plan for the Anti-Corruption Strategy 2026–2028 (see the assessment of the National Anti-Corruption Strategy and Action Plan under Reform 9.5.1).

Final IWG assessment: Not achieved. The operational plan required by the reform step has not been adopted.

Reform 9.3.1 – Legislative framework on trafficking in human beings, weapons-trafficking in the Criminal Code, and the Law on Weapons and Ammunition (June 2025)

- **Reform step (verbatim).** "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).

- **Responsible institution:** Ministry of Interior.

- **Step value:** €13,587,623.37.

None of the three cumulative deliverables had been adopted as of 31 March 2026, approximately ten months after the deadline.

On the anti-trafficking law, the drafting process was the most intensive of the three. A public call on 26 August 2024 – during the summer holiday period and with a seven-working-day application deadline – selected five of thirteen applicant civil-society organisations under a single eligibility criterion (that combating trafficking appear as an explicit objective in the applicant's founding act), which excluded organisations with directly relevant expertise. The Working Group established on 8 October 2024 held twelve meetings and a three-day workshop over five months and adopted the draft on 31 March 2025; the public debate (22 May – 10 June 2025, written submissions only) closed with a public-debate report on 24 June 2025, but no revised draft has been made public. The bill has not been submitted to the Government or the National Assembly in the nine months since. Substantive concerns raised during the process – on victim rights, the Central Register of victims, the identification procedure, the role of civil society, and administrative-procedure routes – remain unaddressed on the public record.

On the Criminal Code leg, the drafting and public consultation on amendments – including provisions addressing illegal production, possession and trafficking of weapons in line with the Firearms Protocol – were conducted in the process assessed under Reform 9.2.1, closing on the e-Consultation Portal at the end of September 2025. The process attracted objections from the National Convention on the European Union to its conduct and timing; a brief document styled as a public-debate report was issued on 16 October 2025 but does not contain the elements required by national legislation; and no revised draft had been published by end of March 2026.

On the Law on Weapons and Ammunition, no drafting activity has been publicly reported since the public consultation on an earlier draft was discontinued at the end of 2022.

Final IWG assessment: Not achieved. None of the three cumulative deliverables has been adopted: the anti-trafficking draft remains unsubmitted to Parliament, the Criminal Code amendments have stalled, and no drafting activity on the Law on Weapons and Ammunition has occurred in over three years.

Reform 9.4.1 – Strategic framework on counter-terrorism and prevention of violent extremism (June 2025)

- **Reform step (verbatim).** "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).

- **Responsible institution:** Ministry of Interior.

- **Step value:** €13,587,623.37.

No strategic document on counter-terrorism and the prevention of violent extremism had been adopted by the end of the first quarter of 2026. The Working Group for drafting the Program was established by decision of the Minister of the Interior on 2 December 2024, with membership confined to line ministries, the Prosecutor's Office, the Security-Intelligence Agency, the Office of the National Security Council and the University of Criminal Investigation and Police Studies; no invitation was extended to civil-society organisations. The draft Program and Action Plan – prepared with support from the OSCE Mission to Serbia – were placed on the e-Consultation Portal on 22 April 2025. The written consultation ran from 22 to 29 April 2025 (eight days), between the Orthodox Easter and Labour Day holidays, and attracted no submissions; the public debate ran from 18 June to 6 July 2025 (nineteen days, against the twenty-day statutory minimum under the Government Rules of Procedure), over the start of the summer period, and attracted one submission, from the Global Initiative against Transnational Organised Crime (GI-TOC), containing seven general and four specific comments. Reports on the consultation and the public debate were published on the Portal on 30 April and 21 July 2025 respectively; no updated consolidated draft has been published, and the Program has not been adopted by the Government.

Of GI-TOC's eleven comments, four were partially accepted and none fully. Proposals on clearer typologies of violent extremism, more targeted measures on foreign terrorist fighters and individuals with military training, stronger attention to extremist financing (cash flows, cryptocurrencies, NGOs, sports structures), greater involvement of local communities and civil society, and operational capacity against digital radicalisation were rejected on grounds that the draft should remain flexible, that the issues are addressed by existing instruments (including FATF-aligned frameworks) or that they fall outside the Program's scope. The Report on the Assessment of the Implementation of the 2017–2021 Strategy and the Study on All Forms of Radicalisation and Violent Extremism, cited by the Ministry as analytical foundations for the draft, have not been published, precluding independent verification of the draft's evidence base.

On content, the draft establishes a coherent strategic architecture aligned with EU and Council of Europe standards, but the text is weighted towards output-oriented measures with limited outcome indicators, unclear or insufficiently detailed budget allocations, and human-rights references not operationally backed by independent oversight, accountability mechanisms or safeguards against the misuse of counter-terrorism powers – a gap relevant in the wider rule-of-law context documented in Section II.1.a.

Final IWG assessment: Not achieved. The strategic document and Action Plan required by the reform step have not been adopted.

Reform 9.5.1 – National Anti-Corruption Strategy and Action Plan (December 2024)

- **Reform step (verbatim).** "Following consultations with the Commission, the strategy and action plan for 2025-2028 are adopted" (December 2024).
- **Responsible institution:** Ministry of Justice.
- **Step value:** €6,793,811.69.

The National Anti-Corruption Strategy for the period 2024–2028 was adopted by the Government on 25 July 2024 and published in the Official Gazette No. 63/2024. The Action Plan for 2024–2025 was adopted on 26 December 2024 and published on the Government website rather than in the Official Gazette. The Action Plan for 2026–2028 has not been adopted.

The Strategy was adopted by the Government rather than by Parliament, despite its national label and the cross-branch scope of anti-corruption policy; obligations are accordingly binding only for the executive and do not extend to the National Assembly, the President of the Republic, the judiciary or independent bodies. The Reform Agenda envisaged a single strategy and action plan for 2025–2028; in practice the Action Plan has been split into a 2024–2025 plan and a 2026–2028 plan, with only the first adopted.

The working groups for the Strategy and for both Action Plans included civil-society representatives, but their proposals were largely not accepted; in the Action Plan 2024–2025 working group, decision-making allowed only activities approved by the responsible implementing body, without a vote among members. The consultation report on the Strategy was published nearly a year after the September 2023 consultation closed, and only after the Strategy had been adopted.

The Strategy's overarching indicator of progress – Transparency International's Corruption Perceptions Index – foresees an increase of seven points, which would bring Serbia only to the current global average. Since adoption, Serbia's CPI score has declined from 35 to 33. The Strategy also foresees fulfilment of only 35 percent of GRECO fifth-round recommendations by 2028, although the original deadline expired at the end of 2023.

The periodic review of the Action Plan 2024–2025, prepared by the Agency for the Prevention of Corruption, concludes that the Plan's General Strategic Objective was not achieved during the implementation period. According to Government information, the draft Action Plan for 2026–2028 has been sent to the European Commission for consideration; it carries over the measures of the 2024–2025 Plan without adding effective solutions for the remaining GRECO recommendations or measures to ensure prosecution of high-level corruption in all instances where it was suspected.

Final IWG assessment: Not achieved. The Strategy was adopted by the Government, but the Action Plan was split into two sub-periods of which only the first is adopted. At the same time, the draft Action Plan 2026–2028 does not properly address some of the most burning problems of corruption in Serbia.

Reform 9.5.1 – Filling of vacant judicial and prosecutorial positions in anti-corruption units (December 2025)

- **Reform step (verbatim).** "All vacant positions for prosecutors and judges in anti-corruption departments and in special prosecutor's office for organised crime, and special department of the higher court and of the appellate court in Belgrade for organised crime are filled in accordance with the Annual Schedule of Judges (adopted by the HJC) and the Decision of the High Prosecution Council on the number of public prosecutors and trained" (December 2025).

- **Responsible institutions:** High Judicial Council (HJC); High Prosecutorial Council (HPC).

- **Step value:** €13,587,623.37.

The reform step as formulated cannot be achieved in its literal terms without prior legislative change: under the Law on the Organisation of Courts, the Annual Schedule of Judges is adopted by each court president rather than by the HJC, and the HPC's decision on the number of public prosecutors directly regulates prosecutor numbers only in the Prosecution for Organised Crime (POC), not in the anti-corruption departments of the Higher Public Prosecutors' Offices (HPOs), where numbers are set by the head prosecutor. Against the baselines that do exist, the substantive picture is uneven and worsens in one material respect over the reporting period.

On the judicial side, the Special Department of the Appellate Court in Belgrade increased its complement from the baseline of 11 to 12 judges. The Higher Court in Belgrade maintains its baseline of 4. The Higher Court in Niš increased from 5 to 6. The Higher Court in Novi Sad reduced its complement from 6 to 5 in the 2026 Annual Schedule. The Higher Court in Kraljevo had not published its 2026 Annual Schedule by the time of writing; in its 2025 Schedule the complement had already been reduced from the baseline of 6 to 5 judges.

On the prosecutorial side, the HPC's decision on the number of public prosecutors was not amended in 2025 or 2026; the decision of 31 October 2023 remains in force. The POC has 10 permanently assigned prosecutors against 25 envisaged positions. Annual Schedules of the HPOs are not publicly available, and their information directories either are silent on or carry outdated figures for the anti-corruption departments. The baseline is itself ambiguous on which categories of prosecutors it captures (i.e. whether or not it should include the detached prosecutors), which makes the step's indicator technically unverifiable as drafted.

The materially important development during the reporting period is the adoption by the National Assembly on 28 January 2026 of the set of judicial laws known in public discourse as the "Mrdić laws", including amendments to the Law on Public Prosecution. Amended Article 69 transfers the power to assign prosecutors on temporary duty to the POC from the Supreme Public Prosecutor to the HPC, and transitional provisions require all prosecutors previously temporarily assigned to the POC to be returned to their home offices within thirty days, by 9 March 2026. Following the subsequent HPC sessions, the number of prosecutors temporarily assigned to the POC fell from 11 to 6, against the total of 25 envisaged and 15 vacant positions. The Venice Commission has accepted a request to assess the amended laws.

The legislative procedure bypassed the consultative architecture relevant to the reform step. The HJC, the HPC and the Agency for the Prevention of Corruption were not consulted, nor were professional associations, the wider public or the European Commission. The substantive provision on the return of temporarily assigned POC prosecutors was introduced as an amendment during parliamentary debate by an MP other than the original proponent; amendments are not published on the parliamentary website, and the provision was therefore not available on the public record at the time of adoption.

Final IWG assessment: Not achieved. The instruments the step relies on do not directly govern staffing in the Higher Courts or the HPO anti-corruption departments under current Serbian law. Against baselines, the Higher Courts hold fewer anti-corruption judges, the POC operates far below its envisaged establishment, and the January 2026 judicial laws further reduced temporarily assigned prosecutors.

Reform 9.6.1 – 10% increase in the number of elected judges and public prosecutors (December 2025)

- **Reform step (verbatim).** "Number of elected judges and number of public prosecutors increased by 10%" (December 2025).
- **Responsible institutions:** High Judicial Council (HJC); High Prosecutorial Council (HPC).
- **Step value:** €13,587,623.37.

Against the Reform Agenda baselines of 2,718 judges and 689 public prosecutors, a 10 percent increase required 2,990 judges and 758 prosecutors by December 2025. As of March 2026, Serbia has 2,658 judges and 698 prosecutors (together with 64 chief prosecutors) – fewer judges than at baseline, and nine more prosecutors. Against the Councils' own systematisation of 3,102 judges and 899 prosecutors, the gap is wider. The HJC's 2025 Annual Report records 146 judicial appointments against 143 departures over the year; eight competitions announced in 2025 for 416 positions delivered only 25 appointments by year-end.

The persistent obstacle is obstruction of decision-making in both Councils. Sessions have frequently failed for lack of quorum – in the HPC, eight of eleven during the reporting period – and have been further blocked by procedural disagreements among members. The election of prosecutor-member representatives to the HPC on 23 December 2025 was re-run at four polling stations on 25 January 2026 following complaints before the Constitutional Court, and further complaints remain pending. Article 40 of the Law on the High Prosecutorial Council – under which any officeholder who voted may lodge an objection decided by the HPC within forty-eight hours, in default of which it is deemed accepted – interacts with the absence of quorum to trap the process in a cycle of repeated elections. The set of judicial laws adopted on 28 January 2026 compounded the effect in the Prosecution for Organised Crime specifically (see the assessment of vacant judicial and prosecutorial positions in anti-corruption units under Reform 9.5.1).

Final IWG assessment: Not achieved. The number of judges has declined against baseline and the number of prosecutors has increased by nine against a 10 percent target; continued obstruction of decision-making in both Councils has prevented the appointment process from delivering the required increase.

III.6 Steps previously assessed as achieved by the European Commission: sustainability of results

Three reform steps with deadlines in the first reporting cycle – Reform 7.1.1 (electricity integration package), Reform 7.2.1 (5G Security bylaw) and Reform 9.4.2 (visa-regime alignment) – were assessed as fully achieved by the European Commission in Implementing Decision C(2026)18 of 12 January 2026 and the associated Assessment Annex. The IWG does not revisit the formal-achievement verdict recorded by the Commission for these three steps. The purpose of this section is narrower: to flag the conditions on which the durability of those results depends, and the risks that would, if materialised, erode them within the next monitoring cycle.

Reform 7.1.1 – Electricity integration package (December 2024)

The reform has been implemented and remains in force, with no evidence of reversal, but its full consolidation depends on EU and Energy Community verification. The CCR reconfiguration component shows very high sustainability, as Serbia, through its TSO (EMS), participated in a regional process that resulted in a formal Capacity Calculation Region configuration adopted by the Agency for the Cooperation of Energy Regulators (ACER) in December 2025,[3] based on a joint TSO proposal coordinated via ENTSO-E. This element has therefore been effectively completed at the regulatory level. It is not exposed to unilateral reversal by Serbia, as the CCR reconfiguration is embedded in a multilateral ACER decision taken on a joint TSO proposal and can only be undone through a further regional regulatory process.

By contrast, the market coupling component remains incomplete. Serbia has established the legal and procedural preconditions, including the adoption of the Regulation on Transmission Capacity Allocation and Congestion Management in December 2024,[4] transposing Commission Regulation (EU) 2015/1222. However, market coupling is not yet operational, and the Energy Community Secretariat notes that the compliance of SEEPEX's NEMO designation is still to be verified, meaning that the final outcome depends on verification within the EU and Energy Community framework. At the same time, Serbia is implementing in practice the provision of inputs required for coordinated capacity calculation, as evidenced by EMS's participation in cross-border capacity allocation and regional coordination mechanisms, including jointly agreed allocation rules and coordinated auction processes.[5]

Reform 7.2.1 – 5G Security bylaw (December 2024)

Following consultations with the European Commission, the Bylaw on Establishing Measures for the Reduction of Security Risks Related to the Deployment of Fifth-Generation Mobile Networks (5G Security Toolbox) was adopted by the Government on 27 February 2025 and published in the Official Gazette RS 17/2025 of 28 February 2025.

The bylaw further regulates instruments aimed at mitigating security risks associated with the deployment of 5G mobile networks. It introduces a set of strategic, technical and supportive measures designed to address identified security risks and to ensure the security, availability, confidentiality, integrity and resilience of data, services and infrastructure within 5G networks. These measures rest on an assessment of exposure to security risks arising from the implementation of 5G electronic communications networks.

The bylaw is currently in force and being implemented, with no regression observed in this area.

Reform 9.4.2 – Alignment with the EU visa regime for at least three third countries (December 2024)

The Government of Serbia cancelled the visa-free regime for nationals of Qatar, Kuwait and Oman on 5 December 2024 (Official Gazette RS 97/2024, in force eight days after publication of 6 December 2024), and terminated the Agreement with Mongolia on reciprocal visa abolition, with effect from 13 March 2025. The Commission treated these measures as fulfilment of the step.

3 ACER Decision No. 10/2025 on the amendments of the Capacity Calculation Region configuration, https://eepublicdownloads.entsoe.eu/clean-documents/nc-tasks/ACER-Decision-10-2025-CCR-amendments.pdf.

4 Regulation on Transmission Capacity Allocation and Congestion Management, Official Gazette RS 102/2024, https://pravno-informacioni-sistem.rs/eli/rep/sgrs/vlada/uredba/2024/102/1.

5 Energy Community Secretariat, Implementation Report 2025 – Serbia Country Profile, https://www.energy-community.org/dam/jcr:5b4ff2d5-5672-4989-ad81-d7fd9e27a7f7/Serbia_IR25CP.pdf.

Sustainability depends on two factors. The first is the non-reversal of the measures already adopted: Serbia's visa regime must continue to track the evolution of the EU visa list, and Serbia should refrain from concluding new visa-free arrangements with third countries whose nationals require EU visas. On this dimension, no further changes to Serbia's visa regime with respect to Qatar, Kuwait, Oman and Mongolia were recorded during 2025 or in early 2026, and a review of the Official Gazette identified no amendments to Serbia's visa regime during the period under review that could have undermined its alignment with Schengen. The second factor is the scope of alignment: the step addressed only a sub-set of countries, broader alignment remains an open issue, and the Reform Agenda's formulation ("at least three countries") establishes a minimum rather than a ceiling. Monitoring in the next cycle will need to track both the non-reversal of the four completed measures and any further steps Serbia takes to extend alignment across the remaining gaps.

IV. Financial Monitoring

This section frames the financial architecture of Serbia's RGF allocation, the indicative disbursement schedule, the investment pipeline and the envelope feasible under it, and the investment accomplishment recorded to date. Two underlying monitoring tools – a disbursement and project-value tracking table (Table 2) and an inventory of Serbia's WBIF project portfolio cross-referenced with the Reform Agenda's indicative project list (Tables 3, 4 and 6) – are retained as the analytical backbone for subsequent monitoring cycles.

IV.1 Financial structure of Serbia's RGF allocation

Serbia's total allocation of EUR 1,586 million[6] comprises a loan of EUR 1,131 million and a grant of EUR 455 million (Regulation 2024/1449 Annex; Loan Agreement, Article 1).[7] The loan carries highly concessional terms: 40-year maturity, principal repayment from 2034, with interest at the EU's own pass-through borrowing cost under its Diversified Funding Strategy (Loan Agreement, definitions 10–13; Regulation, Recital 50).

Upon each payment release, the funds are divided into three channels. The entire grant is channelled through the WBIF (Regulation, Article 6(5)). The loan is split: 34.75% – the 'Allocated Percentage' defined in the Loan Agreement – is transferred to the European Western Balkans Joint Fund (EWBJF) managed by EIB and EBRD within the WBIF, while the remaining 65.25% is disbursed to the Serbian treasury.[8] This produces a three-way structure: approximately EUR 738 million in budget loans to the treasury (46.5% of the total allocation); EUR 455 million in WBIF investment grants (28.7%); and EUR 393 million in WBIF investment loans through the EWBJF (24.8%). The total flowing through WBIF is approximately EUR 848 million, or 53.5% of Serbia's allocation – consistent with the Regulation's requirement that at least half be channelled through WBIF for investment.

Conditionality operates at multiple levels simultaneously. Preconditions under Article 5 and general payment conditions under Article 12 are treated in Section II. Payment conditions themselves are assessed on a binary basis (Article 21); on the investment side, projects must additionally be endorsed by the WBIF Operational Board and contribution arrangements concluded before disbursement (Article 19). Projects submitted for endorsement are expected to be relevant to the approved

6 The EUR 1,586 million figure is calculated following the methodology in the Annex to Regulation (EU) 2024/1449: 60% weight on Serbia's share of total Western Balkans population and 40% weight on the inverse of its GDP per capita relative to the regional average. It is the largest allocation among the six Western Balkans beneficiaries.

7 The Loan Agreement fixes the maximum loan at €1,131,090,930 (Article 1). The grant is the residual of the total indicative allocation minus the loan. Neither component is described as 'maximised'; the overall proportions follow from the Regulation's global split of €4 billion in loans and up to €2 billion in grants.

8 Loan Agreement, Article 1, defines the 'Allocated Percentage' at 34.75%, applied uniformly to each loan instalment. The grant portion is channelled entirely through WBIF (Regulation, Article 6(5)). The split is therefore fixed contractually and applies identically to every tranche.

payment conditions (Recital 53), but the mapping is indicative rather than firm.

The availability of funds is not indefinite. If a payment condition is not fulfilled within 12 months of the initial negative assessment, the Commission can reduce the corresponding grant and loan amounts proportionally – definitively losing the funds. For payment conditions with deadlines in the first year of implementation (December 2024), the grace period is extended to 24 months (Article 21(5)). In any event, any amount corresponding to payment conditions not fulfilled by 31 December 2028 shall be decommitted or cancelled (Article 21(6)). On the investment side specifically, if the relevant payment conditions for an investment are not fulfilled within one year, the Commission can redistribute the corresponding investment funding to other Western Balkans beneficiaries, a potential permanent loss of Serbia's investment allocation (Article 21(8); Recital 53).

IV.2 Indicative disbursement schedule

The Reform Agenda Annex assigns financial values to each reform step, distributed across seven payment windows from H2 2024 through H2 2027. The profile is backloaded: the smallest window is H2 2024 (EUR 112 million) and the largest is H2 2026 (EUR 319 million). Total step values sum to EUR 1,586 million. An additional 7% pre-financing (EUR 111 million) was released in June 2025 upon entry into force of the agreements.[9]

Applying the three-way split uniformly produces the indicative schedule in Table 2. For each payment window, the step amount is divided into two financial channels: budget loans to the treasury, and the WBIF investment envelope combining the full grant with the 34.75% loan share transferred to the EWBJF. The WBIF column represents the amount potentially available for project co-financing per semester. The hypothetical project value column converts that WBIF amount into an indicative mid-range total investment volume, using the weighted average co-financing leverage observed in Serbia's existing WBIF portfolio (see IV.3.1). Pre-financing is shown separately, as it was released upfront upon entry into force rather than tied to a specific reform-step window.

Table 2. Indicative disbursement schedule (EUR millions)

Step date	Step amount	Budget loans	WBIF grant + loan	Hypothetical project value	Operational by
Dec-24	112	52	60	147	~Dec 2025
Jun-25	163	76	87	214	~Jun 2026
Dec-25	265	123	142	344	~Dec 2026
Jun-26	197	92	105	365	~Jun 2027
Dec-26	319	149	171	478	~Dec 2027
Jun-27	231	107	124	329	~Jun 2028
Dec-27	299	139	160	571	~Dec 2028
Total	1.586	738	848	2.447	
Pre-financing (7%)	111	52	59	171	Jul 2025

Source: step values from RA Annex; split ratios from Loan Agreement Art. 1 and Commission Implementing

9 Pre-financing is an advance on future disbursements, not additional funding. It is cleared proportionally from each subsequent instalment (Facility Agreement, Article 13(3); Loan Agreement, Article 6(5)). The clearance fraction per tranche equals the tranche's step value divided by total step values (EUR 1,573 million). Net disbursement = step amount × (1 - 111/1,573).

Decision C(2026)18. Hypothetical project value from weighted sector leverage.[10] *All figures rounded.*

The hypothetical project value per semester is only partly proportional to the WBIF allocation: it also reflects the sector composition of steps due in each window, since leverage ratios differ substantially by sector. Earlier windows are dominated by energy and digital steps, while later windows carry a larger share of human capital. Since human capital projects attract substantially higher co-financing per euro of grant (see IV.3.1), later semesters show higher projected investment per euro of WBIF funding.

IV.3 Investment pipeline

Section 12 of Serbia's Reform Agenda presents an indicative list of 21 infrastructure projects across four sectors – transport, energy, digital infrastructure, and human capital – with a combined stated investment volume of around EUR 6.3 billion. The Regulation requires each beneficiary to include such a list (Article 13(1)(d)); it is deliberately broader than what the allocation can finance, providing Serbia with a menu of investment possibilities from which to select projects as reform steps are fulfilled and funding becomes available.[11]

Table 3 presents the Section 12 project pipeline by sector. The stated EUR 6.3 billion represents total project investment costs – including IFI loans, government co-financing, and other sources – not the WBIF grant request. In the WBIF co-financing model, the grant covers a regulated fraction of total cost: up to 50% for railways, 40% for roads, up to 30% for innovative renewable energy and HPP rehabilitation, 20% for energy transmission and distribution, 30% for digital infrastructure and human capital, and up to 70% for environment. In practice, grant portions have tended to be substantially smaller, i.e. the loan leverage larger. The environment sector is financed through IPA III rather than through the RGF conditionality channel.

10 Hypothetical project value is computed by applying the weighted average leverage ratio to the WBIF grant allocated to each semester. The leverage weights reflect the sector composition of WBIF-eligible steps due in that semester (energy, digital, human capital), using observed ratios from the 77-project Serbia WBIF portfolio.

11 The Reform Agenda's Section 12 list is indicative: a project approved under the WBIF may be financed under the RGF even if it is not explicitly listed in Section 12 (the Novi Sad solar thermal project in Table 5 is such a case).

Table 3. Reform Agenda Section 12: indicative investment project list (EUR millions)

Project	RA stated value	WBIF RGF grant	IFI loan	Own contrib.	Total	WBIF status
TRANSPORT (5)	**3,689**					**3 of 5 in WBIF**
Stalać–Kraljevo & Kraljevo–Rudnica	727					In WBIF (preparation)
Ostružnica–Surčin–Batajnica railway	182					In WBIF (preparation)
Stara Pazova–Šid railway	740					In WBIF (preparation)
Valjevo–Vrbnica railway	1,340					Not in WBIF
Brestovac–Preševo–N.Macedonia	700					Not in WBIF
ENERGY (10)	**1,558**	**16**	**55**	**1**	**72**	**2 RGF; 7 in WBIF**
HPP Potpeć reconstruction	72	16	55	1	72	RGF approved Jul 2025
Solar plants Kolubara A + Morava	130					In WBIF (TA)
Central Balkan Corridor (new phase)	195					In WBIF (TA)
Pannonian Corridor (SRB–HUN)	140					In WBIF (preparation)
VMA Hospital EE rehabilitation	200					In WBIF (preparation)
Central govt buildings EE	47					In WBIF (implementation)
Gas interconnector N.Mac.–Serbia	42					Not in WBIF
Gas pipeline Niš–Horgoš	720					Not in WBIF
Gas interconnection project between Serbia and Romania	12					
Reversible HPP Zvornik	N/A					Not in WBIF
DIGITAL (2)	**134**					**1 of 2 in WBIF**
Rural broadband Phase 3	72					In WBIF (implementation)
Kragujevac Innovation District	62					Not in WBIF
HUMAN CAPITAL (4)	**972**					**2 of 4 in WBIF**
Zero-energy school reconstruction	50					In WBIF (preparation)
Public buildings EE (REEP)	78					In WBIF (implementation)
BIO4 Campus (future phases)	796					Non-WBIF financing
Student dormitories (Niš+Belgrade)	48					Not in WBIF
TOTAL (21 projects)	**6,353**	**16**	**55**	**1**	**72**	

Source: RA Section 12 for stated values; financing details for RGF-approved projects from WBIF Annual Report 2024 and wbif.eu. Zvornik HPP has no published value.

The 21 projects are not a homogeneous pipeline. They include projects already endorsed under the RGF (Potpeć HPP); projects with WBIF technical assistance but no investment endorsement (Kolubara A and Morava solar plants); projects in WBIF under the unconditional EIP stream with potential for RGF top-up (rural broadband); projects whose current financing comes from bilateral IFI arrangements, with subsequent phases potentially seeking WBIF support (BIO4 Campus); and projects with no WBIF activity at all (Valjevo–Vrbnica railway; gas pipeline Niš–Horgoš).

IV.3.1 Co-financing structure

Analysis of the financing structure of 77 Serbia WBIF infrastructure projects (excluding private-sector-development financial facilities) yields the sector-level co-financing ratios in Table 4.[12]

Table 4. WBIF Serbia portfolio: co-financing ratios and historical experience (EUR millions)

Sector	Number of projects	Total grants	Total loans	Own contrib.	Total project value	Loan/Grant ratio
Transport	20	1,581	4,693	1,597	7,872	2.97
Energy	29	661	2,290	81	2,992	3.46
Digital	1	36	118	2	155	3.28
Human capital	12	111	799	519	1,429	7.20
Environment	15	142	572	202	917	n/a
Total	**77**	**2,482**	**8,472**	**2,411**	**13,364**	

Source: wbif.eu project database, 77 Serbia infrastructure projects (excl. PSD facilities and the two RGF-approved projects). Environment leverage ratio not computed (most projects TA-only; funded via IPA III).

The ratios vary substantially by sector. Energy projects attract the highest IFI loan leverage with minimal government co-financing, reflecting large utility-scale investments where the project itself generates revenue. Human capital projects show the highest government co-financing, as governments typically fund a large share of social infrastructure (hospitals, universities, judicial facilities) from their own budgets. There is no hard upper bound on leverage: own financing or third-party bilateral arrangements can substantially increase the investment generated per euro of grant, as the outlier projects in the human capital and transport portfolios demonstrate.

IV.3.2 Estimated feasible project envelope

Serbia's WBIF allocation of approximately EUR 848 million (EUR 455 million in grants and EUR 393 million in loans through the EWBJF) can be distributed across sectors using the shares implied by the Section 12 project list. Applying the observed co-financing ratios produces an estimate of total project investment that the RGF allocation could realistically support, in the range of EUR 2.8–3.1 billion. The range reflects uncertainty about the treatment of the RGF loan within the WBIF co-financing structure: the lower bound assumes the RGF loan is co-mingled with IFI lending; the upper bound assumes it is additional to IFI lending at historical ratios. This envelope represents 44–48% of the EUR 6.3 billion stated in the Section 12 list. The list therefore provides a broader menu of in-

12 The ratios vary substantially across sectors and are influenced by outlier projects with large own contributions. In transport, several projects include substantial third-party co-financing (totalling approximately EUR 612 million across the portfolio), which inflates the own/grant ratio. In human capital, the high ratios (7.2× loans, 4.7× own) are driven by projects where the government funds most of the cost directly – notably Tiršova 2 hospital (EUR 100 million national contribution) and judiciary facilities (EUR 36 million) – making the WBIF grant a small fraction of total project value. These cases illustrate that own financing or bilateral arrangements can substantially increase leverage beyond the portfolio average, though such ratios may not be representative for typical new RGF-funded projects.

vestment options than the allocation can fund, giving the government flexibility to prioritise among projects as reform steps are fulfilled and project documentation matures. The monitoring question is which projects Serbia selects, and whether those selections reflect reform priorities.

IV.4 Investment accomplishment to date

IV.4.1 Pre-financing and the first RGF projects

Pre-financing of approximately EUR 111 million (7% of Serbia's total allocation) was released in June 2025 upon entry into force of the Facility Agreement and the Loan Agreement.[13] Of this, approximately EUR 52 million was disbursed to the Serbian treasury and EUR 59 million in grants and loans was made available through the WBIF. Unlike subsequent tranches, the pre-financing did not require the fulfilment of reform steps.

In July 2025, the WBIF Operational Board endorsed the first two RGF-financed investment projects for Serbia under INV Round 10E. Table 5 presents their financing structure.

Table 5. First RGF-endorsed investment projects for Serbia (EUR millions)

	HPP Potpeć	Novi Sad thermal[14]	Total
WBIF RGF grant	15.8	25.7	41.5
IFI loan (EIB / EBRD)	55.0	83.8	138.8
Own contribution	1.3	4.8	6.1
Total project value	**72.1**	**114.3**	**186.4**
Grant/total cost ratio	22%	22%	22%
IFI loan/grant ratio	3.5×	3.3×	3.3×

Source: WBIF Annual Report 2024; wbif.eu project database. Potpeć: WB-IG10-SRB-ENE-01, EIB-led. Novi Sad: WB-IG10-SRB-ENE-02, EBRD-led.

Both projects are in the energy sector, consistent with the electricity integration step – the most substantive reform achievement in the first assessment. They are relatively small-scale projects with mature documentation: Potpeć had been proposed under WBIF INV Round 10; Novi Sad solar thermal had completed its WBIF technical assistance before the investment endorsement. The grant-to-total-cost ratio of approximately 22% falls within the 30% cap for innovative renewable energy and HPP rehabilitation. Of the EUR 59 million channelled to WBIF as pre-financing (approximately EUR 32 million in grants and EUR 27 million in EWBJF loans), approximately EUR 40.7 million has been committed to these two projects as WBIF RGF grants; the remaining WBIF pre-financing – primarily the EWBJF loan portion – remains available in the fund for future project endorsements, where it will be pooled with WBIF funding released through subsequent instalments.[15]

13 Source: WBIF Annual Report 2024 (reporting period to 10 July 2025), Annex 1. Both projects endorsed under INV Round 10E (Written Procedures N.28 and N.29, 27 June and 9 July 2025). Source of funds labelled 'RGF – EWBJF'. Neither project had prior WBIF investment grants; Novi Sad solar thermal had a prior TA grant for project preparation, finalised before the investment endorsement.

14 The Reform Agenda list is indicative; therefore, a project approved under the WBIF may still be financed under the RGF even if it is not explicitly listed there.

15 The pre-financing grant component (EUR 31.9 million) was disbursed to the EWBJF before any reform steps were assessed. If the total grant cleared through subsequent instalment deductions does not fully cover this amount – for instance, because too few steps are fulfilled – the Commission can recover the uncovered portion by offsetting against other EU payments to Serbia, in accordance with Article 102 of the Financial Regulation (Regulation 2024/1449, Article 21(7)).

IV.4.2 The first payment assessment

The Commission's first implementing decision for Serbia (C(2026)18, 12 January 2026) assessed seven payment conditions due by December 2024. Three were assessed as achieved and four as not achieved.

Achieved: the step under Reform 7.1.1 on implementation of the electricity integration package (step value EUR 20.4 million); the step under Reform 7.2.1 on adoption of the 5G security bylaw (EUR 13.6 million); and the step under Reform 9.4.2 on visa alignment with at least three countries (EUR 27.2 million). The gross first release totalled EUR 61.1 million: EUR 17.5 million in non-repayable support and EUR 43.6 million in loan support.

Not achieved (grace period until 31 December 2026): the step on the final inventory on State-aid transparency; the first electoral-framework composite step under Reform 9.1.1; the step on the amendment of the media laws under Reform 9.2.2; and the step on the National Anti-Corruption Strategy and Action Plan under Reform 9.5.1.

After clearing pre-financing proportionally, the net first release was EUR 56.5 million, divided as follows: EUR 16.2 million in grants channelled to WBIF via the EWBJF, EUR 14.0 million in loans to the EWBJF (the 34.75% Allocated Percentage), and EUR 26.3 million in loans disbursed to the Serbian treasury. Only the treasury share (EUR 26.3 million) constitutes immediate fiscal resources for the government; the WBIF share (EUR 30.2 million) reaches the economy through specific investment projects endorsed by the WBIF Operational Board.

IV.4.3 Mapping achieved steps to the investment pipeline

Table 6 maps the three achieved steps to the Reform Agenda's indicative project list, identifying the Section 12 projects that are plausibly 'relevant' within the meaning of Recital 53.

Table 6. First assessment: achieved steps and relevant investment projects, June 2025

Achieved step	Step value[16]	Relevant Section 12 projects	WBIF status
Electricity integration (2.1.1)	20.4	Potpeć HPP; Novi Sad thermal; Kolubara A + Morava; Central Balkan Corridor; Pannonian Corridor; Zvornik HPP	2 RGF approved; 4 in prep./TA; 1 not in WBIF
5G security bylaw (2.2.1)	13.6	Rural broadband Ph. 3; Kragujevac Innovation District	1 in impl. (EIP); 1 not in WBIF
Visa alignment (4.4.2)	27.2	No related project in Section 12	—

Of the three achieved steps, the electricity integration package (Reform 7.1.1) has the most direct connection to the WBIF investment pipeline, with six Section 12 energy projects plausibly relevant. The 5G security bylaw (Reform 7.2.1) is relevant to the digital sector pipeline, though rural broadband's earlier phases were endorsed under the unconditional EIP stream. The visa-alignment step (Reform 9.4.2) has no related investment project in Section 12, and it remains to be seen to which project's funding this step value is added. Reform 7.1.1 is also not a one-off step: five further milestones remain under the same reform across subsequent payment windows, each carrying an allocation of EUR 20,381,435.06 and bringing the forward envelope attached to this reform to approximately EUR 122 million.

16 Gross approved support of EUR 61million was reduced to a net releasable EUR 56.5 million after deducting the proportional share of pre-financing.

The four not-achieved steps are all in the rule-of-law and fundamental-rights cluster of the Fundamentals policy area, which has no matching investment projects in Section 12. The conditionality gate on the investment side is therefore not currently binding: the steps most directly linked to WBIF projects were achieved, while the steps that were not achieved do not block any identified investment projects. The withheld amounts (EUR 50.9 million across four steps) enter a grace period until 31 December 2026; if the steps remain unfulfilled beyond that date, the corresponding grant and loan amounts may be reduced permanently.

IV.4.4 Investment potential realisation

The right-hand columns of Table 2 provide an indicative overview of the investment funding potential created by the RGF across payment windows. Table 7 serves as the monitoring framework for tracking the realisation of that potential against actual approvals and project endorsements. At this early stage, only the pre-financing row contains realised data: EUR 171 million (projected) in endorsed project value from the two RGF projects approved in July 2025. For the first instalment (the December 2024 step window), the Commission's release decision has been adopted, but no new project endorsements have yet been recorded. The remaining rows therefore continue to represent projected potential rather than realised investment.

Table 7. Investment potential realisation tracker (EUR millions)

Step date	Projected WBIF g+l	Projected project value	Approved disbursement	Approved project value	Realisation rate	Status
Pre-financing	59	171	111	171	100%	2 projects endorsed
Dec 2024	56	137	56.5			Release decision adopted
Jun 2025	81	199				Pending
Dec 2025	132	320				Pending
Jun 2026	98	339				Pending
Dec 2026	159	445				Pending
Jun 2027	115	306				Pending
Dec 2027	149	531				Pending
Total	**848**	**2,447**	**168**	**171**	**7%**	

Note: Realisation rate = approved project value / projected project value. Projected values from Table 2. Approved disbursement = net release after pre-financing clearance (from C(2026)18). Approved project values to be updated as WBIF Operational Board endorsements are recorded.

Serbia's initial project selections – both in the energy sector – are consistent with the electricity integration step, the most substantive reform achievement in the first assessment. They are also relatively small-scale projects with mature documentation: Potpeć had been proposed under WBIF INV Round 10 and was well advanced in preparation; Novi Sad solar thermal had completed its WBIF technical assistance. The large transport projects on the Section 12 list (around EUR 2 billion combined) have no WBIF involvement and would require both transport-sector reform steps (scheduled for later semesters) and extensive project preparation before they could enter the RGF pipeline. The binding constraint on Serbia's investment absorption is not access to grant funding but project preparation capacity and institutional readiness.

V. Conclusions and Recommendations

V.1 Cross-cutting findings and implementation patterns

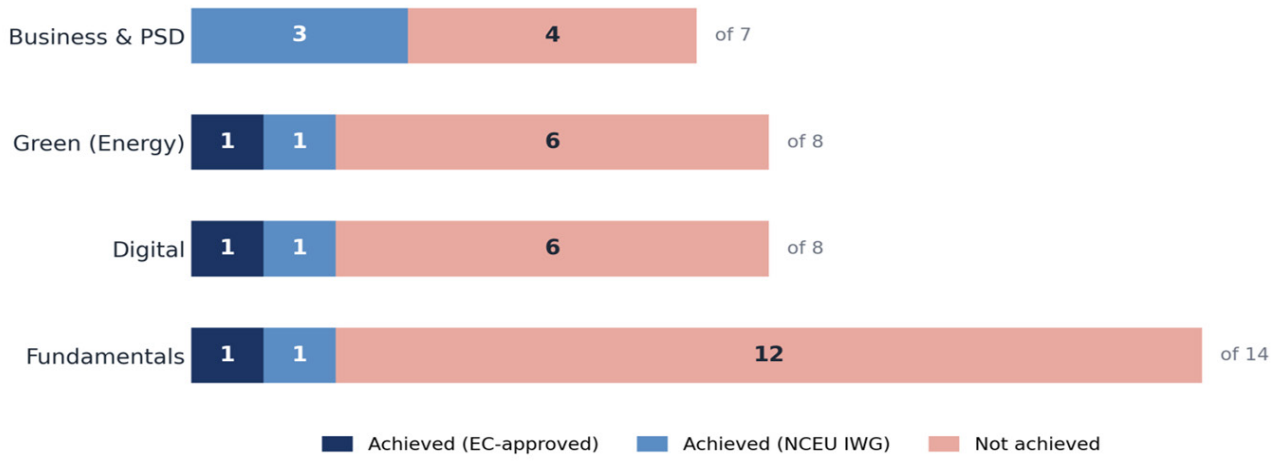
Across the 34 reform steps that remained for independent IWG assessment in this cycle – the 37 Reform Agenda reform steps with deadlines up to December 2025, minus the three already assessed as achieved by the European Commission – the aggregate formal-achievement picture is the following:

- **Achieved:** 6 reform steps – the step on contracted rural public infrastructure projects (Reform 6.3.1); the step on funded researchers and innovative companies (Reform 6.2.2); the step on alignment with the ERIC Regulation (Reform 6.2.2); the step on approval of GHG monitoring plans under the MRVA framework (Reform 7.1.6); the step on the operational establishment of the Office for Information Security (Reform 7.2.4); the step on the strategic framework for the control of Small Arms and Light Weapons 2025–2030 (Reform 9.3.1).

- **Not achieved:** 28 reform steps, one of them recorded as *not achieved, with substantial progress* – the step on the single contact point for renewable-energy permitting under Article 16 of RED II (Reform 7.1.5).

As seen in Figure 2 below, the balance is heavily skewed towards non-achievement. Clean achievements in this cycle concentrate in sub-areas where the output is a legislative instrument directly transposable from EU law or a self-contained indicator against a pre-defined baseline; non-achievement concentrates in sub-areas that depend on sequenced institutional action, ministry-led drafting reaching parliamentary adoption, or composite indicators whose components are spread across multiple legislative or secondary acts.

Figure 2. Reform-step achievement by policy area, first monitoring cycle (own analysis).



Several patterns recur across the step-level assessments and hold independently of policy area:

Insufficient publication of supporting documentation. Adopted laws and by-laws are published in the Official Gazette of the Republic of Serbia, while the eConsultation Portal should serve as the working space of the consultation processes. For a significant share of the reform steps assessed, however, the supporting documentation on which third-party verification depends – regulatory impact assessments, action-plan baselines and milestones, tables of compliance with EU instruments,

public-debate reports and the composition of drafting working groups – is not made available on the responsible institution's website after adoption. In several reform steps the publication gap is itself a constitutive element of the reform step's indicator (notably the ongoing disclosure commitments under the reform step on the transparency of projects contracted under intergovernmental agreements, or the publication of the state-aid action plan), and across the cycle it constrains the ability of civil society to verify fulfilment on the basis of publicly accessible documentation, as foreseen by the Reform Agenda.

Compressed and procedurally deficient public consultations. Where consultation took place, it was in a substantial number of cases shortened, scheduled across non-working periods, or conducted under the written-procedure route without public debate. Documented examples in this cycle include an eight-day written consultation between the Orthodox Easter and Labour Day holidays and a nineteen-day public debate against the twenty-day statutory minimum under the Government's Rules of Procedure (Reform 9.4.1 on the strategic framework on counter-terrorism and the prevention of violent extremism); three-day consultation windows on fundamental security legislation (Reform 9.3.1 on the Law on Internal Affairs); and a public-debate phase that commenced only after the reform step's deadline had expired (Reform 7.2.2 on the transposition of eIDAS 2.0). Some reform steps proceeded outside the ordinary legislative procedure altogether (the amendment of the media laws under Reform 9.2.2, now in the grace period).

Working-level evidence rather than a formally documented Government decision. For several reform steps the evidentiary base for fulfilment rests on bilateral correspondence between Serbian ministries and Commission services rather than on a Government act, an Official Gazette publication, or another primary-source document accessible to third parties. This pattern is particularly visible in the two reform steps now in the Article 21(5) grace period – the first electoral composite under Reform 9.1.1 and the amendment of the media laws under Reform 9.2.2 – and constrains the IWG's ability to verify claims of remediation against the corrective action required under the grace period.

Limited and ineffective stakeholder participation in drafting. Among the reform steps whose delivery consisted of new legislation or a strategic framework – where a drafting working group is the ordinary vehicle and in several cases is prescribed by the Reform Agenda itself – only two were supported by a drafting group formed through a public call for civil-society participation, and in both cases civil-society proposals were largely not reflected in the adopted text. In the remaining steps in this sub-set, working groups were either formed by ministerial decision without an open call, with civil-society membership confined to one or two directly invited organisations, or no formal drafting group was constituted at all. The Reform Agenda's reliance on the RGF principle of inclusive reform – including the dialogue provided for in Article 14(4) of Regulation (EU) 2024/1449 – is therefore not fully reflected in the Government's implementing practice.

Substantive deviations from reform objectives in legal drafting. Several reform steps have been delivered – or risk being delivered – through instruments whose content extends substantially beyond, or deviates from, the scope required by the Reform Agenda. The amendment to the Government's Rules of Procedure under Reform 6.2.1 introduces, through the new Article 41a, additional grounds for exemption from the public-hearing obligation – contrary to the reform step's intended direction, which was to reduce the number of decisions exempting draft acts from public debate. Under Reform 9.2.1, the proposed amendments to the Criminal Code and the Criminal Procedure Code put forward during the public debate would have introduced or expanded offences capable of applying to acts connected with public protest and the dissemination of information, and would have narrowed procedural safeguards for child victims and vulnerable witnesses – moving against the step's intended direction of enhancing fundamental-rights protection for vulnerable individuals.

Against these patterns, the three reform steps already assessed as fully achieved by the Commission (treated in Section III.6) warrant result-sustainability analysis. The IWG records no reversal of the adopted measures within the reporting period, and identifies in each case the conditions on which durability will depend: under Reform 7.1.1 (electricity integration package), consolidation of the market-coupling component requires operational verification of SEEPEX's NEMO designation within the EU and Energy Community framework, whereas the CCR reconfiguration component is consolidated at regulatory level; under Reform 7.2.1 (5G security bylaw), durability rests on continued implementation of the adopted Toolbox; and under Reform 9.4.2 (visa-regime alignment), durability rests on the non-reversal of the completed measures and on continued tracking of the evolution of the EU visa list.

V.2 Key findings by policy area

Business Environment and Private Sector Development (3 of 7 achieved). Achievement covers the science and innovation sub-area (Reform 6.2.2, covering both the reform step on funded researchers and innovative companies and the reform step on alignment with the ERIC Regulation) and the reform step on contracted rural public infrastructure projects (Reform 6.3.1), albeit with a transparency deficit at the contracting stage. Non-achievement covers the final State aid inventory, the time-bound Action Plan for State aid alignment, the transparency of projects contracted under intergovernmental agreements, and the amendment to the Government's Rules of Procedure on public-hearing decisions (Reform 6.2.1 across all four). The area contains both the reform step flagged by the Commission as not achieved at the first-cycle assessment (the final State aid inventory) and the single reform step where a legislative amendment, on the Commission's own finding, extends beyond the Reform Agenda's scope in a direction contrary to the reform step's intended purpose (the introduction of Article 41a to the Government's Rules of Procedure, widening rather than narrowing the grounds for exemption from public hearing).

Green Transition – Energy sector (1 of 7 non-EC-approved achieved; Reform 7.1.1 on the electricity integration package is EC-approved and treated in Section III.6). Achievement is limited to the reform step on approval of GHG monitoring plans under the MRVA framework (Reform 7.1.6). Non-achievement covers three further reform steps under Reform 7.1.1 (on a single certified TSO for gas, on third-party access to gas infrastructure, and on the allocation of capacities at the Horgos and IBS border points) – notwithstanding ownership-unbundling action late in the reporting period – together with the Just Transition governance and financing mechanism (Reform 7.1.3), the Single Contact Point for renewable-energy permitting under Article 16 of RED II (Reform 7.1.5, recorded as *not achieved, with substantial progress*), and the transposition of the recast Energy Performance of Buildings Directive (Reform 7.1.7).

Digital Transformation (1 of 7 non-EC-approved achieved; Reform 7.2.1 on the 5G security bylaw is EC-approved and treated in Section III.6). The one achievement is the operational establishment of the Office for Information Security within the Office for IT and eGovernment (Reform 7.2.4). Non-achievement spans alignment with the Gigabit Infrastructure Act (Reform 7.2.1); the transposition of eIDAS 2.0 and the EU Digital Identity Regulation, and Serbia's inclusion on the EU Third Countries Trusted List for the validation of electronic signatures (both Reform 7.2.2); the Law on Information Security aligned with NIS2, the NIS2 scope list together with the CVD and crisis-management frameworks, and the adoption of the Law on Artificial Intelligence (all Reform 7.2.4).

Fundamentals (1 of 13 non-EC-approved achieved; Reform 9.4.2 on visa-regime alignment is EC-approved and treated in Section III.6). The one clean achievement is the reform step on the strategic framework for the control of Small Arms and Light Weapons 2025–2030 (Reform 9.3.1). Non-achievement extends across every other sub-area of the Fundamentals cluster:

- *Democratic mechanisms (Reform 9.1.1)* – the two composite electoral reform steps: the first on the Working Group on ODIHR recommendations, the voter-register audit and the REM Council re-election; the second on the revision of key electoral legislation and the establishment of the Republic Electoral Commission Secretariat.

- *Fundamental rights (Reforms 9.2.1 and 9.2.2)* – legislation following the action plans on gender-based violence, deinstitutionalisation and national minorities; the amendment of the laws on electronic media and on public information and media together with the adoption of the law on public service media; and the full implementation of media legislation.

- *Organised crime (three further reform steps under Reform 9.3.1)* – the Law on Internal Affairs; the operational plan on financial investigations; and the composite legislative framework against trafficking in human beings together with the weapons-trafficking provisions of the Criminal Code and the Law on Weapons and Ammunition.

- *Security and migration (Reform 9.4.1)* – the strategic framework on counter-terrorism and the prevention of violent extremism.

- *Anti-corruption (Reform 9.5.1)* – the National Anti-Corruption Strategy and Action Plan, and the filling of vacant judicial and prosecutorial positions in anti-corruption units.

- *Judiciary (Reform 9.6.1)* – a 10 per cent increase in the number of elected judges and public prosecutors.

A further issue bearing on interpretation, visible in this cycle primarily within the Fundamentals cluster, is the ambiguity of some reform-step formulations. The most visible example is Reform 6.2.1 on the transparency of infrastructure projects contracted under intergovernmental agreements, where the Commission's assessment rests on the procedural amendment of the Government's Rules of Procedure, while the IWG's reading of the reform step is that fulfilment called for the substantive publication of contracts and amendments concluded under intergovernmental agreements and special laws. The composite reform steps under Reforms 9.1.1 and 9.2.2 raise a related but distinct interpretive question, by combining sub-components with different evidentiary bases and outcomes under a single achievement label.

Two reform steps in this cluster carry December 2024 deadlines and are therefore covered by the 24-month grace-period mechanism under Article 21(5) of Regulation (EU) 2024/1449, with a deadline of 31 December 2026: the first electoral composite (Reform 9.1.1) and the amendment of the media laws (Reform 9.2.2). The quantitative judiciary reform step (Reform 9.6.1) records a deterioration on one of its two indicators against the baseline: the number of elected judges declined from 2,718 to 2,658, while the number of elected prosecutors increased by nine against a 10 percent target.

V.3 Systemic risks

Reliance on the grace-period mechanism under Article 21(5). The two reform steps with a December 2024 deadline assessed as not achieved – the first electoral composite (Reform 9.1.1) and the amendment of the media laws (Reform 9.2.2) – are in the 24-month grace period running to 31 December 2026. The further 26 non-achieved reform steps will, on their assessment by the Commission in subsequent payment-request cycles, enter 12-month grace periods running from their respective original deadlines. After the respective grace periods, unutilised amounts can be re-allocated by the Commission to other beneficiary countries under the Facility. The scale of recourse to the mechanism in this cycle is a financial-exposure risk for Serbia. It is also an implementation-credibility risk for the Facility, particularly in the absence of publicly available corrective roadmaps against which progress during the grace period could be monitored.

Closed drafting processes. Several of the non-achievements in this cycle are traceable to drafting processes conducted outside the ordinary legislative route, with compressed or no public debate, and without publicly documented working-group composition that would make civil-society and expert participation traceable. This pattern is a recurring contributor to the substantive-quality concerns identified at step level, and it constrains the ability of the civil society, the Commission and other third parties to verify fulfilment.

Measurement and verifiability gaps. Several reform-step indicators rely on outputs that are either not published in final form on a responsible institution's platform, not accompanied by a verifiable implementation record, or framed in ways that leave material ambiguity about the condition of fulfilment – composite reform steps where one sub-component is contested and another is non-public, and output indicators that do not translate cleanly into publicly observable deliverables. Closing these gaps is a precondition for independent monitoring in subsequent cycles and for a stable evidentiary basis on which the Commission's payment-request assessments can rest.

V.4 Overall finding on preconditions for Union support

Beyond the step-level and cross-cutting findings set out above, the monitoring exercise conducted for this cycle also prompts a conclusion at the level of the preconditions that govern access to Facility support in the first place. These preconditions are set out in Article 5(1) of Regulation (EU) 2024/1449.

On the basis of the assessment in Section II, the IWG finds:

- **Article 5(1), point (a)** – the precondition that the beneficiary "uphold and respect effective democratic mechanisms, including a multi-party parliamentary system, free and fair elections, pluralistic media, an independent judiciary and the rule of law, and guarantee respect for all human rights obligations, including the rights of persons belonging to minorities" – **is not met** (Section II.1.a).

- **Article 5(1), point (b)** – the precondition on constructive engagement, with measurable progress and tangible results, in the normalisation of relations between Serbia and Kosovo* – **is met, albeit with significant obligations outstanding whose fulfilment will be essential to sustaining this assessment in future reviews** (Section II.1.b).

Article 12(3) of the Regulation lays down three general conditions for payment — "macro financial stability, sound public financial management, transparency and oversight of the budget" — which "shall be fulfilled for any release of funds" in every monitoring cycle. On the basis of the assessment in Section II.2, the IWG finds:

- **Article 12(3), first general condition** – macro-financial stability – **is met** at the minimum threshold, against a backdrop of materially increased downside risks relative to the initial Commission assessment (Section II.2.a).

- **Article 12(3), second general condition** – soundness of the public financial management system – **is met** at the minimum threshold, with persistent structural vulnerabilities most acutely in procurement integrity (Section II.2.b).

- **Article 12(3), third general condition** – transparency and oversight of the budget – **is not met**, on the basis of the sustained scale of public investment contracted outside the ordinary budgetary and procurement framework, the further expansion of exemptions under the dedicated EXPO 2027 legal framework, the parallel use of the budget reserve as a substitute for regular programme planning, the absence of end-to-end traceability of capital investment projects, the non-implementation of the Reform Agenda's own transparency commitment on contracts concluded under intergovernmental agreements, and the procedural compression of parliamentary scrutiny (Section II.2.c).

The IWG therefore concludes that, as of 31 March 2026, Serbia does not satisfy in full the preconditions for Union support under the Reform and Growth Facility as laid down in Article 5(1) of Regulation (EU) 2024/1449, nor the general conditions for payment laid down in Article 12(3) of the Regulation.

Consequences under the Regulation and the Facility Agreement. Under Article 5(4) of Regulation (EU) 2024/1449, "the Commission may adopt a decision concluding that some of the preconditions set out in paragraph 1 of this Article are not met, and in particular, withhold the release of funds referred to in Article 21, irrespective of whether the payment conditions referred to in Article 12 are fulfilled." The Facility Agreement gives this provision operational effect at the bilateral level: Article 30(1) provides that "the Commission may suspend the implementation of this Agreement if the Beneficiary breaches the precondition set out in Article 5(1) of Regulation (EU) 2024/1449" and, separately, "if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law, or in serious cases of corruption." Where a suspension is not resolved within 180 days, Article 31(1) of the Facility Agreement provides that either Party may terminate the Agreement at 30 days' notice. The IWG's finding on the precondition set out in Article 5(1), point (a) therefore warrants consideration by the European Commission of its powers under Article 5(4) of the Regulation and Article 30(1) of the Facility Agreement in the context of the upcoming payment-request assessment.

The Article 12(3) finding operates on a distinct legal track. Unlike Article 5(4), which leaves the Commission a margin of appreciation in deciding whether to withhold funds, Article 12(3) requires that all three general conditions "shall be fulfilled for any release of funds". The IWG's finding that the third of these general conditions is not met therefore engages Article 12(3) directly in the context of the upcoming payment-request assessment, and bears on the release of funds irrespective of the Article 5(1) finding.

V.5 Recommendations

To the Government of Serbia.

Legal guarantees for evidence-based and inclusive law-making.

- Repeal the March 2026 amendments to the Regulation on Regulatory Impact Analysis and the Regulation on the Methodology for Drafting Public Policy Documents, which exempt legislation and policy documents adopted in the EU accession process – covering the large majority of Serbian legislation – from regulatory impact analysis, public consultation, and the quality-assurance opinion of the Republic Secretariat for Public Policies. Retaining these exemptions removes the principal legal guarantees of evidence-based and inclusive law-making in the very domain where the Reform and Growth Facility and the Reform Agenda make evidence-based reform and civil-society participation foundational obligations.

Process.

- Conduct timely and sufficiently long public consultations on draft public policy documents, legislation and relevant secondary acts, including consultation events and not only written procedures, with particular attention to systemic legislation and reform steps carrying fundamental-rights, security or rule-of-law implications.

- Apply the twenty-day statutory minimum under the Government's Rules of Procedure to public debate on all policy documents, legislation and relevant secondary acts, and allow longer public-debate periods for systemic legislation and larger legislative amendments.

- Publish initial grounds (*polazne osnove*), draft acts, impact assessments, consultation reports and final adopted outputs on the eConsultation Portal and on responsible-institution websites.

Transparency of drafting arrangements and key documentation.

- Form working groups for RGF-related reform outputs through a transparent open procedure coordinated by the Ministry of Human and Minority Rights and Public Dialogue, ensuring transparent selection of civil-society participants.

- Publish the composition of working groups and other inter-ministerial or expert bodies established for RGF-related reform outputs.

- Where civil-society, business or external-expert representatives are included, make their participation traceable in the outputs and in the consultation record.

- Ensure that, as a member of the Monitoring Committee for the Reform and Growth Facility, the IWG is provided, together with each payment request, with supporting documentation explaining the level of fulfilment of each reform step included in the request.

- Start regularly and timely publishing all reform deliverables, information from the payment requests sent to the European Commission, the opinions on draft legislation obtained from the Commission and other international organisations (for example, the Venice Commission) as well as the latest versions of draft legislation sent for opinion by the Commission and other international organisations.

Fidelity to reform-step objectives.

- Ensure that the acts delivered in implementation of each reform step remain faithful to the step's intended direction, and do not introduce provisions that move in the opposite direction. The present cycle records two such instances: the new Article 41a of the Government's Rules of Procedure (Reform 6.2.1), which widens rather than narrows the grounds for exemption from the public-hearing obligation; and the proposed amendments to the Criminal Code and the Criminal Procedure Code (Reform 9.2.1), which in their current draft form would have reduced rather than enhanced fundamental-rights protection for vulnerable individuals.

Parallel measures undermining RGF and EU accession objectives.

- Refrain from legislative measures, adopted in parallel to the Reform Agenda, that cut against the very reforms it commits the Government to deliver – as with the January 2026 amendments to the Law on Public Prosecution, which reduced the operational capacity of the Prosecution for Organised Crime precisely when Reform 9.5.1 requires its vacant posts to be filled. Legislation bearing on institutions whose strengthening the Reform Agenda requires should be assessed in advance for its effect on those reforms, and developed in consultation with the competent professional bodies, civil society and the European Commission.

Evidence base.

- Publish the final output of each reform step at the location designated as its source of verification in the Reform Agenda, so that the Commission, the IWG and other external stakeholders can verify fulfilment independently without recourse to supplementary research.

- Document action supporting fulfilment of a reform step in an instrument publicly accessible to third parties – a Government act or a published ministerial decision – rather than relying on working-level correspondence with Commission services as the sole record. Example from the present cycle: the State aid inventory under Reform 6.2.1, on which the Government RGF report 2025 records finalisation through working-level correspondence while the Commission's Implementing Decision C(2026)18 of 12 January 2026 records the step as not achieved.

Sequencing and capacity.

- Initiate the work on each reform step in a timely manner, taking into account the capacity of the institutions responsible for its implementation.

Grace-period priorities.

- Within the 24-month grace-period windows now open, and within the 12-month windows opening in the next monitoring cycle, give priority to the Fundamentals cluster – where twelve of the thirteen non-EC-approved reform steps were assessed as not achieved and which is the policy area most directly implicated in the IWG's finding on the precondition set out in Article 5(1), point (a) of Regulation (EU) 2024/1449.

- Within that cluster, prioritise remediation of the two reform steps already in the 24-month grace period – the first electoral composite under Reform 9.1.1 and the amendment of the media laws under Reform 9.2.2.

- Within that cluster, prioritise the quantitative reform step under Reform 9.6.1, due 31 December 2025 and entering a 12-month grace period running to 31 December 2026 upon the Com-

mission's forthcoming payment-request assessment, where against a 10 per cent increase target the number of elected judges has declined from 2,718 to 2,658.

Budget transparency and oversight (Article 12(3) general condition). Bring the third Article 12(3) general condition back within reach ahead of the next payment-request assessment:

- Discontinue the addition of new exemptions from the ordinary budgetary and procurement framework, beginning with the dedicated EXPO 2027 legal framework, and reduce the stock of existing exemptions.

- Implement in full the Reform Agenda's own transparency commitment (Reform 6.2.1) by publishing, in a systematic and comparable form, the texts of contracts and amendments concluded under intergovernmental agreements and special laws.

- Restore end-to-end traceability of capital investment projects across the Fiscal Strategy, the annual budget and budget-execution reports.

- Confine the use of the current budget reserve to genuinely non-recurrent and unforeseen spending.

- Ensure that parliamentary scrutiny of the budget, of supplementary budgets and of significant fiscal-framework changes is not compressed by fast-track procedures or scheduled in ways that structurally preclude meaningful civil-society participation.

To the European Commission.

Structured engagement with civil-society monitoring.

- Include the findings of the IWG monitoring report in the dialogue surrounding the payment-request assessment, for example in the technical-level meetings.

- Provide a substantive response on the points where the IWG assessment differs from the Serbian authorities' claims.

- Maintain regular communication with the IWG across the payment-request cycle.

Substantive interpretation of ambiguous reform steps.

- Where the wording of a reform step admits more than one plausible interpretation, assess fulfilment against an interpretation that captures the genuine reform intent, rather than one that can be satisfied by a minimal procedural adjustment. The reform step on the transparency of projects contracted under intergovernmental agreements (Reform 6.2.1) is a visible example: assessing fulfilment against the substantive publication of contracts and amendments concluded under intergovernmental agreements and special laws – rather than against a limited procedural disclosure – would better serve the Reform Agenda's objective on this step.

Transparency of grace-period remediation.

- Require, and where possible publish, the corrective roadmaps on the basis of which reform steps in the grace period are to be assessed at the end of the 12-month and 24-month windows.

- Make the grace-period assessment process intelligible to civil society and the wider public.

Documentation access.

- Insist, in the dialogue with the Serbian authorities, on the publication of final adopted outputs, supporting documentation and consultation records on the relevant websites and platforms, as a practical precondition for high-quality monitoring by the Commission, the IWG and other third parties.

- Extend that insistence to the documentation produced in the Government's own monitoring and reporting on the implementation of the Reform Agenda, including the information contained in payment requests submitted to the Commission.

To the Government of Serbia and the European Commission.

Structured dialogue on upcoming reform steps.

- Establish a regular and structured dialogue with the IWG (preferably through technical trilateral meetings within the Monitoring Committee for the RGF) on reform steps planned for upcoming monitoring cycles (2026–2027), with the aim of clarifying their scope, expected outputs and implementation approach. This is particularly important for reform steps whose content and deliverables are not sufficiently specified in the Reform Agenda. For example, in the case of the reform step related to the adoption of a Policy Document and a time-bound Action Plan for improving public investment management (Reform 6.1.1), early engagement would support a better understanding of the expected content and structure of these documents, the type of measures envisaged, and the modalities for stakeholder involvement in both preparation and monitoring of implementation.

V.6 The next monitoring cycle

The IWG's next monitoring report is planned for approximately six months after the submission of the present report. Coverage will include:

- **Follow-up on the reform steps assessed in this cycle**, with particular attention to the two reform steps already in the 24-month grace period and to the further non-achieved reform steps entering 12-month grace windows from their respective original deadlines. If corrective roadmaps are produced and made public, the IWG will assess progress against them.

- **The new reform steps with deadlines in June 2026**, notably the first deliverables in the Human Capital policy area – pre-school access, learning transitions, adult digital skills and the preparatory phase of the Youth Guarantee – which fell outside the scope of the present cycle.

- **A sustainability update on the reform steps already assessed as achieved by the Commission.** At the time of the present report this set comprises Reform 7.1.1 (electricity integration package), Reform 7.2.1 (5G security bylaw) and Reform 9.4.2 (visa-regime alignment),

treated in Section III.6. Whether this set expands by the next monitoring cycle will depend on whether the Commission adopts a further implementing decision in the intervening period.

- **Updates on the cross-cutting indicators** – publication, consultation, working-group composition and documentation access – and on the overall pattern of application of the RGF principles, where movement between the present cycle and the next can be observed.

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