



EXTERNAL EVALUATION OF THE GRANT CONTRACT

“IPA 2018 – DIRECT AWARD TO THE INNOVATION FUND
- INCREASED INNOVATION CAPACITY AND
TECHNOLOGICAL READINESS OF SMES”



Disclaimer:

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List of selected abbreviations

AI	Artificial Intelligence
CA	Contribution Analysis
CFCU	Central Finance and Contracting Unit
CfP	Call for Proposals
CTT	Centre for Technology Transfer
DAC	Development Assistance Committee (related to OECD)
EBRD	European Bank for Research and Development
EC	European Commission
EMP	Environmental Management Framework
ERP	Economic Reform Programme
ET	Evaluation Team
EU	European Union
EUD	EU Delegation
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GEI	Global Entrepreneurship Index
ICIP	Improved SME Competitiveness and Innovation Action
ICT	Information and Communication Technologies
IF	Innovation Fund
IISP	Integrated Innovation Support Programme
IP	intellectual property
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument for Pre-Accession Assistance for Rural Development
ISO	Innovation Support Organization
ISP	Innovation Serbia Action
KII	Key Informant Interviews
MD	Managing Director
MEI	Serbian Ministry of European Integration
MSTDI	Serbian Ministry of Science, Technological Development and Innovation
MSME	Micro, Small, and Medium Enterprises
NCSTD	National Council for Science and Technological Development
OECD	Organisation for Economic Co-operation and Development
PRAG	Procurement and Grants for European Union External Actions - A Practical Guide
PSC	Action Steering Committee
R&D	Research and Development
RDI	Research and Development Institution
RSD	Serbian Dinar
SAIGE	Serbia Accelerating Innovation and Growth Entrepreneurship Action
SBA	Small Business Act
SBRA	Serbian Business Registration Agency
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
STI	Science, Technology, and Innovation
ToC	Theory of Change
ToR	Terms of Reference
VAT	Value Added Tax
VIBE	Venture Action for the Balkan Europe
WB	World Bank



EXECUTIVE SUMMARY

The **Grant contract “IPA 2018 – Direct Award to the Innovation Fund - Increased innovation capacity and technological readiness of SMEs”** (hereinafter referred to as “the Action”) funded under the European Union’s Instrument for Pre-Accession Assistance (IPA) 2018, aimed to enhance Serbia’s competitiveness through market-driven innovation and technological readiness. Implemented by the **Innovation Fund of Serbia (IF)**, the Action focused on bridging the gap between research and commercialization by supporting SMEs and fostering public-private partnerships. The intervention aligned with Serbia’s Smart Specialization Strategy (S3) and broader national development priorities, targeting high-potential sectors such as ICT, advanced manufacturing, sustainable agriculture, and creative industries.

The final evaluation was conducted to assess the Action’s relevance, effectiveness, efficiency, impact, and sustainability while providing evidence-based insights to enhance future programming and support policy-level decision-making. Specifically, the evaluation examined the extent to which the Action enhanced market-driven innovation and technological readiness among Serbian SMEs, assessed how the financial and technical support mechanisms facilitated SME growth and competitiveness, analyzed the effectiveness of public-private collaboration in fostering innovation and commercialization of research, identified opportunities for scaling up impact and ensuring long-term sustainability within Serbia’s innovation ecosystem, and provided actionable recommendations to stakeholders, including the Serbian government, the EU Delegation, and private sector actors, to strengthen future interventions.

A mixed-methods approach was applied, integrating quantitative and qualitative data collection and analysis. A theory-based evaluation framework was employed, using a reconstructed Theory of Change (ToC) to systematically assess the Action’s contributions to Serbia’s innovation ecosystem. Data collection methods included project document review, key informant interviews with government representatives, Innovation Fund staff, SMEs, research institutions, and private sector actors, focus group discussions with beneficiaries to understand experiences and perceptions of the Action, and site visits and direct engagement with selected SME grant recipients to assess tangible project outcomes.

The evaluation employed MAXQDA software for qualitative data analysis, ensuring systematic coding and classification to identify trends, challenges, and key insights. A triangulation approach was applied to cross-validate data across multiple sources, ensuring accuracy, reliability, and stakeholder representation.

Primary data collection was conducted across various regions in Serbia, ensuring geographical and sectoral diversity. A human rights-based approach (HRBA) and gender-sensitive lens were integrated into the evaluation, reflecting the Action’s commitment to inclusive innovation.

The evaluation examined the entire four-year implementation period, covering all grant schemes under the Innovation Fund, including the Mini Grants Program, targeting micro and small enterprises to support early-stage technological innovations; the Matching Grants Program, providing growth-stage SMEs with financial support for market expansion; and the Collaborative Grant Scheme, encouraging public-private partnerships between SMEs and research institutions to accelerate innovation.

In addition to assessing these financing mechanisms, the evaluation analyzed institutional, policy, and market-level contributions, particularly in relation to Serbia’s EU accession efforts and alignment with the European Research Area (ERA). The findings will inform stakeholders, including government agencies, the EU Delegation, and private sector actors, to shape future interventions and strengthen Serbia’s innovation ecosystem.



PRESENTATION OF FINDINGS

Relevance and Coherence

The Action demonstrated strong strategic alignment with Serbia's national priorities and EU accession goals, particularly in fostering market-driven innovation, SME growth, and research commercialization. The Action directly contributed to Serbia's Smart Specialization Strategy (4S), which prioritizes innovation in ICT, advanced manufacturing, life sciences, food production, and creative industries. By offering structured financial support through Mini Grants, Matching Grants, and Collaborative Grant Schemes, the Action addressed key systemic challenges such as limited access to finance, weak industry-academia collaboration, and low levels of private sector R&D investment (F1). The Action also aligned with Chapters 20 and 25 of the EU acquis, supporting Serbia's integration into the ERA and strengthening its capacity to absorb EU financial instruments (F1).

The Action's alignment with the Sustainable Development Goals (SDGs) further highlights its relevance. It directly contributed to SDG 8 (Decent Work and Economic Growth) by enabling SMEs to commercialize research, SDG 9 (Industry, Innovation, and Infrastructure) by fostering technological advancements, and SDG 17 (Partnerships for the Goals) by strengthening public-private collaboration (F1, F2). By focusing on market-driven innovation, the Action successfully responded to the challenges identified in the programming phase, ensuring targeted support for SMEs and research institutions. However, challenges remained in ensuring equitable access to funding, particularly for smaller enterprises with limited administrative capacity. Many applicants struggled with complex application procedures, co-financing requirements, and regulatory barriers, which affected the participation of resource-constrained SMEs (F2).

The Action was also designed to bridge gaps between academia and industry, yet the sustainability of these collaborations remains uncertain without further institutionalization (F2). Although it facilitated knowledge transfer and joint projects, stakeholders highlighted the need for longer-term support mechanisms to ensure that partnerships extend beyond the grant period. Furthermore, while ICT emerged as the dominant sector (48% of funded projects), other priority areas such as environmental sciences (3%) and creative industries (3%) were underrepresented, indicating a need for more balanced sectoral distribution (F2).

While the Action's intervention logic was well-structured, the evaluation identified areas for strengthening coherence and impact measurement. The reliance on output-level indicators, such as the number of products reaching the market or revenue growth, did not fully capture systemic changes in Serbia's innovation landscape. Refining the theory of change to include intermediate indicators linking financial support to broader competitiveness outcomes would enhance long-term impact assessment (F3, F4).

The Action demonstrated strong external coherence, aligning with other EU-funded innovation programs, including the Serbia Accelerating Innovation and Growth Entrepreneurship (SAIGE) project, the Western Balkans Enterprise Development and Innovation Facility (WB EDIF), and the EU IPA 2019-funded Increased Innovation Capacity and Growth of SMEs Action (F6). It also complemented World Bank-led competitiveness and jobs programs, as well as UNDP and Swiss development cooperation efforts, reinforcing Serbia's innovation ecosystem (F6). However, challenges persisted in ensuring formalized coordination mechanisms at the national level. Despite the Innovation Fund of Serbia (IF) playing a central role in grant administration, there was no structured framework for cross-agency coordination or joint program monitoring, limiting knowledge-sharing and adaptive learning (F6).

At the sub-grant level, the Action established strong financial oversight and reporting mechanisms, but there were gaps in cross-project collaboration. While beneficiaries benefited from IF's technical support, there were no formalized platforms for peer learning, reducing opportunities for experience-sharing and best-practice exchange (F7). Administrative constraints, including occasional funding disbursement delays and inflexible budgeting rules, further affected implementation efficiency for some SMEs (F7).

Despite these challenges, the Action remains a key driver of Serbia's innovation agenda, contributing to economic transformation, SME growth, and EU integration. The evaluation highlights opportunities



for improving financial accessibility, regulatory support, and institutional coordination, ensuring long-term sustainability and scalability of Serbia's innovation-driven development.

Findings on effectiveness

The Action effectively fostered innovation among sub-grant beneficiaries, enabling the development and commercialisation of new products, process improvements, and market expansion. The evaluation assessed the Action's effectiveness in supporting SMEs, overcoming growth barriers, and contributing to broader economic transformation. The findings indicate that the Action enhanced Serbia's innovation ecosystem, strengthening R&D commercialization, technological readiness, and SME market competitiveness (F8).

The Action successfully promoted entrepreneurial innovation, with 74.2% of beneficiaries confirming its substantial contribution. The Mini Grants Program emerged as the most impactful, enabling early-stage enterprises to develop prototypes and minimum viable products (MVPs), thus accelerating their entry into the market. The Matching Grants Program effectively scaled innovations for growth-stage SMEs, while the Collaborative Grant Scheme Program facilitated industry-academia partnerships, albeit with longer commercialization timelines. Notable innovations supported through the Action include an advanced optical networking device, a cybersecurity platform, and a smart agricultural sprayer, all of which have already attracted local and international market interest (F8).

Beyond fostering technological innovation, the Action helped beneficiaries overcome key barriers to business growth by providing critical financial resources, technical assistance, and capacity-building support. Many SMEs credited the grants with enabling them to finalize product development, improve operational capacities, and access new markets. For instance, companies developing medical technology, AI-powered diagnostics, and digital education platforms reported that the Action played a pivotal role in their expansion. Moreover, employment effects were evident, with over 55% of beneficiaries reporting increased workforce capacity, reinforcing the Action's role in driving job creation and economic resilience (F9).

The Action also generated measurable financial outcomes, with 57% of supported SMEs successfully bringing new products and services to market, surpassing the 50% target. However, revenue generation (40%) remained slightly below expectations, with SMEs citing regulatory delays, supply chain disruptions, and limited access to follow-on investment as key constraints. While ICT and advanced manufacturing sectors saw strong commercialisation outcomes, sectors like environmental sciences and creative industries remained underrepresented, highlighting the need for more inclusive targeting in future funding cycles (F10).

The Mini Grants Program was particularly crucial in ensuring startup sustainability, with early data suggesting an improved survival rate for supported companies. However, the long-term sustainability of startups beyond the grant period remains uncertain, with many companies struggling to secure additional funding to scale their innovations. While grant-supported businesses reported optimism about future revenue growth, sectoral constraints and access to capital remain significant challenges (F11).

Both internal and external factors influenced the effectiveness of the Action. The IF's structured implementation, strong mentorship programs, and technical training sessions were key enablers of success. The Action's alignment with national innovation strategies and EU accession priorities fostered an enabling policy environment. However, scalability was affected by external constraints such as rising material costs, certification barriers, and insufficient post-grant funding mechanisms. Due to prolonged approval processes, SMEs in highly regulated sectors such as healthcare and biotech, faced particularly slow market entry (F12).

The Action demonstrated strong effectiveness in fostering innovation, market expansion, and SME growth. However, to maximize long-term impact, the evaluation highlights the need for enhanced post-grant support, improved regulatory facilitation, and expanded financial instruments to ensure broader sectoral inclusivity and sustained commercialization of innovations.

Findings on efficiency

The IF demonstrated strong efficiency in its implementation, management, and resource utilization for this Action. The findings highlight timely and structured implementation, high beneficiary satisfaction,



and strong financial management, while also identifying areas for improving administrative efficiency and regional inclusivity (F13).

The Action was implemented over 48 months (March 2021 – March 2025) with 110 projects funded across three primary grant programs: Mini Grants, Matching Grants, and the Collaborative Grant Scheme (CGS). The Mini Grants Program supported early-stage innovation, the Matching Grants Program targeted scaling SMEs, and the CGS Program fostered research-industry collaborations. Despite 8% of projects being terminated due to co-financing shortfalls or ownership changes, the Action maintained a 92% completion rate, with the Matching Grants Program achieving full implementation. Financial resources were well-managed, with EUR 17.8 million allocated efficiently, ensuring strong support for SMEs at different stages of innovation (F13).

Participants expressed high satisfaction with the clarity of program rules and the flexibility in adapting research and development plans. The CGS Program was particularly well-received, with its structured processes ensuring smooth collaboration. The Matching Grants Program effectively streamlined procurement and implementation, while the Mini Grants Program faced some administrative challenges, particularly in reporting requirements. Reporting on project implementation was identified as the lowest-rated aspect, signaling the need for simplification and additional support for beneficiaries (F14).

The grant scheme demonstrated high efficiency, with clear guidelines, timely disbursement, and structured application processes. Beneficiaries rated the IF's support as either significant or essential, particularly in the Mini Grants Program (86.8%), CGS (88.8%), and Matching Grants (100%). However, regional disparities were evident, with 70% of funded projects concentrated in Belgrade, highlighting the need for expanded outreach to underrepresented regions. Additionally, only 12.5% of funded projects were led by women, pointing to the need for greater gender inclusivity in grant selection (F15).

Despite the high efficiency of fund disbursement (over 84% allocated by 2024), some beneficiaries reported delays in payments (14.3%), bureaucratic complexities (7.9%), and procurement challenges. The inflexibility of fixed budgets made it difficult for SMEs to adjust to market fluctuations, while some applicants struggled with administrative procedures (F16).

The IF established sound management practices, ensuring transparent grant selection, robust monitoring frameworks, and adaptive decision-making. The M&E system, featuring regular reporting, financial audits, and stakeholder consultations, enabled evidence-based adjustments. A centralized online platform streamlined data submission, enhancing efficiency and communication. Monitoring visits and external evaluations played a critical role in identifying implementation bottlenecks and providing hands-on support (F17). The evaluation and selection process followed a structured and transparent approach, involving peer reviews and independent Investment Committee assessments. Beneficiaries praised the clarity of evaluation criteria and professionalism of IF staff, though some requested greater transparency in scoring feedback. While the decision-making framework was data-driven and responsive, rigid administrative processes posed challenges for SMEs with limited capacity. The IF's structured mentorship and industry connections were highly valued, particularly in helping beneficiaries secure market entry and investment opportunities (F18).

Findings on Sustainability

The evaluation found that the sustainability of the Innovation Fund's (IF) outputs is supported by institutional decisions, financial frameworks, and strong stakeholder ownership (F21). The IF's co-financing requirements and structured partnerships encouraged long-term commitment from beneficiaries, while Actions like Katapult and IPA funding diversification reduced dependency on single funding sources. However, some start-ups require additional post-grant support and mentorship to sustain momentum.

Financial sustainability shows mixed results. 26% of Mini Grants and 22% of CGS beneficiaries secured follow-on funding, while Matching Grants participants faced challenges attracting large-scale investment, highlighting the need for better access to investor networks. The CGS program successfully fostered industry-academia partnerships, strengthening knowledge transfer and commercialisation, though more structured networking and mentorship opportunities could further enhance long-term outcomes (F20).

Stakeholder ownership remains strong, with many beneficiaries independently scaling their innovations, securing certifications, and expanding into new markets. However, smaller start-ups



expressed concerns about maintaining growth without additional advisory support, indicating a need for structured post-grant engagement and shared learning platforms (F21).

To ensure sustainability, scaling successful models, expanding geographic and sectoral outreach, and targeting emerging fields like AI, green technologies, and digital transformation will be critical. Strengthening Serbia's access to international markets, venture capital, and regional partnerships will further support innovation-driven growth (F22). The IF's ability to integrate post-grant support mechanisms and strategic funding diversification will determine its long-term contribution to Serbia's knowledge-based economy and private sector development.

Findings on Impact

The Action accelerated commercialization, with 48% of Mini Grants and 31% of Matching Grants beneficiaries generating revenue. However, many innovations require longer development cycles, emphasizing the need for sustained post-grant support. Employment growth was notable, particularly in the Matching Grants and CGS programs, where up to 60% of beneficiaries expanded their workforce. However, results varied, with some facing barriers like regulatory constraints and funding gaps (F19).

The Collaborative Grant Scheme effectively fostered industry-academia partnerships, aligning with Serbia's Smart Specialization Strategy, but requires sustained investment to maximize long-term impact. Access to follow-on funding remains a challenge, with only 14% of Matching Grants beneficiaries securing additional investment, highlighting the need for stronger investor linkages (F19).

Looking ahead, scaling proven models, expanding geographic outreach, and strengthening commercialization support will be key to maximizing impact. Targeted interventions in underrepresented sectors (e.g., food science, biotechnology, and energy efficiency) and enhanced connections to international markets and funding sources will further Serbia's innovation-driven growth (F20). By building on successes and addressing gaps, the IF can enhance Serbia's global competitiveness and drive its transition to a knowledge-based economy.

Findings on EU Added Value

The EU's added value in supporting Serbia's innovation ecosystem is evident in bridging financial gaps, fostering industry-academia collaboration, and aligning Serbia with EU strategic priorities such as Horizon Europe and the Smart Specialization Strategy (F23). Without EU IPA II funding, progress in competitiveness and innovation would have been significantly slower, as SMEs historically struggle to access affordable financing. The grants enabled the commercialisation of new technologies, increased R&D investments, and improved SME market readiness, with over 90% of beneficiaries reporting enhanced innovation capacity.

The structural impact of EU support extended beyond direct funding, as the CGS facilitated research-commercialisation partnerships, supporting Serbia's transition to a knowledge-based economy. However, challenges remain, particularly regarding the limited scale of funding and the need for follow-on financing mechanisms to help start-ups sustain their growth.

The EU's visibility in supporting competitiveness and innovation has been strongly recognised by beneficiaries (F24). Nearly all participants rated EU-funded programs as essential or significant, with over 90% expressing willingness to recommend the grant schemes. Events such as "EU Opportunity Week" effectively showcased the scope of EU support, highlighting its strategic importance. However, visibility gaps exist, particularly in rural outreach and in promoting smaller-scale Actions. Strengthening regional communication efforts and ensuring broader engagement beyond direct beneficiaries will be crucial for maximizing the EU's visibility in driving Serbia's innovation and economic transformation.

CONCLUSIONS

The **relevance** of the Action was strong, aligning with Serbia's Smart Specialisation Strategy (S3) and EU accession goals. It effectively tackled systemic barriers, such as weak industry-academia



collaboration and limited R&D commercialisation. However, regional disparities and sectoral imbalances highlight the need for more inclusive outreach and regulatory refinements (C1, C2, C3).

The **coherence** of the Action was ensured through alignment with EU policies (IPA 2018, Horizon Europe) and other international Actions. While synergies were established, gaps in coordination mechanisms limited efficiency. Strengthening cross-Action collaboration and knowledge-sharing platforms would enhance broader ecosystem benefits (C4, C5, C6).

The **effectiveness** of the Action was evident in its support for SME growth, innovation, and industry-academia partnerships. Grant schemes facilitated prototype development, market expansion, and commercialization, but post-grant mechanisms remain limited. Enhancing follow-on financing, regulatory guidance, and mentorship would maximize long-term impact (C7, C8, C9).

The Action demonstrated **efficiency** in fund disbursement and structured implementation. However, administrative complexity and delays in approval cycles posed challenges, particularly for early-stage SMEs. Streamlining reporting requirements and increasing flexibility in financial mechanisms would improve operational efficiency (C10, C11).

The **sustainability** of outputs was reinforced through institutionalized best practices, co-financing requirements, and stakeholder ownership. However, reliance on external funding and limited post-grant support present risks. Expanding follow-up mechanisms and fostering regional inclusivity are critical for ensuring long-term sustainability (C12, C13).

The **impact** of the Action was evident in job creation, increased SME competitiveness, and enhanced industry-academia collaboration. However, the limited scale and geographic concentration of funding constrained broader economic transformation. Scaling proven models, diversifying sectoral outreach, and integrating with international markets would strengthen long-term effects (C14, C15).

The **EU added value** was substantial, with the Action addressing financial and systemic barriers that hinder SME competitiveness. While visibility efforts effectively highlighted the EU's role in fostering innovation, outreach should be expanded to engage a broader audience and improve public awareness of EU contributions (C16, C17).

RECOMMENDATIONS

The ET has outlined strategic recommendations to enhance Serbia's innovation ecosystem, strengthen institutional support, and ensure the long-term sustainability of Innovation Fund (IF) interventions:

R1. Strengthen post-grant support mechanisms: The IF should establish structured post-grant mechanisms, including follow-on funding, mentorship, and regulatory guidance, to ensure the sustainability and scalability of SME innovations. Special attention should be given to sectors with long development cycles, such as healthcare and advanced manufacturing (C8, C9, C14).

R2. Continue and scale up successful Actions: The IF should expand proven programs like the Collaborative Grant Scheme (CGS) and Mini Grants Program to reach new sectors and regions. Increasing funding pools and integrating lessons learned will enhance program effectiveness and maximize impact. Strengthening cross-border collaborations will further support knowledge transfer and market access (C7, C12, C13, C15).

R3. Expand geographic and sectoral inclusivity: The IF should prioritize underrepresented regions and emerging sectors such as green technologies, renewable energy, and creative industries. Establishing regional innovation support centers and promoting cross-sectoral Actions will foster broader economic growth and innovation (C3, C8, C12, C15).

R4. Streamline administrative processes and improve flexibility: Reducing administrative burdens, simplifying reporting requirements, and introducing flexible budget adjustments will enhance the efficiency and accessibility of grant programs. Digital tools should be leveraged to improve communication and support for early-stage SMEs (C10, C11).

R5. Expand and enhance the monitoring and evaluation framework: The IF should refine its M&E system to capture long-term impacts and systemic changes. A dedicated evaluation should be



conducted three years after project completion to assess market success, global recognition, and sustained industry-academia collaboration (C4, C9).

R6. Increase visibility and outreach efforts across Serbia: Strengthening communication campaigns, promoting smaller-scale success stories, and organizing regional events will ensure broader public awareness of the EU's contributions to Serbia's innovation ecosystem. Digital platforms should be utilized for wider engagement (C17).

R7. Strengthen coordination with EU and international Actions: The IF should formalize coordination with programs like Horizon Europe and WB EDIF to improve synergies, avoid overlaps, and ensure a more coherent approach to supporting innovation and competitiveness (C5).

R8. Foster cross-Action collaboration and knowledge-sharing: Establishing platforms for networking, best-practice sharing, and experience exchange among beneficiaries will strengthen ecosystem-wide synergies. Incentives for collaborative projects will further enhance Serbia's innovation landscape (C6).



Introduction

This report presents the findings of the external evaluation of the **European Union (EU)-funded Action “IPA 2018 – Direct Award to the Innovation Fund (IF): Increased Innovation Capacity and Technological Readiness of SMEs.”** The evaluation assesses the performance of this Action, which was implemented by the Innovation Fund of Serbia between 2021 and 2025. The primary objective of the evaluation is to examine the Action's relevance, effectiveness, efficiency, impact, and sustainability in fostering innovation and enhancing the technological readiness of Serbian micro, small, and medium enterprises (MSMEs).

The Action represents a cornerstone of Serbia's strategy to strengthen its innovation ecosystem as part of its broader commitments to the EU accession process. By fostering a knowledge-based economy and supporting the commercialization of research and development (R&D), the Action aimed to enhance the competitiveness of Serbian SMEs and align the country with EU standards in industrial policy and innovation, particularly in relation to Chapters 20 and 25 of the EU acquis.

The Action was implemented through three core funding mechanisms tailored to different stages of SME development:

- **Mini Grants**, aimed at start-ups in the early stages of innovation, focused on proof-of-concept and prototyping.
- **Matching Grants**, targeted at more advanced SMEs to support the commercialization of innovative products and services.

- **Collaborative Grant Schemes**, designed to foster partnerships between public research institutions and private sector enterprises, with the goal of translating research outputs into market-driven innovations.

The evaluation covers the full implementation period of the Action and examines its alignment with Serbia's strategic priorities, including the Smart Specialization Strategy, as well as its contributions to broader socio-economic development goals. In addition to assessing the results achieved, the evaluation explores both intended and unintended outcomes, providing actionable recommendations for improving future programs and ensuring greater impact on Serbia's innovation ecosystem.

This report is based on a robust methodological approach that included a review of extensive data provided by the Innovation Fund, stakeholder interviews, and consultations with key actors, including grant beneficiaries, government institutions, and the EU Delegation to Serbia. The evaluation also considered the broader regional and economic context in which the Action operated, ensuring a comprehensive analysis of its contributions to Serbia's innovation landscape.

By building on the successes of this Action and addressing identified challenges, this evaluation seeks to inform the design and implementation of future programs, contributing to Serbia's continued progress toward an innovation-driven, competitive economy within the EU framework.



1 Country background and evaluation context

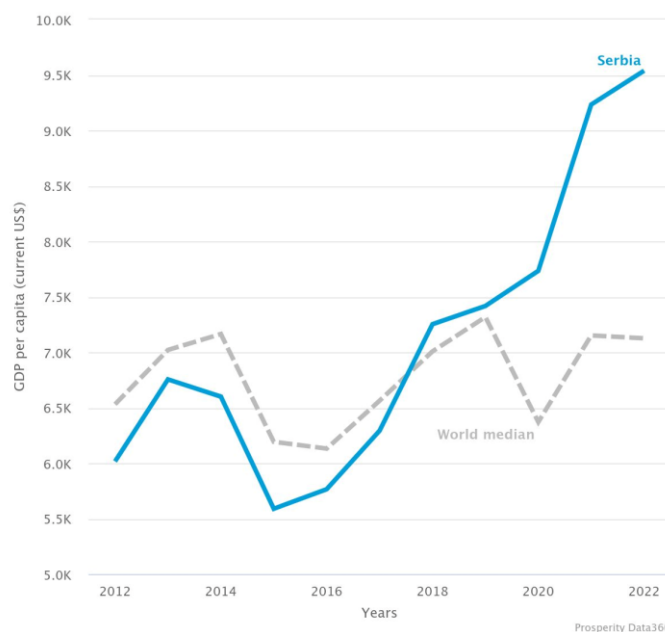
Serbia's commitment to European Union (EU) integration has been a defining feature of its policy framework since 2000. The country formally began its accession negotiations in 2014, marking a significant milestone in aligning its governance, economic structures, and regulatory frameworks with EU standards. In 2020, the European Commission introduced a revised accession methodology to streamline and accelerate the process. Organising negotiation chapters into clusters enhanced efficiency and allowed candidate countries to focus on priority reforms. Serbia adopted the methodology in 2021, a move that reduced administrative burdens and enabled targeted, strategic efforts to address key reform areas such as governance, rule of law, and economic development.

A major policy milestone came in November 2023 with the European Commission's New Growth Plan for the Western Balkans. This Action emphasizes accelerated reforms in innovation, competitiveness, democracy, and the rule of law. For Serbia, it serves as both a

roadmap and a catalyst for integrating innovation-driven growth models into its economy, closing critical developmental gaps, and achieving alignment with the EU acquis. These efforts underscore Serbia's strategic shift toward sustainable development, focusing on long-term economic resilience and competitiveness.

Economic Context and Prospects: Both resilience and external challenges have shaped Serbia's economic trajectory. Prior to the COVID-19 pandemic, the country experienced robust economic growth, positioning itself as a regional leader within the Western Balkans. However, the pandemic in 2020 disrupted this momentum, exposing structural vulnerabilities and exacerbating pre-existing imbalances. Despite these challenges, Serbia demonstrated remarkable adaptability. By 2022, the economy began recovering, although growth slowed to 2.3%, hindered by inflationary pressures linked to global disruptions, including the Russian war in Ukraine and escalating energy and food prices.

Figure 1 Serbia- GDP per capita 2012-2022¹



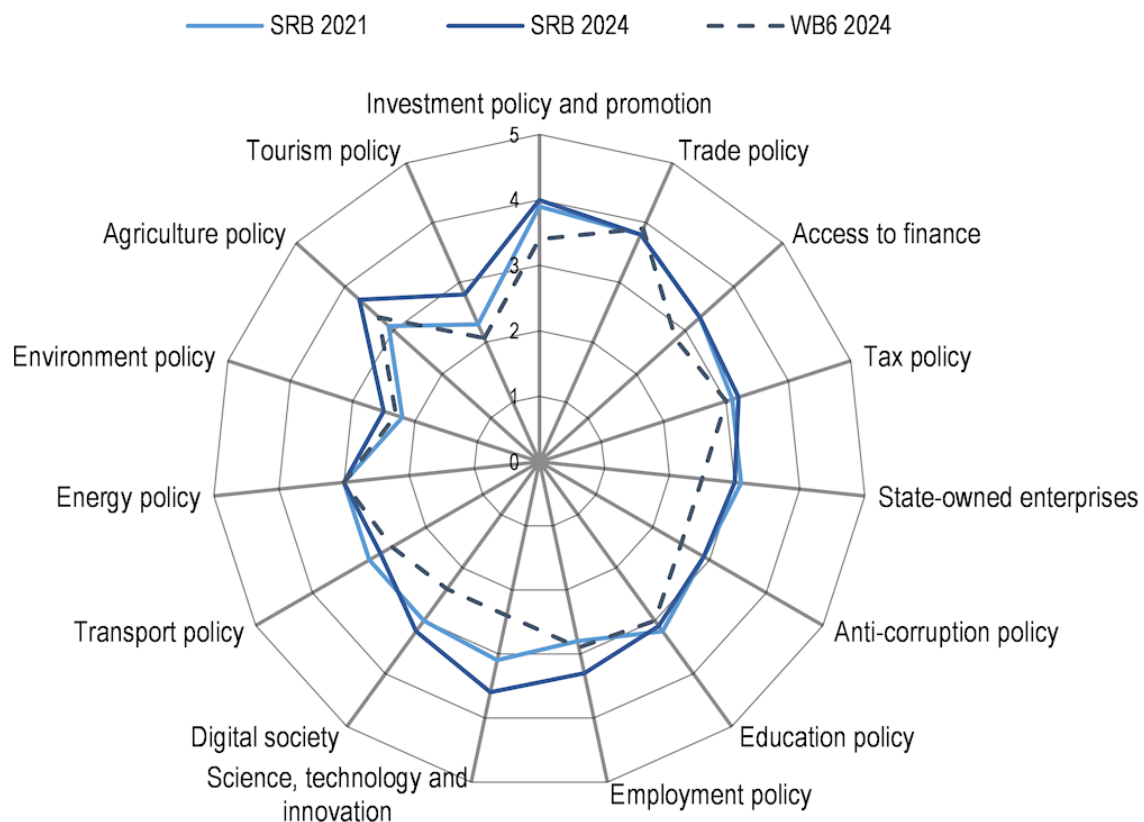
¹ Data Source: [World Development Indicators](#) | [Download Dataset](#)

Looking forward, Serbia's economic prospects are promising. Funded projects via this Action indicate a rebound, with GDP growth expected to reach 3.5% in 2024 and 4.0% in 2025. This Action and related projects are underpinned by the government's Economic Reform Program (ERP) for 2024–2026, which prioritizes structural reforms to boost competitiveness, sustainability, and economic resilience. Key funded projects include enhancing energy efficiency, modernizing the education system, and fostering innovation ecosystems. In parallel, fiscal policies aim to reduce public debt and the budget deficit, ensuring long-term macroeconomic stability.

1.1 Innovation Ecosystem in Serbia

Over the past decade, Serbia has emerged as a regional leader in innovation, driven by strategic government Actions, international partnerships, and a vibrant private sector.

Figure 2 Scores for Serbia across Competitiveness Outlook policy dimensions (2021 and 2024)²



Source: OECD competitiveness outlook- Serbia 2024

Innovation now forms a cornerstone of Serbia's economic development strategy, playing a pivotal role in its alignment with EU standards. Particular focus has been placed on high-potential sectors such as information technology (IT), biotechnology, renewable energy, and creative industries, all of which are integral to Serbia's transition into a knowledge-based economy.

² Source: OECD competitiveness outlook- Serbia 2024



The Smart Specialization Strategy serves as the foundation for Serbia's innovation policies. This framework identifies priority sectors where Serbia holds competitive advantages and focuses resources on their development. These include:

Information and Communication Technologies (ICT): Serbia has established itself as a regional leader in digitalization and IT services. The rise of tech hubs and start-ups has significantly enhanced the country's reputation as an innovation hotspot in the Balkans.

Advanced Manufacturing: Leveraging its industrial heritage, Serbia has embraced automation, artificial intelligence (AI), and cutting-edge manufacturing technologies to drive productivity and global competitiveness.

Sustainable Agriculture: By modernising its rich agricultural sector through innovations in agrotech and sustainable practices, Serbia has aligned its production processes with EU standards, ensuring food safety and environmental sustainability.

Creative Industries: Recognizing the dual cultural and economic value of creative sectors, Serbia has prioritized areas such as film, digital media, design, and music. This approach enhances Serbia's global cultural footprint and drives economic diversification.

The Smart Specialization Strategy facilitates collaboration between research institutions, the private sector, and government agencies, addressing a critical challenge—commercialising research and development (R&D). This collaborative ecosystem is designed to optimise innovation outputs and ensure Serbia remains competitive on the global stage.

1.2 Digital Transformation and Technological Progress

Digital transformation has been one of the most transformative aspects of Serbia's innovation landscape. Substantial investments in broadband infrastructure and the digitalisation of public services have laid the groundwork for a flourishing digital economy.

Between 2021 and 2023, Serbia expanded fiber network access from 74% to nearly 80%, significantly boosting its ICT capabilities. This expansion has facilitated the growth of technology start-ups and attracted foreign investment, positioning Serbia as a regional hub for IT outsourcing and software development.

A key milestone in Serbia's digital journey was the establishment of the Research and Development Institute for Artificial Intelligence in 2021.

This institution underscores Serbia's ambition to become a leader in AI-driven innovation within the Western Balkans.

Additionally, e-government platforms have revolutionized public service delivery, increasing efficiency and simplifying interactions between citizens, businesses, and authorities.



Figure 3 Serbia GII Ranking (2020-2024)³

Year	GII Position	Innovation Inputs	Innovation Outputs
2020	53rd	58th	56th
2021	54th	50th	57th
2022	55th	55th	58th
2023	53rd	41st	64th
2024	52nd	47th	60th

Foreign direct investment (FDI) has played a crucial role in strengthening Serbia's innovation ecosystem. Multinational corporations such as Microsoft, Continental, and Siemens have established research and development centers in the country, leveraging Serbia's skilled workforce and strategic geographical location. These investments have contributed to the country's integration into global value chains while fostering high-value job creation and technological advancement.

Serbia's innovation capabilities have received international recognition. The Global Innovation Index (GII) 2023 ranks Serbia 53rd globally, with particularly strong performance in areas such as labor productivity growth and the impact of FDI. Belgrade, in particular, has been highlighted as a leading regional hub for technological innovation.

1.3 Challenges and Opportunities for Growth

Despite notable progress, challenges remain. Serbia allocates only 0.9% of its GDP to R&D—significantly below the EU average of 2.24%. This underinvestment limits the country's ability to compete with more advanced economies. Furthermore, weak intellectual property protections continue to constrain innovation outputs, as evidenced by low patent filings and design registrations.

To sustain its upward trajectory, Serbia must address these challenges by increasing public and private sector investment in R&D, strengthening intellectual property frameworks, and fostering a culture of innovation. Regulatory reforms are also essential to reducing bureaucratic hurdles and

creating a business-friendly environment for entrepreneurs.

Opportunities abound for Serbia to build on its achievements. Public-private partnerships can accelerate R&D commercialization, while sustainability Actions—particularly in renewable energy and green technologies—can ensure long-term competitiveness. With its strategic location, growing tech sector, and supportive policy frameworks, Serbia is well-positioned to become a leader in regional innovation and global competitiveness. By addressing existing gaps and capitalizing on emerging opportunities, Serbia can unlock its full economic potential and secure a prosperous future.

³ Source: <https://www.wipo.int/gii-ranking/en/serbia>



1.4 Overview of the Innovation Fund of Serbia

The Innovation Fund of Serbia (IF) is pivotal in the nation's innovation milieu. Established in 2011, the Fund fosters innovative Actions through various financial instruments to enhance research and development, entrepreneurial ventures, and commercialisation efforts. It functions under the auspices of the Serbian government and the Ministry of Science, Technological Development and Innovation.

The IF bolsters Serbia's strategic sectors through these Actions, including information and communication technologies (ICT), advanced manufacturing, food production, and creative industries. These endeavours follow the Serbian Smart Specialization Strategy, which prioritised sectors demonstrating the highest potential for economic growth and innovation.

The Action under evaluation focuses on enhancing the innovation capacity and technological readiness of Serbian small and medium-sized enterprises (SMEs) as part of Serbia's ongoing efforts to increase its competitiveness in global markets. Funded under the European Union's Instrument for Pre-Accession Assistance (IPA) 2018, the Action aims to bridge the gap between research and the commercialization of innovative products and services. It seeks to create an environment where knowledge-based development and collaboration between SMEs and public R&D institutions drive economic growth.

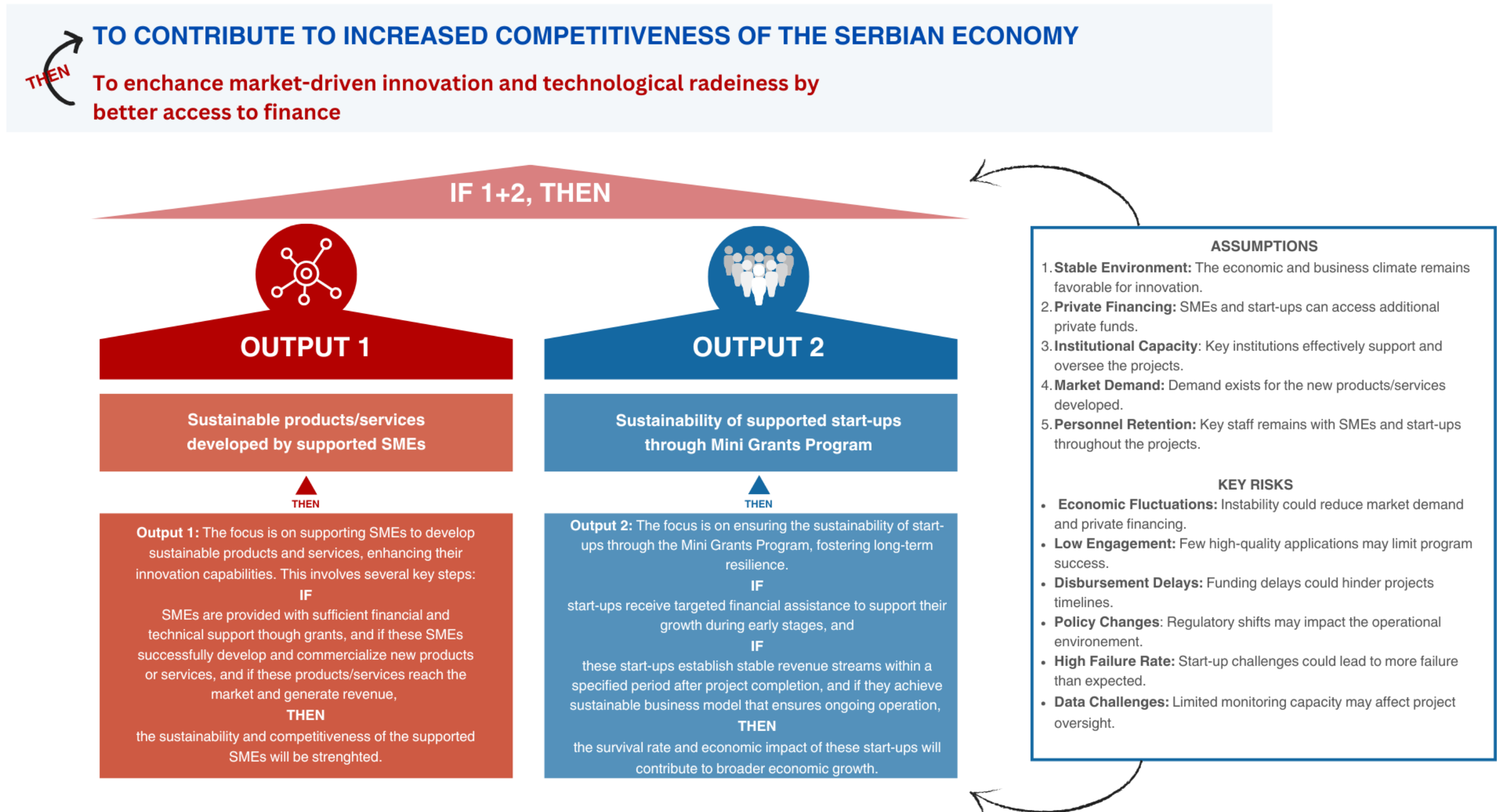
The overall objective of the Action was to contribute to the competitiveness of the Serbian economy by improving market-driven innovation and providing better access to finance for innovative Actions. The Action offered financial resources that fostered the commercialisation of research and development (R&D) and encouraged collaboration between the private sector and public R&D institutions. The Action included three key grant programs:

- The **Mini Grants Program** targets young micro and small enterprises engaged in developing technological innovations, offering financial support of up to EUR 80,000.
- The **Matching Grants Program** provides more substantial support of up to EUR 300,000 for more established SMEs looking to scale their innovative products or services.
- The **Collaborative Grant Scheme Program** encourages partnerships between SMEs and public R&D institutions, fostering collaborative efforts to develop high-value, marketable innovations.

With a total budget of EUR 20 million, co-financed by the EU (EUR 15 million) and the Serbian government (EUR 5 million), the Action focused on priority sectors outlined in Serbia's Smart Specialization Strategy. These sectors included information and communication technologies (ICT), food production, advanced manufacturing, and creative industries.

The Action focused on the development and commercialization of innovative products and services and sustainable growth of start-ups- it also strived to generate tangible economic impacts, such as increased revenue, job creation, and export growth among the participating SMEs.

Figure 4 Indicative Theory of Change





The Action's evaluation examined the extent to which financial support enabled SMEs to overcome barriers to innovation and growth. It also assessed the effectiveness of grant programs in generating economic benefits and advancing Serbia's integration into the EU's competitive market framework. Key challenges and risks identified during the evaluation included the need to generate sufficient interest and high-quality proposals from potential applicants, as well as the IF's and beneficiaries' capacity to implement the supported Actions successfully.

The Action targeted specific groups to foster innovation and competitiveness within Serbia's economic landscape:

Serbian Micro, Small, and Medium Enterprises (MSMEs): These private, innovative enterprises were central to the Action's interventions. The Innovation Fund supported MSMEs through programs such as Mini-Grants, Matching Grants, and Collaborative Grant Schemes. These grants provided financial and technical assistance, enabling enterprises to foster technological innovation, commercialise research and development (R&D), and enhance market competitiveness. MSMEs were viewed as key drivers of Serbia's economic growth and technological advancement.

Public Sector R&D Institutions: These institutions, primarily public research organizations, were critical in early-stage technological development. The Collaborative Grant Scheme facilitated cooperation between R&D institutions and private sector companies, creating high-value products, services, and technologies that contributed to economic growth and competitiveness. Their involvement was essential for translating research into commercially viable innovations.

Both groups were strategically supported under Serbia's Smart Specialization Strategy, which focused on priority sectors such as food for the future, ICT, advanced manufacturing, and creative industries. At least 50% of the funding was

allocated to Actions within these priority domains, ensuring that Serbia's innovative capacities aligned with the country's long-term growth objectives.

The Action provided benefits to the following key stakeholders and partners:

The Innovation Fund (IF): The IF was the central institution responsible for managing the Action, which aimed to enhance innovation and competitiveness in Serbia. The Fund oversaw implementing key grant programs, including Mini-Grants, Matching Grants, and Collaborative Grant Schemes. These programs provided financial support to SMEs and start-ups, enabling them to commercialise innovative products and services. Through its efforts, the IF played a pivotal role in strengthening Serbia's innovation ecosystem and economic competitiveness, working closely with stakeholders to drive market-driven innovation and technological advancement.

The Serbian Economy: The Action contributed significantly to the overall competitiveness of the Serbian economy by increasing innovation capacity and technological readiness. These improvements enabled SMEs to compete more effectively on a global scale, fostering economic growth and supporting broader development goals.

Employees of SMEs: A key outcome of the Action was job creation. By supporting innovation-driven growth within SMEs, the Action contributed to generating high-quality employment opportunities, improving livelihoods, and boosting economic stability in Serbia.

Broader Society: The development of new technologies, products, and services resulting from the Action brought tangible benefits to Serbian citizens, including access to improved goods and services. Additionally, the economic growth driven by enhanced SME competitiveness contributed to societal well-being through increased job opportunities and improved economic stability.



2 Evaluation Purpose, Objectives and Scope

2.1 Purpose of the final evaluation

The purpose of the evaluation was to provide an independent assessment of the Action's performance by examining the results achieved against its expected objectives. The evaluation assessed both intended and unintended outcomes, focusing on how the financial and technical support provided to SMEs contributed to their growth. Specifically, it measured the effectiveness of the Action in fostering innovation, overcoming barriers to SME growth, and contributing to financial growth, job creation, and market expansion. Additionally, the evaluation offered recommendations for improving future programs and enhancing their impact on innovation and competitiveness in Serbia.

This evaluation covered four years of the Action's implementation, providing a detailed analysis of the results achieved and the contribution of EU assistance to fostering innovation in Serbia. The insights gained informed key stakeholders, including the Innovation Fund and relevant government bodies, about the effectiveness of the grant schemes in driving innovation and competitiveness.

2.2 Specific Objectives

The overarching objective of the evaluation was to assess how the Action enhanced the competitiveness of the Serbian economy by promoting market-driven innovation and technological readiness through improved access to financial resources. The Action aimed to stimulate innovation within SMEs by providing critical financial and technical support to facilitate the development and commercialisation of innovative products, services, and technologies.

The evaluation sought to determine how the Action contributed to advancing market-driven innovation among Serbian SMEs and how much it enhanced the overall competitiveness of Serbia's economy. This was achieved by examining the implementation and impact of various grant schemes designed to support the private sector's involvement in R&D and innovation.

2.3 Scope of the final evaluation

The evaluation's scope included an assessment of how the Action contributed to developing market-driven innovation and technological readiness among Serbian SMEs, with the broader goal of enhancing the Serbian economy's competitiveness. This involved evaluating the performance of the financial support provided through grant programs and their role in fostering innovation and facilitating the commercialization of R&D. Through this analysis, the evaluation provided an in-depth understanding of the Action's effectiveness and its ability to support the innovation ecosystem in Serbia, while identifying areas for improvement to ensure greater impact in the future.



2.4 Evaluation Beneficiaries

The ET ensured the inclusion of diverse stakeholders, including both men and women, in the evaluation process. The primary beneficiaries of this evaluation included the Innovation Fund (IF), which managed the Action aimed at enhancing innovation and competitiveness in Serbia. The IF oversaw key grant programs, such as Mini Grants, Matching Grants, and Collaborative Grant Schemes, providing financial support to SMEs and start-ups to commercialize new products and services. The Fund played a vital role in strengthening Serbia's innovation ecosystem, driving market-driven technological development, and enhancing economic competitiveness. Other key beneficiaries included the Ministry of Science, Technological

Development and Innovation (MSTDI), which supported innovation policy implementation, the Ministry of Finance (CFCU), responsible for managing and disbursing EU grants, and the Ministry of European Integration (MEI), which aligned EU-funded programs with national priorities. Additionally, the EU Delegation to Serbia provided financial support and strategic guidance, while sub-grant beneficiaries, including start-ups, SMEs, and research organizations, received assistance to foster innovation and drive economic growth. Collectively, these stakeholders played crucial roles in the successful implementation of the Action and the broader advancement of Serbia's innovation landscape.

3 Evaluation approach and methodology

3.1 Evaluation methodology

The framework for the evaluation was set in the ToR, and following its provisions, the evaluation developed a tailor-made methodology. The main references for the evaluation methodology were the **EC Evaluation Handbook**⁴ and **OECD/ DAC Evaluation Criteria**⁵ (relevance, coherence, efficiency, effectiveness, impact, and sustainability), while also considering EU evaluation practices and experiences.

The intention was to provide credible, practical, evidence-based information to enable the timely incorporation of its findings, recommendations, and lessons into the decision-making processes of the authorities in Serbia, the EU Delegation, and key stakeholders, to assess the potential for the continuation of efforts and assistance.

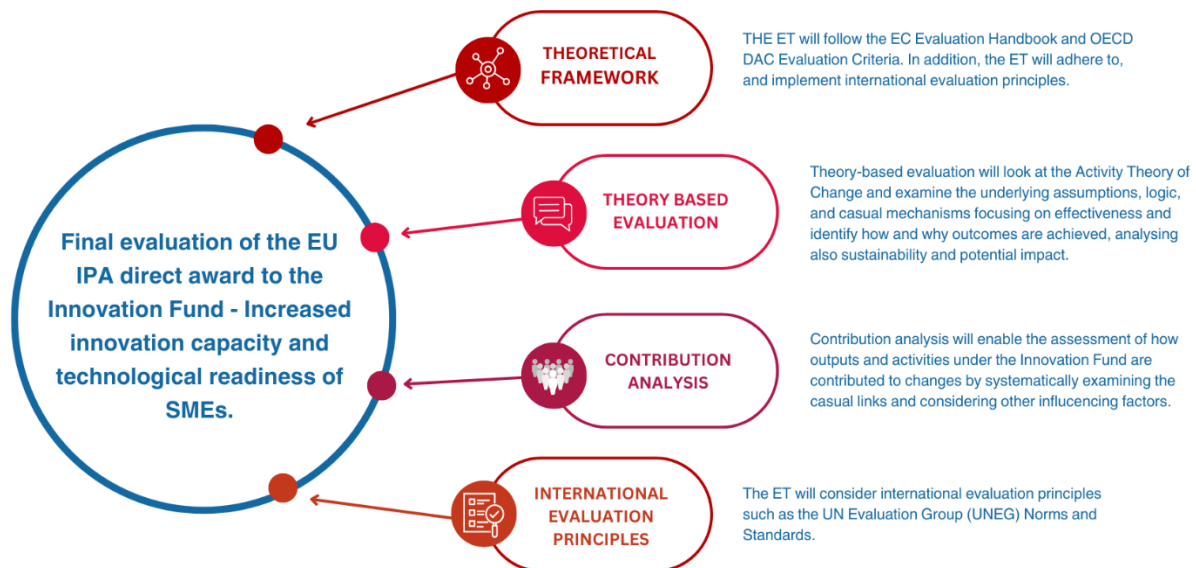
Additionally, the evaluation considered additional cross-cutting criteria, such as gender and sustainable development (including environmental protection), to the extent possible.

⁴ European Commission: Directorate-General for International Partnerships, Hassnain, H., McHugh, K., Lorenzoni, M., Alvarez, V. et al., Evaluation handbook, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2841/340793>

⁵ Organisation for Economic Cooperation and Development / Development Assistance Committee (OECD/DAC), Network on Development Evaluation, Better Criteria for Better Evaluation Revised Evaluation Criteria Definitions and Principles for Use, 2019, available at: <https://www.oecd.org/dac/evaluation/revised-evaluation-criteria-dec-2019.pdf>



Figure 5 Overview of the evaluation methodology



A **theory-based evaluation** provided a comprehensive and structured framework, examining the intervention logic and the Theory of Change as roadmaps that outlined the intended sequence of events and causal pathways leading to the desired outcomes and the Action/IF objectives. The clear articulation of assumptions and risks, through barriers to expected outcomes and the main objective, allowed the evaluation to systematically assess whether and how the IF/Action organized this process. This approach facilitated the identification of critical components and variables within the chain of results, providing the basis for measurement and analysis. This was especially important in the Innovation Fund activities and the Action under evaluation—Increased Innovation Capacity and Technological Readiness of SMEs—as multiple interrelated factors contributed to the outcomes.

The ET promoted theory-based evaluation for adaptability and learning, as it enabled the comparison of the actual achievement of outputs and outcomes with those presented in the Theory of Change (ToC). This comparison

revealed discrepancies, showing aspects of the Action that may not have worked as expected. Furthermore, this iterative process of testing the ToC fostered a deeper understanding of the underlying mechanisms and contextual factors that influenced the delivery of outputs and progress toward outcomes.

Contribution Analysis: The ET augmented this theory-based approach with a contribution analysis. Fundamentally, this method concentrated on distinguishing and scrutinising the plausible connections between the IF, the Activities, and the observed outcomes to understand the mechanisms and rationale underlying the observed changes. The ET constructed a causal chain within the Theory of Change (ToC), outlining the anticipated sequence of events from the Action's activities leading to its ultimate achievements at the overall objective level. It elucidated how the ToC envisioned the success of the intervention and involved the collection of meticulous evidence to corroborate each step within the logic framework of the ToC chain. The evaluation of the EU IPA II support to the IF entailed verifying whether



the planned activities were executed, whether they achieved immediate outputs, and whether they progressed toward outcomes, ultimately resulting in changes to the competitiveness of Serbia's economy.

The efficacy of contribution analysis resided in its comprehensive evaluation of alternative explanations for the observed outcomes. Assessing the Action necessitated a meticulous examination of external influences and other interventions that may have affected it. The ET excluded or incorporated these additional factors, more convincingly ascribing the observed changes to the Action.

The contribution analysis methodology recognised the context's pivotal importance, particularly in

innovation Actions and the competitiveness of SMEs within Serbia. The political, economic, and social landscapes profoundly shaped the circumstances in this environment.

The ET adhered to international evaluation standards, which provided a framework for greater accountability, integrity, and transparency. By aligning with internationally recognized evaluation principles, the ET committed to impartiality and professionalism in producing findings and recommendations that were credible, rigorous, and relevant, thus supporting evidence-based decision-making and fostering continuous improvement in the Action's implementation and impact.

3.2 Specific approach to this evaluation

The ET followed a comprehensive methodology, employing a mixed-methods paradigm that synergises qualitative and quantitative data collection and interpretative techniques.

The evaluation collected and analysed primary and secondary data sources to ensure a comprehensive and balanced assessment of the Action's outcomes, relevance, and sustainability. To strengthen the evaluation's credibility and reliability, the evaluation team carefully selected each data source based on its relevance, reliability, and ability to provide diverse perspectives on the Action's implementation and impact.

Primary data sources included direct stakeholder interactions through Key Informant Interviews (KIIs) and group interviews. The ET gathered firsthand insights from Action beneficiaries, including SMEs, startups, and other stakeholders directly involved in the IF-funded Actions. These interactions provided qualitative data on stakeholders' experiences, perceptions, and achievements within the IF framework, particularly in areas such as ICT, agriculture, environmental science, and mechanical engineering. The interviews were conducted across various regions in Serbia, including Belgrade, Novi Sad, Kragujevac, Niš, Vrnjačka Banja, and Požega, ensuring geographical diversity and representation of both urban and rural contexts.

Secondary data sources comprised an extensive review of Action-related documentation, including Action reports, progress reviews, financial reports, monitoring and evaluation data, and national policy documents. Relevant strategic frameworks, such as Serbia's Specialisation Strategy and Innovation Strategy, were also reviewed to contextualise the Action's alignment with national priorities. Additional literature on regional development, innovation ecosystems, and economic cooperation enriched the analysis, providing a broader understanding of the Action's contributions to Serbia's innovation landscape.

The rationale for selecting these data sources was to ensure a comprehensive understanding of the Action's achievements, challenges, and effects. The ET triangulated data from multiple sources, capturing a balanced and nuanced perspective on the Action's performance. This approach allowed the evaluation to reflect the diverse experiences of stakeholders, from urban hubs like Belgrade to



smaller regions such as Novi Sad, Kragujevac, and Niš, while also aligning the findings with national and regional development goals. By combining primary and secondary data, the evaluation provided a robust assessment of the IF Action's impact on fostering innovation, economic growth, and sustainability in Serbia.

3.2.1 Sample and Sampling Frame

The ET employed a purposive sampling technique to ensure the data collection process captured a wide range of perspectives from stakeholders involved in the IF grant programs. The sampling strategy aimed to cover the entire universe of Action participants, including direct beneficiaries, local authorities, implementing partners, and marginalized groups. The sampling criteria included:

- **Geographical diversity:** Ensuring stakeholders from different regions and cities in Serbia were represented,
- **Sectoral representation:** Covering various sectors such as ICT, agriculture, environmental science, mechanical engineering, and creative industries.
- **Inclusion of diverse Action stages:** Ensuring representation from Actions at different development phases, including prototype, MVP (Minimum Viable Product), and product-market fit.
- **Gender balance:** Including women-led businesses and Actions with gender-diverse teams.

In Serbia, the sampling strategy focused on engaging stakeholders from key regions, with a particular emphasis on Belgrade, which served as the central hub for most Actions. The ET prioritized interviewing representatives from small and medium-sized enterprises (SMEs), micro-enterprises, and startups involved in innovative Actions funded by the IF. The ET aimed to capture the perspectives of populations, ensuring a balanced understanding of the Action's impact across different socio-economic contexts. This inclusive approach enabled the ET to gather qualitative data that enriched the analysis by highlighting personal stories, best practices, and challenges faced by beneficiaries, which would have been missed through a more rigid, random sampling approach.

The sampling strategy that the ET employed proved both relevant and effective in ensuring that the evaluation captured a broad range of perspectives from stakeholders directly involved in or impacted by the IF grant programs. By adopting a purposive sampling approach, the ET was able to strategically select stakeholders who could provide the most valuable insights into the Action's outcomes, relevance, and challenges. The purposive sampling method allowed the ET to focus on key target groups, including local authorities, business owners, women entrepreneurs, and youth, ensuring that the evaluation reflected the Action's multi-dimensional impact across various sectors and regions.

The ET aligned this sampling strategy with the Action's thematic and geographic scope, thus ensuring that the evaluation assessed the Action's outputs and captured broader socio-economic changes. The sampling approach provided the ET with a well-rounded and contextualized understanding of the Action's relevance to beneficiaries' needs, while also identifying gaps and opportunities for future programming. This strategy enhanced the evaluation's credibility by ensuring that the findings were grounded in the realities of diverse stakeholders and effectively reflected the Action's impact across different socio-economic and geographic contexts.



3.2.2 Data Collection Process

The ET conducted comprehensive visits, interviews and consultations across Serbia during November and December 2024, engaging a broad spectrum of stakeholders to ensure the sampling approach captured diverse and representative perspectives from Action participants. The purposive sampling strategy prioritized geographic diversity, sectoral representation, and inclusivity of various groups, ensuring that stakeholders from various socio-economic backgrounds, regions, and sectors were adequately represented in the evaluation process. The ET informed all participants that their names and positions would not be disclosed in the report, nor would any statement be used that could link to specific individuals, thereby ensuring ethical compliance and confidentiality.

The analysis of interviewed stakeholders revealed a robust ecosystem of innovation and development in Serbia, characterized by a strong focus on ICT, agriculture, and environmental science. The Actions were well-distributed across different regions, with Belgrade serving as the central hub for most Actions. A total of 22 projects were analyzed, categorized into three main grant programs: Collaborative Grant Scheme (5 projects), Matching Grants (7 projects), and Mini Grants (10 projects). These projects spanned various sectors, with ICT dominating (12 projects), followed by agriculture and food science (4 projects), environmental science (2 projects), mechanical engineering (3 projects), and creative industries (2 projects). Geographically, Belgrade hosted the majority of funded projects (14), while Novi Sad,

Kragujevac, Niš, Vrnjačka Banja, and Požega also contributed to the innovation landscape. Most projects were either finished (19) or in the implementation phase (3), with development stages ranging from prototype to product-market fit. Funding varied significantly, with total budgets ranging from €108,083 to €657,746.95, and co-financing by applicants or investors playing a crucial role, reflecting strong private sector involvement.

The diversity in development stages and funding sources indicated a dynamic and evolving innovation landscape. Actions at the prototype stage (4) were focused on initial development, while those at the MVP stage (9 projects) were refining their products for market entry. Actions achieving product-market fit (7 projects) demonstrated successful market integration and scalability. Employment figures ranged from 1 to 381 employees, with most companies being small or micro-sized, highlighting the role of SMEs in driving innovation. Additional funding sources, such as own funds (6 projects), grants (4 projects), and business angels/VC (1 project), further underscored the multifaceted financial support for these Actions. Interviews, primarily conducted by Jovana Ilić and Jovana Obradović in December 2024, provided valuable insights into the challenges and successes of these projects. Key observations included the dominance of ICT, regional concentration in Belgrade, and significant co-financing, all of which contributed to a vibrant and sustainable innovation ecosystem in Serbia.

3.3 Data analysis

The ET analysed data to facilitate the preparation of the evaluation report, using the qualitative data analysis software MAXQDA to upload completed data collection instruments⁶.

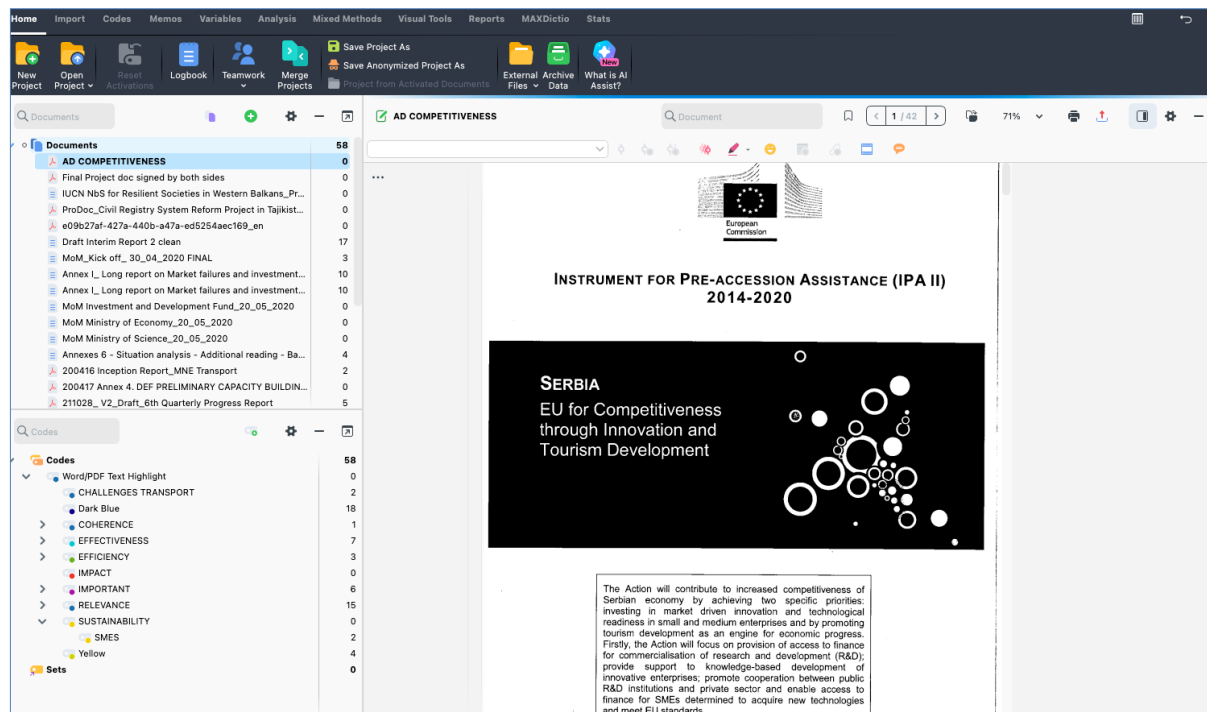
The ET developed a detailed analytical framework aligned with the evaluation matrix to ensure coherence between the data collected and the evaluation objectives. This framework guided the

⁶ Such instruments include document review templates, semi-structured interview guides (individual and group), and discussion or reflection guides.



organisation and interpretation of data, focusing on key evaluation questions, judgment criteria, and performance indicators. To streamline the data analysis process and enhance accuracy, the ET utilized the qualitative data analysis software MAXQDA to process and code data gathered through interviews, FGDs, and field observations.

Figure 6 MAXQDA features for data analysis



The analytical framework emphasised four key areas:

- **Evaluating** the Action's outputs and outcomes against intended objectives.
- **Identifying** trends and patterns across different stakeholder groups and regions.
- Assessing the Action's effects on specific social groups, including women, youth, and marginalized populations.
- **Triangulating** data from multiple sources to validate findings and ensure reliability.
- This structured approach allowed the ET to **systematically analyse data**, ensuring that insights derived from qualitative and quantitative sources were coherent and actionable.

3.3.1 Coding and Classification

The ET developed a comprehensive coding scheme based on the evaluation matrix to ensure a structured and transparent analysis. The pre-defined codes were aligned with the evaluation questions and judgment criteria, ensuring that data was organized according to the core objectives of the evaluation.

Additional classifications and thematic attributes were added during the analysis to capture emerging trends and nuances. For example, specific codes were created to highlight specific impacts of Action



interventions, challenges faced by beneficiaries, regional differences in Action implementation and outcomes.

The coding and classification process allowed the ET to efficiently group data into thematic categories, enabling a more focused analysis of key issues and trends across different contexts.

3.3.2 Data Processing and Interpretation

The ET employed a systematic approach to data processing and interpretation to ensure that all findings were directly aligned with the evaluation's objectives. Responses from interviews, FGDs, and site visits were grouped according to the evaluation matrix and categorized by stakeholder type and region. This ensured that the analysis captured diverse perspectives and provided a balanced assessment of the Action's impact.

Key themes and insights were extracted through a rigorous review of coded data, focusing on areas of convergence and divergence among different stakeholder groups. For example, the ET identified common challenges related to innovation and cross-border collaboration, while also noting differences in how women entrepreneurs experienced Action interventions in rural versus urban settings.

To ensure the validity and reliability of findings, the ET adopted a cross-validation approach, comparing data from various sources to confirm internal consistency. Where discrepancies or gaps were identified, the ET conducted follow-up consultations with stakeholders to clarify and refine the analysis.

3.3.3 Triangulation, Synthesis, and Validation

Triangulation was a critical element of the data analysis process, ensuring that findings were robust and credible. The ET cross-checked major trends and patterns across different data sources to establish consistency and reliability. Triangulation methods included:

- Comparing qualitative insights from interviews with quantitative data from Action reports.
- Cross-referencing findings from different partners to identify context-specific outcomes.
- Validating stakeholder feedback through follow-up discussions with key stakeholders.

This triangulation process ensured that the evaluation captured a comprehensive and accurate picture of the EU IPA 2018 Action and Innovation Fund's impact, accounting for both intended and unintended outcomes. The ET undertook a rigorous synthesis process to compile findings from all data sources into a cohesive narrative.

The synthesis focused on comparing the evaluation findings against the initial objectives of the Action, as well as best practices from similar programs to ensure relevance and applicability.

Key stakeholders were engaged in the validation phase to review preliminary findings and provide additional insights. This iterative process ensured that the evaluation conclusions were accurate, context-specific, and reflective of the diverse perspectives of stakeholders. The validation process also strengthened the evaluation's credibility by ensuring that stakeholders recognized and endorsed the findings.



3.3.4 Evidence-Based Recommendations

Based on the findings, the ET developed evidence-based recommendations to address the identified challenges and opportunities for improvement. These recommendations were prioritized based on their potential impact, feasibility, and urgency and clearly articulated with specific responsibilities and expected results to facilitate practical implementation.

The ET categorized them into thematic areas, such as effectiveness, efficiency, gender inclusion, and stakeholder engagement, providing a structured framework for stakeholders to address the identified issues and enhance future Action phases.

The ET's data analysis process ensured that the evaluation findings were grounded in robust evidence and provided actionable insights to inform the future direction of the EU IPA 2018 Action and Innovation Fund. By employing a comprehensive and systematic approach, the ET was able to produce a credible and impactful evaluation that captured the Action's multifaceted impacts.

3.4 Limitations and Risks

The evaluation process was conducted under favorable conditions, with no major limitations affecting the comprehensiveness or reliability of the findings. The availability of high-quality data, active stakeholder engagement, and the Innovation Fund's support ensured that the evaluation effectively captured the Action's achievements and areas for improvement. These positive aspects not only facilitated a robust analysis but also highlighted the strong foundations established by the Action for fostering innovation and competitiveness in Serbia.

The following factors contributed to the evaluation's comprehensiveness and reliability:

High-Quality Data Availability

The Innovation Fund (IF) provided extensive and high-quality data derived from its regular monitoring and assessment processes. This included well-documented records of grant implementation, detailed progress reports, and financial data.

The availability of this robust dataset ensured that the evaluation was supported by reliable evidence, allowing the ET to conduct a thorough analysis of the Action's achievements, challenges, and overall impact.

Stakeholder Accessibility and Engagement

The evaluation benefited from the active participation of stakeholders, including beneficiaries, government representatives, and implementing partners. Most stakeholders were readily available for interviews and consultations, demonstrating a clear understanding of the grant mechanisms and their contributions to Serbia's innovation ecosystem. Importantly, beneficiaries were able to differentiate the evaluated Action from other donor-funded Actions, enabling the ET to attribute outcomes accurately to this specific intervention.

Stakeholder Recognition of the Action's Relevance

The stakeholders universally recognized the value and impact of the grant programs. Beneficiaries expressed appreciation for the financial and technical support provided through the Mini Grants, Matching Grants, and Collaborative Grant Schemes, which were seen as instrumental in fostering innovation, supporting SME growth, and advancing the commercialization of research and development. This positive reception facilitated open and insightful discussions during the evaluation process, enriching the analysis with firsthand perspectives.



Comprehensive Stakeholder Representation

The ET successfully engaged with a diverse range of stakeholders, including SMEs from various sectors, public research institutions, and relevant government bodies. This ensured a well-rounded understanding of the Action's design, implementation, and results. Furthermore, the inclusion of beneficiaries from different geographic regions, despite the concentration of Actions in urban centers, added depth to the evaluation findings.

Efficient Collaboration with the Innovation Fund

The Innovation Fund played an active role in supporting the evaluation process. Its staff were cooperative and responsive, providing timely access to documents, data, and stakeholders. This collaboration minimized potential delays and enhanced the overall efficiency of the evaluation.

3.5. Ethical Considerations

The ET adhered to the OECD DAC's ethical considerations for development evaluations throughout the process. Ethical considerations were followed in selecting interviewees, interacting with them, and respecting their personal and institutional rights.

The ET ensured respondent privacy and confidentiality, as disclosing confidential information could have jeopardised the efficiency and credibility of the evaluation process. Therefore, the ET exercised discretion in all final evaluation matters, not divulging confidential information without authorisation.

The ET respected the informants' right to provide information confidentially and ensured that sensitive information could not be traced to its source to protect key informants from reprisals.

Original data, including notes from interviews, were retained in confidential files until the completion of the evaluation. This approach safeguarded the integrity of the evaluation process and maintained the trust of all stakeholders involved.



4 Findings

The following paragraphs presented findings from the data collected during the desk and field phase, organised around specific evaluation areas and judgement criteria.

4.1 Findings on Relevance

The ET analysed the Action's alignment with Serbia's national priorities and EU accession goals, particularly in fostering innovation and economic development. The evaluation analysed how well the Action addressed the needs of the lead institution, the Innovation Fund, and other stakeholders, including SMEs, startups, and research institutions, as identified during the programming phase.

Additionally, the ET evaluated the Action's adaptability to evolving external conditions to ensure it remained responsive to the dynamic needs of Serbia's innovation ecosystem. This comprehensive approach allowed the ET to determine if the Action maintained its relevance to both national priorities and stakeholder needs throughout its implementation.

EQ1.1. TO WHAT EXTENT WAS THE DESIGN AND STRATEGY OF THE ACTION (AND ITS DEVELOPMENT INTERVENTION) RELEVANT TO SERBIA'S NATIONAL PRIORITIES?

JC1.1. The extent to which the Action is relevant to Serbia policy framework and EU Priorities for Serbia

- *F1. The Action's design supported Serbia's efforts to implement its Smart Specialisation Strategy and advance its EU accession goals.*

The Action design and implementation have been intrinsically linked to Serbia's Smart Specialisation Strategy (4S), a foundation for fostering a knowledge-based economy and driving innovation in key priority areas. The 4S identifies specific domains—such as Food for the Future, ICT, Future Machines and Manufacturing Systems, and Creative Industries—pivotal for economic growth and competitiveness. The Action design reflected these objectives by channelling financial support and resources toward fostering innovation in these (and other) sectors. The ET finds that the Action efforts that prioritised funding for SMEs and promoted the commercialisation of research and development have been relevant to the strategic goals of linking research and industrial needs and enhancing Serbia's capacity for

global competitiveness. In addition, Its focus on market-driven innovation aligns with the 4S vision of strengthening Serbia's innovation ecosystem. Operationally, the Action strived to bridge the gap between research capabilities and industrial applications through specific grants while also working to advance public-private partnerships. The partners recognised these critical efforts, highlighting that the Action fostered collaboration between academia and industry (as critical gaps identified in the 4S).

In parallel, the Action addressed other challenges identified in the 4S, such as low levels of investment in R&D and weak linkages between academia and industry. The interviewed stakeholders recognised its intention to bridge these gaps, incentivising private sector



R&D and fostering partnerships to enhance Serbia's innovation potential.

Furthermore, while regional disparities in innovation have been and remain a concern, the action design and follow-up implementation laid the groundwork for more inclusive development, while actual implementation established mechanisms that can be expanded in future Actions.

The relevance of the Action's design extends beyond national priorities to Serbia's EU accession process, particularly concerning Chapters 20 and 25 of the EU acquis, which focus on enterprise and industrial policy and

science and research, respectively. It intended to strengthen Serbia's alignment with EU standards, enhancing SME competitiveness and promoting the commercialisation of R&D. The partners highlighted that the emphasis on innovation ecosystems has been instrumental in preparing Serbia and strengthening relevant sectors for integration into the EU's research and industrial framework. Additionally, the effective use of IPA II funding mechanisms underscored Serbia's growing capacity to manage EU financial instruments, paving the way for more profound integration into European funding programs.

EQ1.2. HOW MUCH AND IN WHAT WAYS DID THE ACTION CONTRIBUTE TO ADDRESS THE NEEDS AND PROBLEMS IDENTIFIED IN THE PROGRAMMING PHASE?

- *F2. The Action was highly relevant to the problems identified during the programming stage, reflecting a well-structured design that directly targeted systemic challenges in Serbia's innovation ecosystem and broader economic sphere.*

The programming phase⁷, highlighted key barriers, including limited access to finance for SMEs, insufficient collaboration between industry and academia, weak capacity for R&D commercialisation, and the need for alignment with EU standards for competitiveness and technological readiness. In addition, the interviewed stakeholders stated these were critical impediments to Serbia's progress toward a knowledge-based economy and its ability to integrate into European and global markets effectively. Thus, the Action design reflected and addressed these challenges by introducing tools such as a multi-tiered funding framework that aimed to enhance technological readiness, strengthen market-driven innovation, and promote the development of commercially viable solutions⁸.

Despite the results achieved and the establishment of tested models for supporting innovation, challenges remain in ensuring the scalability of these mechanisms. For example, interviews with some stakeholders revealed that the limited capacity of smaller enterprises to navigate complex administrative processes posed challenges to their equitable access to funding. These barriers included difficulties in completing extensive application forms, elaborating business plans and projects ideas, and securing required co-financing, all of which disproportionately affected less experienced or resource-constrained applicants.

In addition, the Action fostered collaboration between academia and industry, however there are views that sustainability of these partnerships would require further institutionalization and longer-term support (still, the stakeholders recognized benefits of the achieved results through the already functional partnerships).

⁷ These problems are elaborated in the Action note EU Support to Competitiveness, Research & Development and Innovation (2019)

⁸ The focus has been on high-priority sectors, including ICT, advanced manufacturing, life sciences, and agriculture, further enhancing its relevance.



While impactful, the sectoral focus of the Action reflects a concentration of support in certain industries with ICT receiving the largest share of funded applications (48%). However, some sectors, such as environmental sciences (3%) and the creative industry (3%), were less represented in terms of funded projects. This distribution aligns with the Fund's application-driven classification but may indicate areas where targeted outreach or tailored support mechanisms could enhance inclusivity. Additionally, while sectors like life sciences (11%) and food science and agriculture (10%) secured

a proportionate number of funded projects, emerging fields such as new materials and nano-technologies need to be considered. Further analysis could help assess whether this distribution effectively aligns with global trends and sustainability goals.

These issues were compounded by the lack of targeted support for follow-up funding, leaving some SMEs in challenging situations to sustain achieved progress or fully capitalise on their innovations. The stakeholders recognised that addressing these challenges is critical to capitalising on the foundations laid during the Action and further enhancing Serbia's capacity for innovation and competitiveness.

JC1.2.1. Evidence that the Action is relevant to the needs of the lead institution-IF and other stakeholders

JC1.2.2 The extent to which Action responded to the needs of other stakeholders / final beneficiaries

- *F3. The Action design has been relevant to the IF's core mission of fostering innovation, supporting SMEs, and strengthening the link between research and industry.*

The targeted financial instruments within the Action directly reinforced the Fund's mandate to enable market-driven innovation and facilitate the commercialisation of cutting-edge technologies. These mechanisms aligned with the IF's focus on supporting early-stage businesses, scaling innovative Actions, and promoting partnerships between academia and industry, thus addressing systemic barriers in Serbia's innovation ecosystem.

As indicated, the Action responded to the IF's strategic priorities, from bridging gaps in R&D funding and encouraging collaboration between scientific and private-sector entities to advance Serbia's technological readiness. Through this Action, the Fund was able to deploy well-structured programs that addressed the critical need for financial support among SMEs. For example, the ET finds that the IF enabled the development of market-ready products and

strengthened the Fund's position as a central driver of innovation in Serbia. Furthermore, the Collaborative Grant Scheme facilitated meaningful partnerships, aligning directly with the Fund's goal of fostering co-creation and enhancing knowledge transfer from research institutions to commercial applications.

In addition, the Action empowered the IF to deliver tailored support, enhancing its capacity to catalyse economic transformation- expanding its operational scope and deepen its impact across high-priority sectors. The relevance of the Action to the Fund's mission is further underscored by its ability to institutionalise best practices in program delivery, thereby ensuring that the Fund's activities remain impactful and sustainable. This alignment has allowed the Fund to strengthen its role as a provider of financial resources and a key enabler of systemic innovation in Serbia.



- *F4. The Action design and implementation demonstrated high relevance to the needs of beneficiaries- by addressing critical financial and technical needs, enabling SMEs to develop and commercialise innovative solutions in line with national and EU strategic priorities. However, the need for enhanced support in navigating regulatory and market barriers and challenges, such as slow regulatory reform and support instruments, points to areas where future Actions could focus to improve.*

The Action and the available grants were highly relevant to the needs of stakeholders, providing critical support in fostering innovation, enabling financial sustainability, and driving the commercialisation of innovative products. Interviewed beneficiaries consistently emphasised that the grants addressed key gaps in Serbia's innovation ecosystem, particularly in areas where alternative funding mechanisms, such as venture capital, were unavailable. For instance, one beneficiary noted that the grant allowed them to advance their AI-powered agricultural technology from prototype to production. This Action, which involved high-cost hardware and software integration, would not have been possible without the financial support provided by the Action. The lack of alternative funding options in Serbia further underscored the significance of the grant in enabling such advancements. Another example involved a company that transformed an idea for creating a digital studio for educational content into a successful business venture. The grant responded to their need to build the necessary infrastructure, produce high-quality video lessons and podcasts, and attract internal and external clients. The support was pivotal when they were ready to scale their business, highlighting the grant's relevance in addressing immediate operational needs.

The Action design planned to support strengthened collaboration between research institutions and businesses, a critical area of need in Serbia. For example, one software company developed a tool for assessing building efficiency by leveraging findings from European R&D Actions. The grant helped transition this concept into a market-ready product, significantly enhancing the company's competitiveness. Another beneficiary, operating in the cybersecurity sector, used the grant to develop advanced diagnostic and incident response tools,

improving their service offerings for high-demand clients such as financial institutions.

While the Action's structure was well-received overall, beneficiaries reported certain challenges. Some found the application and reporting processes resource-intensive, particularly for startups with limited administrative capacity. Some of the interviewed stakeholders reported delays in fund disbursement and inflexible budgeting rules occasionally caused financial strain during implementation. One company noted that while the grant accelerated their market entry by several years, managing cash flow during delays required additional effort and negotiation with suppliers.

In addition, regulatory and market challenges were highlighted by companies operating in sectors. One beneficiary noted that while the grant allowed them to complete product development and certification, navigating complex regulatory environments remained a significant barrier. Similarly, another company working on innovative packaging technology for global markets emphasized the need for substantial follow-up investment and capacity-building support to scale operations internationally.

Although they recognised that the Action design responded to their needs, the beneficiaries-applicants expressed views concerning the complexity and administrative burden of the application process, stating that documentation requirements were extensive and, at times, repetitive, creating difficulties for smaller enterprises with limited administrative capacities. Feedback provided to unsuccessful applicants was often perceived as too generic, leaving some without clear guidance on improving future submissions. While the Fund offers technical support related to the application process—receiving positive feedback with an average score of 4.4 out of 5—its mandate does not



include direct assistance with business plan development or application preparation. However, applicants expressed a need for more targeted support in these areas.

Given that other actors within the innovation ecosystem provide such services, improved signposting to relevant resources could help applicants better prepare for future opportunities.

Eligibility criteria and resource allocation also emerged as significant challenges. Certain revenue thresholds and restrictions on grant eligibility were perceived as barriers for startups and smaller enterprises, particularly those in early development stages.

Furthermore, while ICT and advanced manufacturing received substantial support,

applicants from sectors like energy and environmental sciences felt disadvantaged, suggesting an imbalance in sectoral focus.

Restrictions on eligible costs, such as marketing and operational expenses, also limited applicants' ability to fully utilize the grant support.

Despite high ratings for professionalism during the pitch process, some applicants expressed a need for clearer expectations and preparatory resources.

Addressing these challenges by simplifying processes, offering detailed feedback, improving sectoral balance, and providing more robust support mechanisms would enhance the program's accessibility and effectiveness.



4.2 Findings on Coherence

The ET evaluated the Action's internal consistency and alignment with other interventions. Internally, the evaluation examined whether the Action had a sound intervention logic, including clear objectives and indicators for measuring progress, ensuring that its components worked synergistically towards achieving its higher-level goals.

Externally, the ET analysed the extent to which the Action created synergies, linkages, and complementarities with other government Actions and development partner programs in the innovation sector, particularly focusing on alignment with relevant EU policies and funding programs. Additionally, the evaluation assessed whether effective coordination mechanisms were established at the subgrant level.

EQ2.1. TO WHAT EXTENT DID INTERNAL COHERENCE EXIST WITHIN THE ACTION?

JC2.1. Evidence if the Action included soundly formulated intervention logic, including indicators for measuring progress

- F5. The Action's intervention logic was sound and well-aligned with Serbia's strategic objectives; still, the ET finds that it could benefit from a more robust framework to capture its systemic effects while addressing external dependencies. Strengthening indicators to measure long-term changes, ensuring the sustainability of partnerships, and incorporating flexibility to adapt to external risks have been identified as areas for improvement in future program iterations.*

The Action's intervention logic addressed systemic challenges in Serbia's innovation ecosystem by increasing access to finance, fostering collaboration between SMEs and research institutions, and promoting research and development commercialisation. The Action was designed to enhance technological readiness and competitiveness in line with national priorities and EU standards, as reflected in its logical framework. The specific objectives of market-driven innovation and technological readiness were supported by indicators such as the percentage of SMEs performing innovation activities and the survival rate of start-ups supported through the Mini-grants program.

The Action's outputs, such as grants for developing sustainable products and services and fostering industry-academia partnerships, directly addressed immediate innovation needs—from facilitating early-stage development by enabling SMEs to create prototypes (Mini-grants), providing resources for scaling innovations (matching grants) to bridging gaps between research institutions and businesses (Collaborative grants), fostering co-creation and

the application of scientific advancements. These activities aligned with the Action's short-term goals of enhancing SME innovation capacity and technological readiness.

However, the intervention logic did not sufficiently articulate their connection to broader outcomes, such as enhanced competitiveness or systemic economic transformation.

Indicators like the number of products reaching the market or revenue generated, while useful, did not capture the sustainability of these outputs or their long-term contribution to the innovation ecosystem. Refining the intervention logic to include outcomes that bridge the gap between short-term outputs and systemic changes would enhance the Action's ability to measure and articulate its long-term contributions to Serbia's innovation and competitiveness.

The reliance on overarching indicators, such as competitiveness metrics, was partially misaligned with the Action's scale and focus. While the Global Competitiveness Index captures macroeconomic changes, the Action's limited scope and resources make it difficult to attribute meaningful changes to such reference. At the



same time, the Action relied heavily on output-focused indicators, such as the number of products reaching the market and revenue generated from supported SMEs. While these are useful measures of immediate results, they do not fully capture the longer-term systemic changes, such as the sustainability of collaborative partnerships or the broader effects on capacities for innovation in Serbia. Furthermore, some targets, such as ensuring 50% of supported SMEs generate revenue from innovative products, may have been overly ambitious given the underdeveloped state of Serbia's innovation ecosystem at the start of the Action.

Still, the ET found that the IF established an excellent monitoring framework (elaborated under the Efficiency part of this report), integrating quantitative and qualitative data collection tools. Surveys and feedback mechanisms captured beneficiaries' satisfaction with support, their progress in business development, and insights into systemic challenges. These tools provided a nuanced understanding of the Action's impact, including

how grants reduced risks for SMEs and enabled sustainable product development. Thus, the ET finds that intermediate indicators, such as developing SME capabilities to attract follow-on investments or the strength of research-industry networks, could have provided a clearer link between Action outputs and outcomes. Additionally, sectoral indicators to track diversification and inclusivity across industries, especially underrepresented ones like environmental technologies, would have strengthened the overall intervention logic.

Another area of concern is the reliance on external factors, such as a stable economic environment and the availability of private R&D financing, to achieve the desired outcomes. While these assumptions are reasonable, the absence of contingency measures in case of adverse changes could affect the sustainability of the results. The monitoring and evaluation framework provided data collection and verification mechanisms, but there was room to improve the integration of qualitative insights to complement quantitative indicators.

EQ2.2. TO WHAT EXTENT DOES THE ACTION CREATE SYNERGY/ LINKAGES/ COMPLEMENTARITIES WITH OTHER INTERVENTIONS AND ACTIONS OF THE GOVERNMENT AND OTHER DEVELOPMENT PARTNERS IN THE RESPECTIVE SECTOR?

JC2.2. Alignment of the objectives/outcomes of the selected Activities with those of other relevant EU policies and funding programmes and other development partners

- *F6. The Action (and the IF) effectively aligned its objectives with EU policies and international development partners, creating synergies that enhanced the effects of its interventions. However, the ET finds challenges in ensuring well-established and systemic coordination while facilitating sectoral inclusivity as a critical milestone in achieving Serbia's innovation ecosystem.*

The Action objectives were closely aligned with relevant IF's Actions, EU policies, and funding programmes, demonstrating a clear strategic integration within the broader European framework. Operating under Serbia's national innovation strategies, the IF implemented activities corresponding with the EU's Instrument for Pre-Accession Assistance (IPA) and strategic goals of fostering competitiveness and innovation. The IPA 2018 programme, which prioritised market-driven innovation and technological readiness, formed the basis for the Fund's work. The focus on enhancing access to finance, fostering collaboration between SMEs and research institutions, and enabling the commercialisation of research directly mirrored EU priorities of building a knowledge-based economy and preparing the region for integration into the European single market.

The Action's alignment with EU-supported Actions was reinforced through the IF's mandate and mission, particularly in its role as an implementer of the acceleration program within the Serbia



Accelerating Innovation and Growth Entrepreneurship (SAIGE) Action. Specifically, the IF designed and implemented the Katapult acceleration program under this Action, complementing the Action's grant mechanisms by providing business acceleration services and capacity-building for early -and-growth-stage enterprises. Additionally, the complementarity and coherence has been reinforced through the Western Balkan Enterprise Development and Innovation Facility (WB EDIF) that contributed to improving access to finance for SMEs across the region, further enhancing synergies between the initiatives.

The Action's activities also supported the objectives of the EU-funded Increased Innovation Capacity and Growth of SMEs (funded under the EU IPA 2019), which aimed to foster market-driven innovation and support commercialisation operationalised the broader European goals within Serbia's context.

Through this Action the IF and the evaluated Action demonstrated strong collaboration with international development partners, fostering synergies beyond EU-funded Actions. The IF was a key participant in the World Bank's Serbia Competitiveness and Jobs Project (2017-2021), through which its financing and the programs covered in this evaluation were supported. While the Competitiveness and Jobs Action Project focused on improving the regulatory environment for SMEs and strengthening institutional capacity the evaluated Action provided direct financial support for innovation, enabling businesses to capitalize on these structural reforms. This complementary approach addressed systemic and operational barriers, contributing to an enabling environment for sustainable growth.

Similarly, partnerships with development actors such as the Swiss Agency for Development and Cooperation (SDC) and the United Nations Development Programme (UNDP) further underscored the Fund's and, to a large extent, this Action's ability to integrate international expertise and resources into Serbia's innovation system. These collaborations enabled the Fund to extend its efforts and support a broader range of SMEs across sectors, including advanced manufacturing and ICT.

The ET recognised the IF and the Action efforts to coordinate and cooperate, but several challenges have still affected broader sector-level coordination. While outside the IF's direct mandate, the sector-level coordination remains critical for maximising results and changes in the innovation and competitiveness landscape in Serbia.

One key issue was the lack of national, sector-wide formalized coordination mechanisms among various Actions and stakeholders. Although the Fund successfully aligned its objectives with complementary Actions, the absence of structured frameworks for joint planning and monitoring prevented more effective and substantive achievements⁹.

Furthermore, the absence of a unified assessment and evaluation framework for financial incentives, coupled with the lack of an integrated monitoring system, limited the ability to systematically measure the collective impact of these programs, reducing opportunities for knowledge-sharing, adaptive learning, and improved coordination across Actions.

⁹ For example, some target groups overlapped with those of Science and Technology Parks (STPs) and World Bank initiatives, creating confusion among beneficiaries and complicating streamlined implementation.



EQ2.3. HAS THE COORDINATION BEEN ESTABLISHED AT THE LEVEL OF THE RESPECTIVE SUBGRANTS?

JC2.3. The extent to which coordination has been established at the level of respective grants

- *F7. The coordination established at the level of respective subgrants under the Action reveals a well-structured but occasionally inconsistent implementation framework.*

The IF demonstrated a comprehensive approach to managing the subgrants by integrating robust outreach, training, monitoring, and reporting systems. At the design level, the IF updated the Mini Grants Program Manual, Matching Grants Program Manual, and Collaborative Grant Scheme Program Manual to ensure procedural clarity and alignment with program objectives. Training workshops were provided to newly awarded subgrant beneficiaries, focusing on financial management, procurement procedures, and progress reporting. These efforts built the capacity of subgrant beneficiaries to effectively manage their grants and comply with the necessary administrative and technical requirements.

In terms of monitoring, the IF established quarterly reporting mechanisms that required subgrant beneficiaries to provide detailed financial and progress reports. These were reviewed using compliance checklists, ensuring adherence to approved Action budgets and objectives. An independent external provider was also engaged to maintain the transparency and efficiency of financial monitoring processes. The IF's staff maintained regular communication with beneficiaries, offering guidance on adjustments to Action implementation where necessary. This hands-on approach reflects the IF's commitment

to ensuring that subgrants were executed effectively and in alignment with overarching program goals.

Despite these efforts, the ET identified gaps in fostering cross-action fertilisation and experience sharing among subgrantees. While informal exchanges of knowledge and collaboration occurred, there were no formalised channels or structured platforms established to enable beneficiaries to systematically share their experiences, challenges, or best practices across Actions. This limited the potential for beneficiaries to leverage collective insights and enhance their Action outcomes. Meeting minutes and interviews corroborated this finding, indicating that while individual subgrantees benefited from the Fund's tailored guidance, broader collaboration among subgrantees remained underdeveloped.

Moreover, administrative and operational challenges also constrained coordination. Beneficiaries occasionally faced delays in funding disbursement due to procedural bottlenecks or inconsistencies in reporting requirements. These issues, while isolated, underscored the need for streamlined processes and improved clarity in communication between the Fund and the subgrantees.

4.3 Findings on Effectiveness

The ET assessed the effectiveness of the Action by evaluating its effects on fostering innovation among sub-grant beneficiaries and supporting their growth. The evaluation examined how the Action helped beneficiaries overcome barriers to growth, achieve their business objectives, and generate specific outcomes such as product development, process improvements, or market entry. Additionally, using quantitative and qualitative data from beneficiaries, the ET measured the Action's contribution to broader impacts, including financial growth, job creation, and market expansion. The evaluation also



analysed how internal factors, such as the Innovation Fund's management and implementation processes, and external factors, such as market conditions and regulatory environments, influenced the achievement of the Action's objectives and results.

EQ3.1. HOW EFFECTIVE HAS THE ACTION BEEN IN FOSTERING INNOVATION AMONG THE SUB-GRANT BENEFICIARIES?

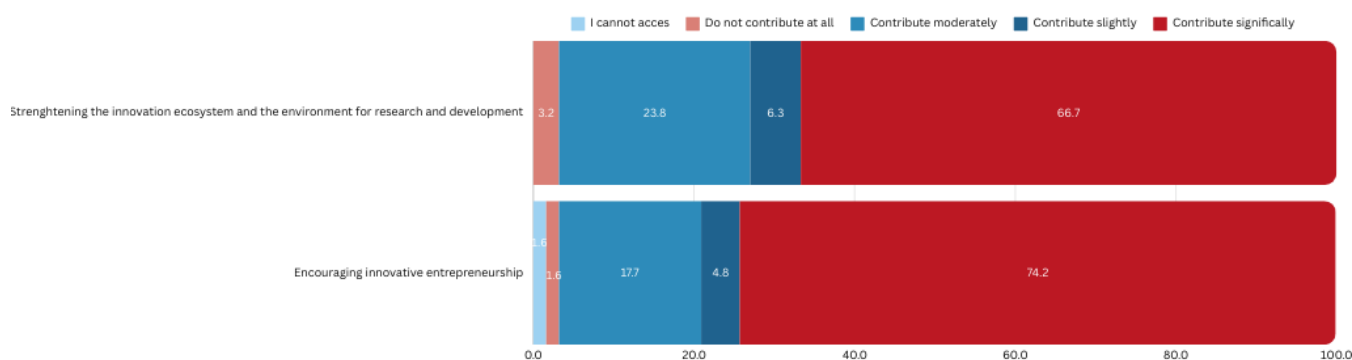
JC3.1. The extent to which the Action has been effective in fostering innovation among the sub-grant beneficiaries

- F8. The Action has been effective in fostering innovation among the sub-grant beneficiaries, as evidenced by the feedback from various stakeholders. The ET finds that many surveyed and interviewed beneficiaries reported creating new products and services, reflecting the program's positive effect on innovation capacity.**

The ET's data analysis demonstrates that the Action was highly effective in promoting innovative entrepreneurship, with 74.2% of beneficiaries indicating that the Action made a significant contribution. This substantial majority highlights the Action's capability to support early-stage start-ups, mitigate risks, and establish a foundation for converting ideas into viable businesses. A smaller segment of beneficiaries (17.7%) reported moderate contributions, reflecting differences in the rate at which various enterprises were able to convert grant support into entrepreneurial outcomes. Only a negligible percentage (1.6%) stated that the Action had no contribution or that they could not evaluate its effect, thereby emphasising the overall success of the program domain.

The Mini-Grants Program emerged as a particularly effective mechanism for fostering early-stage innovation and entrepreneurship. An overwhelming majority of beneficiaries (78.9%) reported that the grants contributed significantly to encouraging innovative entrepreneurship, with recipients frequently highlighting the program's role in reducing financial risks associated with developing new products and services. The grants supported the creation of prototypes and MVPs, enabling beneficiaries to move from conceptual ideas to tangible market-ready solutions. For example, in interviews, The Action facilitated the development and commercialization of several innovative products and services, significantly im the beneficiaries' businesses and the broader innovation ecosystem.

Figure 7 Effects of the IF programs and support mechanisms¹⁰



¹⁰ Source: Desk and Field data



One noteworthy example is a Serbian telecommunications company that developed an advanced optical networking device leveraging OTN-DVD-M ROADM technology. This innovation required creating multiple new components, such as signal multiplexing units, embedded software, and a network management module. The product successfully underwent field testing with a major telecom provider and is now fully functional, aligning with global technological standards. The grant enabled this company to expedite development and reduce financial risk, making the device their flagship product critical to sustaining operations for the next several years. Similarly, a manufacturing company developed a specialised system for preheating coffee, designed in collaboration with their clients in the food industry. Local businesses have already adopted this system, improving their production processes and offering growth potential in regional and international markets. Additionally, a firm in advanced engineering successfully prototyped a pantograph tailored to the rail infrastructure needs in some countries globally¹¹.

Another innovative product includes a cybersecurity solution addressing data security challenges in various sectors. This product secured local clients' interest and attracted international attention, positioning the company for future growth in global markets.

Beneficiaries widely acknowledged that the grants provided critical resources for research and development, enabling them to bring complex, state-of-the-art solutions to market. For example, a representative noted, "The knowledge and resources acquired during the Action have positioned our company for broader, long-term opportunities beyond this specific innovation". These grants effectively bridged financial and technical gaps, ensuring that startups and SMEs could develop solutions aligned with current and emerging market demands.

The Matching Grants Program also demonstrated high effectiveness in fostering innovations, with 73.3% of beneficiaries reporting significant contributions. This program focused on scaling innovations for more mature

enterprises, allowing companies to expand their market presence and refine existing solutions. In parallel, the Collaborative Grant Scheme Program, with 55.6% of beneficiaries noting significant contributions, showcased its role in indirectly fostering entrepreneurship by encouraging research-industry collaborations. While these collaborations laid the groundwork for future innovations, their immediate entrepreneurial impact was less pronounced than that of the other two programs.

In parallel, the ET finds that the beneficiaries have recognised that the Action supported strengthening Serbia's innovation ecosystem and fostering an environment conducive to research and development (considering the size and its genuine effects). There are generally positive views that the grants' contributed to a supportive infrastructure for innovation, promoting collaborations, and addressing systemic barriers to research and development. The stakeholders have been especially positive for the Mini-Grants Program, as it provided critical financial and technical support to start-ups, enabling them to close funding gaps, take calculated risks, and bring innovative solutions to the market. The ET finds commonly agreed view that this support had a cascading effect, reinforcing the broader innovation ecosystem. Beneficiaries frequently highlighted the transformative nature of the assistance, with one stating, "The funding allowed us to focus on the core development of our product while accessing expertise that would have otherwise been unavailable." Similarly, the Matching Grants Program (62.5%) and Collaborative Grant Scheme Program (55.6%) contributed meaningfully to ecosystem strengthening, albeit with distinct focuses.

Despite these achievements, interviews revealed gaps in cross-Action collaboration and knowledge-sharing among beneficiaries, limiting the potential for broader ecosystem synergies and highlighting areas for improvement in future Actions. Some respondents also noted sectoral imbalances in the grant allocations, with ICT and advanced manufacturing being disproportionately represented. Also, challenges such as gaps in regulatory support have been highlighted.

¹¹ This product is now undergoing certification to meet international standards, with plans for large-scale production



EQ3.2. TO WHAT EXTENT HAS THE ACTION HELPED SUB-GRANT BENEFICIARIES OVERCOME BARRIERS TO GROWTH AND ACHIEVE THEIR BUSINESS OBJECTIVES?

JC3.2. Evidence that the Action helped sub-grant beneficiaries overcome barriers to growth and achieve their business objectives

- *F9. The beneficiaries stated that the Action facilitated their progress, enabling them to overcome critical barriers and advance business objectives.*

The primary data collection, including statements of numerous beneficiaries, emphasised that the financial support available through the Action allowed them to overcome barriers to growth—finalise product development, enter new markets, and improve their operational capacities, contributing to broader economic and technological goals. For example, one beneficiary, operating in the agricultural sector, developed an innovative smart sprayer capable of reducing herbicide use, offering a solution aligned with global sustainability goals. The support came at a critical moment, as developing such complex hardware independently would have been financially infeasible. This beneficiary highlighted that the funding allowed them to transition from prototype development to commercialisation, opening new revenue streams and improving environmental outcomes. Similarly, a technology firm focused on energy efficiency created software that enabled building owners to optimise operations through advanced monitoring and automation. This development coincided with emerging European Union standards, enhancing the beneficiary's market competitiveness and strategic alignment.

One start-up completed a video game Action in the creative sector that combined entertainment with educational elements. This beneficiary noted that the grant enabled them to transition from a rudimentary prototype to a fully market-ready product. Additionally, a service-oriented company leveraged funding to establish a recording studio, allowing them to expand into digital training services. The facility attracted a broader clientele, including international markets, thus diversifying revenue sources and elevating their profile within their industry.

Several beneficiaries emphasised the effects on employment as part of their planned growth. In one instance, a company providing automated

agricultural solutions expanded its workforce and increased its client base. Another beneficiary, working in medical technology, completed the development of a device for continuous health monitoring. This innovation was successfully certified and is now prepared for full-scale market entry. The funding facilitated product development and enabled the company to meet rigorous regulatory standards, a challenging requirement for medical start-ups.

The grants also catalysed the growth of more complex products. For example, a manufacturing firm developed an advanced product for transportation infrastructure, cutting its production time by years and ensuring early market entry. Another company focusing on financial technology created a platform that streamlined financial processes for agricultural enterprises. These beneficiaries underscored how the program's support gave them the financial breathing room necessary to focus on innovation, avoid costly delays, and achieve operational milestones.

However, the Action also revealed several challenges. Many beneficiaries reported that the extensive administrative and reporting requirements imposed a considerable strain, diverting time and resources from core business activities. This sentiment was particularly strong among smaller enterprises and start-ups. Some beneficiaries encountered difficulties aligning the grant conditions with the unique demands of their industries. For instance, companies developing hardware-intensive products or operating in highly regulated sectors, such as medical technology, faced hurdles related to certification processes and market entry. Beneficiaries also reported rising material costs and supply chain issues that affected the implementation of their Actions. Additionally, some noted a lack of accessible follow-up funding, making it difficult to



sustain growth after completing the grant-supported phase.

Despite these obstacles, beneficiaries consistently highlighted the positive effects of the grants, the IF and its support. The financial and advisory support enabled the completion of

innovative products and strengthened their market positioning and operational resilience. Many beneficiaries expressed gratitude for the structured approach of the grants, which provided clear goals and timelines, fostering accountability and focus.

EQ3.3. WHAT SPECIFIC OUTCOMES HAVE BEEN ACHIEVED BY THE SUB-GRANT BENEFICIARIES AS A RESULT OF THE PROGRAM? WHAT MEASURABLE OUTCOMES CAN BE ATTRIBUTED TO THE ACTION REGARDING FINANCIAL GROWTH, JOB CREATION, OR MARKET EXPANSION?

JC3.3. Evidence of specific outcomes that the sub-grant beneficiaries achieved as a result of the program, including financial growth, job creation, or market expansion

- F10. Output 1 achieved measurable progress, enabling SMEs to develop and commercialise innovative products and services. The results reflect the effectiveness of the grant mechanisms in addressing immediate innovation needs, with beneficiaries reporting tangible benefits such as increased market readiness and revenue generation. However, the challenges of scalability, sectoral inclusivity, and post-grant sustainability underscore the need for a more nuanced monitoring framework. Introducing intermediate indicators to capture systemic changes, enhancing support for cross-sectoral representation, and addressing regulatory and market access barriers will be critical for maximising the long-term impact of such Actions.*

Output 1 of the Action, focused on the development and commercialisation of sustainable products and services by supported SMEs, demonstrated measurable progress against its indicators while also revealing areas for refinement. The indicators for Output 1 include the number of new products or services introduced to the market and the revenue generated from these products. These metrics provided a clear framework for assessing immediate outcomes but did not fully capture the systemic changes or intermediate results necessary for evaluating broader impacts.

Progress Against Indicators

Indicator 1.1. Number of new products/services that reached the market

Baseline: 43% in 2015

Target: 50% of supported SME developed products/service developed that reached the market two years after implementation

The Action facilitated the development of new products and services, with the expected target that approximately 50% of supported SMEs successfully bringing innovations to the market. The ET finds that 57% of supported SMEs exceeded the target - the grants provided under the Action supported a wide array of innovative solutions across various sectors, demonstrating the depth and diversity of Serbia's innovation ecosystem. These Actions were instrumental in fostering market-ready technologies, addressing critical industry challenges, and driving technological advancements that contribute to Serbia's competitiveness and economic growth. It should be noted that two years after implementation, real target achievement could be assessed.



In the ICT sector, which accounted for a significant portion of funded innovations, Actions harnessed the transformative potential of digital technologies to improve efficiency and service delivery. One of the most impactful Actions involved the development of a teleradiology platform, utilizing AI and machine learning to deliver high-quality radiology services to underserved regions, thereby addressing critical healthcare access disparities. Another ICT solution focused on optimizing supply chains through a logistics platform that integrated real-time tracking and AI-driven decision-making, significantly reducing inefficiencies for regional transportation companies.

Supported Actions in agriculture and environmental technologies demonstrated how innovation could enhance sustainability and productivity in traditional sectors. One SME developed an IoT-based irrigation system that optimised water use and increased crop yields, offering a scalable solution to water management challenges. Another notable innovation was a universal agricultural robot equipped with interchangeable tools, enabling farmers to automate various processes and reduce operational costs. In the environmental sphere, an antivaroa hive solution was introduced to protect bees ecologically, addressing biodiversity and food security concerns.

Advanced manufacturing and engineering Actions showcased Serbia's potential to create scalable, high-value solutions. A modular production system designed to improve factory flexibility and scalability gained traction in regional markets, while a renewable energy company developed tools for small businesses to integrate high-efficiency energy solutions. These

innovations contributed to Serbia's renewable energy goals and demonstrated the country's ability to compete in technologically advanced industries.

Healthcare and life sciences also benefited from grant support, with innovations to improve quality of life and expand access to essential medical services. Examples included a diagnostic tool leveraging machine learning for early detection of rare diseases and a wearable device for managing foot drop syndrome, which reflected AI's integration into medical technologies. These solutions addressed significant healthcare challenges, creating pathways for broader adoption in both domestic and international markets.

The Mini Grants Program was particularly effective in supporting early-stage SMEs in developing prototypes and Minimum Viable Products (MVPs). Regulatory barriers, limited access to follow-on funding, and challenges in navigating international markets constrained the full realization of their potential. Additionally, sectoral imbalances in grant allocations left fields like environmental sciences and creative industries underrepresented, indicating a need for more inclusive targeting in future funding cycles.

Also, commercialisation under the Collaborative Grant Scheme lagged, with several beneficiaries reporting challenges in translating academic research into market-ready solutions. A research partner shared concerns about the alignment between institutional priorities and market expectations, emphasizing the need for stronger support in bridging these gaps.

Indicator 1.2. Revenue generated from the sale or lease of innovative products and services

Baseline: 43% in 2015

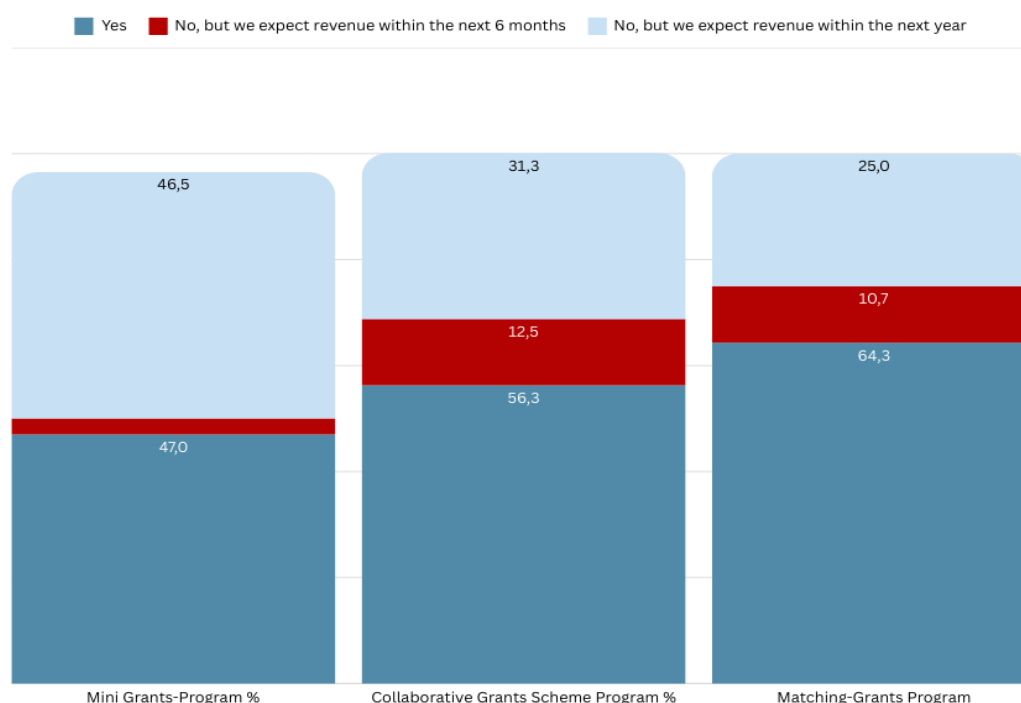
Target: Revenue is generated for at least 50% of developed products/ services two years after implementation

Revenue generated, though significant, has been slightly below the target. 40% of SMEs reported revenue generated, with approximately €8.6 million cumulative earnings (2025 data). It should be noted that two years after implementation, real target achievement could be assessed. Supported SMEs in ICT and advanced manufacturing demonstrated more substantial revenue outcomes due to their readiness to scale and establish market positions. One logistics optimisation platform generated €180,000 in its first year of commercialisation, while a renewable energy SME earned €120,000 from its solutions tailored to small businesses.



In agriculture, an IoT-powered irrigation system secured €30,000 in initial revenue, showcasing the potential for scaling innovations in traditional sectors. Despite these successes, the results indicate that further support is needed to address barriers to market entry and scalability, such as regulatory constraints and limited access to international markets. Several beneficiaries highlighted challenges in attracting follow-on investments, which are essential for expanding production and marketing.

Figure 8 *Opinions about generated revenue based on the results of the supported Action¹² interviews*



Source: end-line and annual survey

Interviews with beneficiaries and partners consistently emphasised the transformative role of the grants. As already highlighted in this report, many SMEs described funding as critical for mitigating early-stage risks and accelerating product development. A beneficiary in advanced manufacturing noted that the grant enabled their company to recruit specialized staff and improve their production process, resulting in a product launch ahead of schedule. However, opinions also highlighted areas for improvement¹³.

Revenue Generated

The grants show a nuanced picture of revenue generated and future expectations, reflecting each funding mechanism's distinct characteristics and objectives. Below is a detailed analysis of the results:

- Collaborative Grant Scheme Program:** Revenue generation generated within this program was moderate, with 31.25% of beneficiaries reporting immediate financial returns. More than half (56.25%) expected revenue within the following year, while 12.5% anticipated revenue within six

¹² Source: end-line and annual survey

¹³ Beneficiaries pointed to administrative complexities in application and reporting processes, which they felt diverted resources from core innovation activities. Others noted the absence of formal platforms for sharing experiences and best practices among grant recipients, which could have fostered cross-Action learning and collaboration



months. These results indicate that while some Actions have successfully transitioned into commercialisation, the majority are still in the process of reaching market viability. The program's emphasis on fostering research-industry collaborations may extend the commercialisation timeline, as partnerships with academic institutions often require longer development cycles before yielding financial returns.

- **Matching Grants Program:** Beneficiaries of this program reported relatively lower immediate revenue generation, with only 25% achieving financial returns. The majority (64.29%) anticipated revenue within the next year, while 10.71% expected returns within six months. These findings align with the program's focus on supporting more mature enterprises that often require extended timeframes for scaling innovations. The results suggest that, while these businesses have strong market potential, they may encounter sector-specific challenges in monetisation.
- **Mini-Grants Program:** Revenue generation generated outcomes in this program were the most immediate, with 48.48% of beneficiaries successfully generating revenue. However, a substantial portion (46.97%) anticipated financial returns within the next year, while 3.03% expected revenue within six months. Only 1.52% did not anticipate generating revenue at all. These figures reflect the program's focus on early-stage start-ups, where commercialisation timelines are often longer due to product development cycles. Nevertheless, the relatively high proportion of beneficiaries already generating revenue highlights the program's effectiveness in supporting innovation with clear market potential.

Revenue Expectations

Future revenue expectations indicated optimism across all programs, through variations in projected growth trajectories.

- **Collaborative Grant Scheme Program:** While 56.25% of beneficiaries expected revenue growth within the following year, 12.5% anticipated revenue within six months. However, a notable 31.25% had already achieved revenue, suggesting that many supported Actions were in an advanced stage of commercialisation.

The program's emphasis on industry-academia collaborations likely provided a strong foundation for scaling products and services, albeit with longer development cycles before substantial revenue increases.

- **Matching Grants Program:** The majority of beneficiaries (64.29%) expected revenue growth within the following year, while 10.71% anticipated increases within six months. With only 25% already generating revenue, this suggests that while supported businesses were progressing towards financial sustainability, scaling challenges persisted.

The program's focus on supporting more mature enterprises may mean longer lead times for market expansion or return on investment.

- **Mini-Grants Program:** Revenue expectations were strong, with 48.48% of beneficiaries already generating revenue. Additionally, 46.97% anticipated revenue within the following year, while 3.03% expected financial gains within six months.

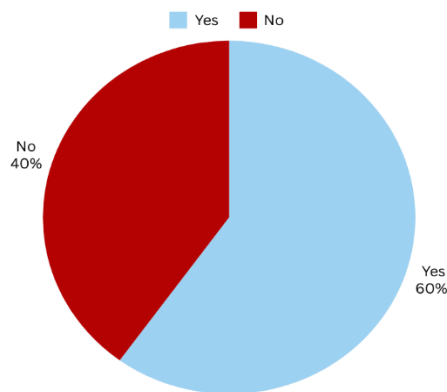
The results indicate a high level of confidence in the market potential of supported innovations, particularly in sectors such as ICT and agriculture, where early-stage start-ups had already begun securing contracts or entering new markets.



Challenges and observations

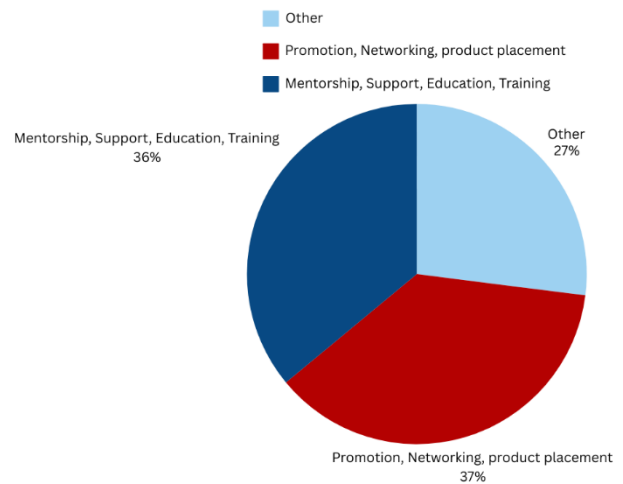
Beneficiaries across all programs expressed confidence in their innovations' potential to increase revenue. This optimism underscores the effectiveness of the grants in fostering scalable and market-ready solutions, even if the immediate financial impacts were less pronounced for some programs.

Figure 9 Opinions about the need for additional support from the IF



They cited systemic barriers, such as limited access to follow-on investments, regulatory delays, and challenges in entering international markets, as factors limiting faster revenue realization. These challenges highlight the need for enhanced support mechanism.

Figure 10 The type of support that beneficiaries need



Additionally, while beneficiaries appreciated the IF's support, they emphasised the need for enhanced post-grant mechanisms to ensure continuity. Challenges such as navigating regulatory requirements and addressing capacity gaps in marketing and production were frequently mentioned as barriers to achieving long-term effects and sustainable gains.

- *F11. Output 2 progressed in supporting start-ups through the Mini-Grants Program, with measurable improvements in survival rates, revenue generated, and innovation capacity. However, systemic barriers and gaps in the monitoring framework highlight the need for enhanced post-grant support, more inclusive sectoral targeting, and refined indicators to capture intermediate and ecosystem-level impacts.*

Output 2 of the Action aimed to ensure the sustainability of start-ups supported through the Mini-Grants Program, focusing on their survival rate and ability to generate at least €50,000 in annual revenue three years after Action implementation. The baseline for the survival rate in 2019 was 39%, with a target set at 50%. Progress under this output demonstrates achievements in fostering start-up growth and resilience, though challenges in meeting the revenue target and achieving broader systemic impacts remain evident.



Progress Against Indicators

Indicator 2.1. Survival rate of supported startups

Baseline: 39% in 2019

Target: 50% of the supported start-ups are active and generated at least EUR 50,000 annual revenue three years after completion of Action implementation

The survival rate of supported start-ups demonstrated improvement over the baseline; however, the indicated three year period after the completion of the Action implementation is outside of the timeline of the Action and this evaluation- hence, could not be verified. The ET finds that the existence of a mid-term target would have facilitated the assessment of progress and probability of reaching the target. Many start-ups credited the grants with enabling continued operations beyond the funding period. Interviews and reports highlighted examples where beneficiaries successfully transitioned from early development to market entry. For instance, a company specialising in logistics optimisation developed an advanced platform that secured contracts with multiple regional clients,

maintaining stable operations and expanding its market presence. Another start-up focusing on renewable energy diversified its offerings and achieved sustained operations by catering to a broader client base in neighbouring markets.

Capacity-building Actions (prepared and delivered by the IF) further enhanced start-ups' ability to sustain operations. Beneficiaries praised workshops on financial management, intellectual property rights, and business planning as critical to their success. These activities complemented the financial support provided through the grants, strengthening start-ups' strategic and operational foundations and increasing their chances of survival.

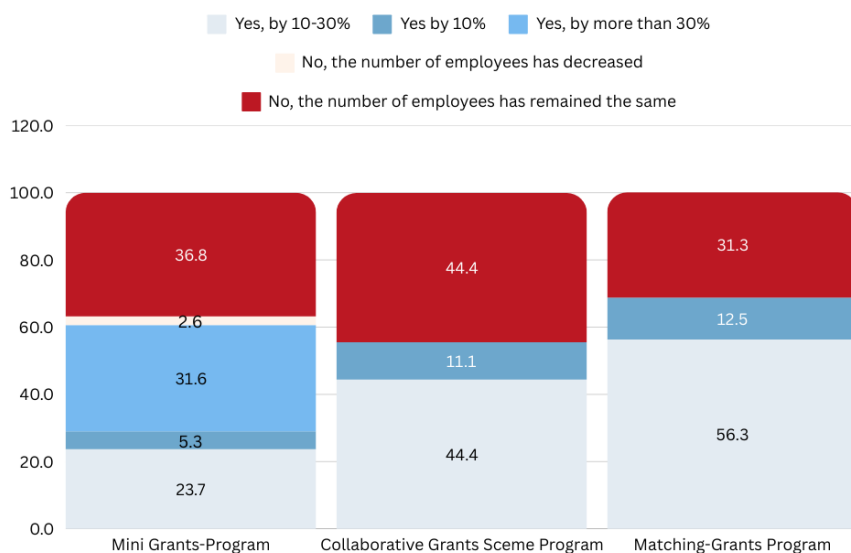
Progress towards targets

A subset of start-ups achieved the **target of generating at least €50,000 in annual revenue**, with notable examples illustrating the program's economic effects. An IoT-based energy efficiency solution reported an increase in annual revenue within two years of commercialisation, while an SME specialising in logistics optimisation services generated amounts that exceeded the target several times, demonstrating strong market demand for innovative ICT solutions. In agriculture, a smart irrigation system gained traction among medium-sized farms, generating initial revenue. A healthcare start-up developed a wearable device for managing mobility disorders, which achieved market entry and garnered positive user feedback. In advanced manufacturing, a modular production system designed for scalable operations attracted interest from regional clients. These successes underscore the program's ability to foster market-ready innovations and support start-ups in capturing economic opportunities. At the same time, the survey results from January 2025 showed that a minority of beneficiaries (28.9%) reported earning revenue directly from their supported Actions, reflecting immediate market impact for some start-ups. Most beneficiaries (71.1%)

anticipated generating revenue soon (for example, 44.7% expected revenue within six months and 26.3% within a year). This confidence underscores the perceived market readiness of supported innovations, although delays in revenue realisation were often attributed to longer development cycles, regulatory hurdles, or pending client negotiations. These challenges were more pronounced in sectors such as agriculture and environmental technologies, where market entry typically requires higher upfront investment and longer timelines.

The ET finds that future revenue expectations among beneficiaries reflected strong optimism, with most respondents (52.6%) anticipating a significant increase in revenue and an additional 39.5% expecting moderate growth. This confidence highlights the market potential of many supported innovations, particularly in ICT and advanced manufacturing, where demand and scalability are higher. Only a small fraction (5.3%) expressed uncertainty about future revenue, while 2.6% expected revenue to remain stable, largely due to external factors such as regulatory barriers or resource limitations that constrained further growth.

Figure 11 Increase in the number of employees among the beneficiaries



The ET triangulated this finding using additional evidence and comments from the survey and key informants' interviews. For example, concerning creating new outputs, most beneficiaries (68.4%) reported developing a new product or service, including prototypes or MVPs, demonstrating the program's ability to foster early-stage innovation. A smaller proportion (31.6%)

enhanced existing products or services, reflecting the program's contribution to improving the competitiveness and functionality of existing offerings. However, none of the beneficiaries (0%) reported creating entirely new technologies, indicating that the program primarily focused on incremental advancements and commercialisation rather than high-risk technological breakthroughs.

Regarding **employment effects**, a substantial proportion of start-ups (nearly 55.6%) reported increasing their workforce by more than 10-30% or more. These figures demonstrate the program's role in fostering job creation alongside innovation as businesses expanded their teams to support R&D, production, and commercialisation efforts. A smaller share (5.3%) reported a workforce increase of 10%, while 36.8% indicated no change in the number of employees. A minority (2.6%) experienced a decline in workforce size, which was attributed to financial challenges or delays in achieving sustained revenue generation.

Start-ups also reported significant improvements in their strategic and operational capacities due to the program. The financial support provided a critical buffer during the risky early stages of product development, allowing beneficiaries to focus on refining their innovations. Feedback

from stakeholders emphasized the importance of the IF's tailored support, which helped start-ups navigate competitive markets and build sustainable business models.

Despite these achievements, many start-ups faced challenges in meeting the revenue threshold. Beneficiaries frequently cited limited access to follow-on investments, regulatory barriers, and difficulties in scaling operations. Environmental technologies and creative industries, in particular, struggled to generate consistent revenue due to sectoral constraints and high initial investment requirements. The results also point to areas for further improvement, such as addressing barriers to revenue realisation, extending support for scaling innovations, and fostering inclusivity to ensure broader impacts across underrepresented sectors.



Challenges and observations

While the program successfully fostered innovation and sustained start-ups, systemic challenges limited its full impact. The absence of formalised mechanisms for post-grant support was a recurring issue, with beneficiaries highlighting the need for structured mentorship and networking opportunities to attract follow-on investments. Regulatory hurdles and restricted access to international markets further constrained the scalability of funded innovations. Additionally, the reliance on a single indicator—survival rate and revenue generation—failed to capture intermediate outcomes, such as the development of collaborative networks or the quality of business models. Sectoral imbalances also emerged as a challenge, with ICT and advanced manufacturing receiving the most funding while environmental sciences and creative industries were underrepresented. This limited the program’s ability to address emerging sectoral priorities and capitalise on broader economic trends.

EQ3.5. TO WHAT EXTENT DID DIFFERENT FACTORS INFLUENCE ACHIEVING THE ACTION’S RESULTS AND SPECIFIC OBJECTIVES?

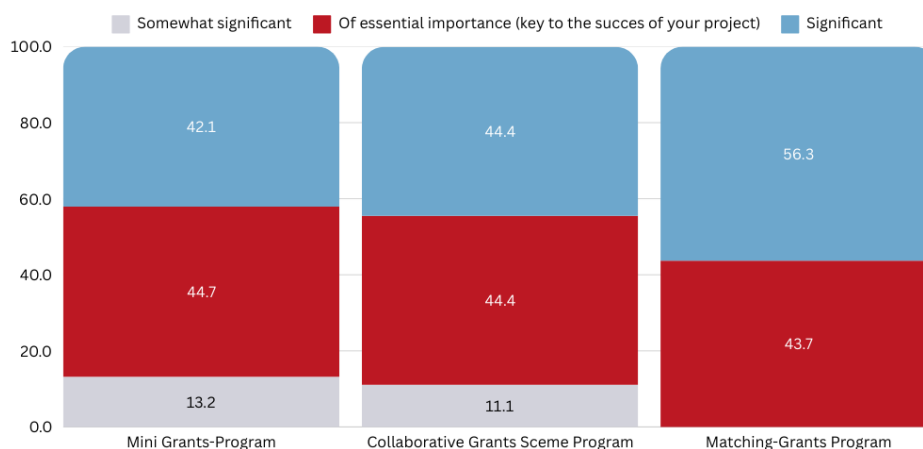
JC3.5. The extent to which external and internal factors to the IF and Action affected (supported or constrained) the effectiveness and delivery of results

- *F12. A complex interplay of financial, operational, regulatory, and contextual factors influenced achieving or non-achievement the Action's results and specific objectives.*

The IF’s operational framework was central to the effective delivery. The structured nature of grant programs and targeted support mechanisms ensured that beneficiaries could meet their development milestones effectively.

Beneficiaries consistently praised the accessibility and responsiveness of IF staff, noting the value of clear communication and well-defined processes during Action implementation. Furthermore, the availability of mentorship and technical training enhanced beneficiaries' ability to navigate complex market and regulatory environments, contributing to high-quality outcomes.

Figure 12 Opinions about the effectiveness of the program



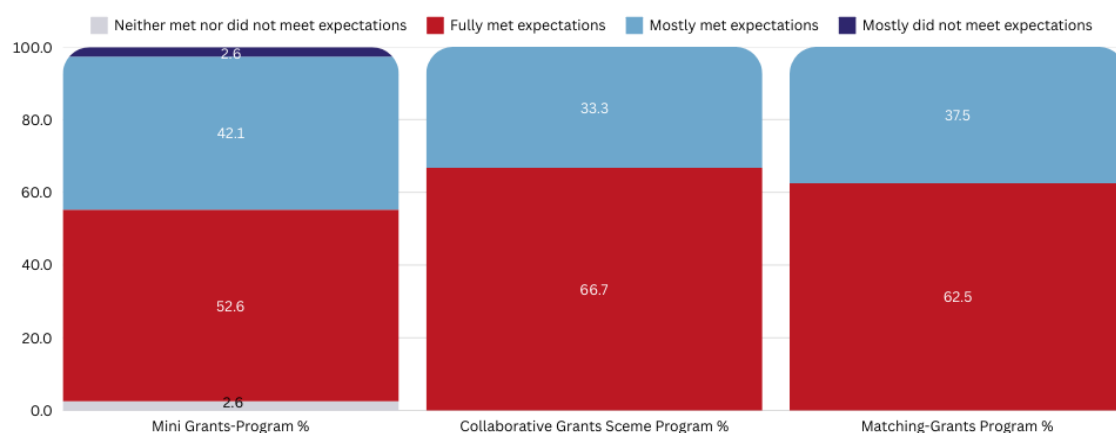


The alignment of the Action's objectives with national and EU strategic priorities, such as Serbia's S3, created an enabling environment for achieving results. This alignment fostered synergies between the grants and broader policy goals, particularly in ICT, sustainability, and innovative manufacturing sectors. Additionally, collaborations with universities and research institutions strengthened Action outcomes by providing beneficiaries access to advanced expertise and resources.

External economic and regulatory factors posed significant constraints. Global supply chain

disruptions and rising material costs during the COVID-19 pandemic delayed some Actions and increased operational expenses for beneficiaries. Regulatory barriers, particularly in highly regulated sectors such as healthcare and biotechnology, slowed market entry by prolonging certification processes. Furthermore, the absence of robust post-grant funding mechanisms limited the sustainability of innovations developed under the Action. Many beneficiaries struggled to secure additional financing, which hindered the scaling of their Actions and reduced the long-term impact of their efforts.

Figure 13 Perception of the support of the IF for business development



The IF's emphasis on capacity building and its alignment with broader economic goals provided a strong foundation for continued effects and delivery of results.

The coordination between IF staff, beneficiaries, and external partners was highly effective in fostering collaboration and ensuring that resources were utilised efficiently. However, addressing gaps in administrative processes, enhancing financial sustainability mechanisms, and tailoring support to sector-specific needs would further amplify the Action's impact.



4.4 Findings on Efficiency

The ET evaluated efficiency by analysing its implementation against work plans and the optimal use of available resources, including financial, human, and technical inputs. The evaluation examined whether the action was implemented in a timely and logical manner, with inputs delivered as planned. Additionally, the ET analysed the efficiency and effectiveness of the institutional mechanisms supporting beneficiaries, particularly the grant scheme, including its implementation, coordination with other Actions, and overall management practices. The evaluation also assessed the extent to which the IF established sound management systems, such as data collection and monitoring tools, and utilised updated data to manage the Action effectively. This included reviewing whether established practices, policies, processes, and decision-making capabilities contributed to the efficient achievement of objectives.

EQ4.1. HAS THE IF/ ACTION BEEN IMPLEMENTED IN LINE WITH WORK PLANS, USING AVAILABLE RESOURCES (FINANCIAL, HUMAN, TECHNICAL)?

JC4.1. The degree of timely implementation of the Action in a logical sequence and availability of inputs in a timely fashion

- *F13. Despite challenges, the IF team and the Action progressed in delivering its objectives.*

The Action, implemented under the IF's framework, was strategically planned for an implementation duration of 48 months, spanning from March 2021 to March 2025. Within this timeframe, the Action was executed following its initial timeline, ensuring strict adherence to its structured approach and strategic objectives. The Action was meticulously designed to support SMEs at various stages of development through three primary grant programs: the Mini Grants Program, the Matching Grants Program, and the Collaborative Grant Scheme.

The Action has supported innovation and SME development across Serbia through its three flagship programs. Each program targeted specific stages of the innovation lifecycle, enabling businesses to overcome barriers, develop innovative products, and enhance their market readiness. From a total of 651 applications submitted across three program cycles, 110 Actions were selected for funding, demonstrating the rigour of the selection process and the competitive nature of the grants.

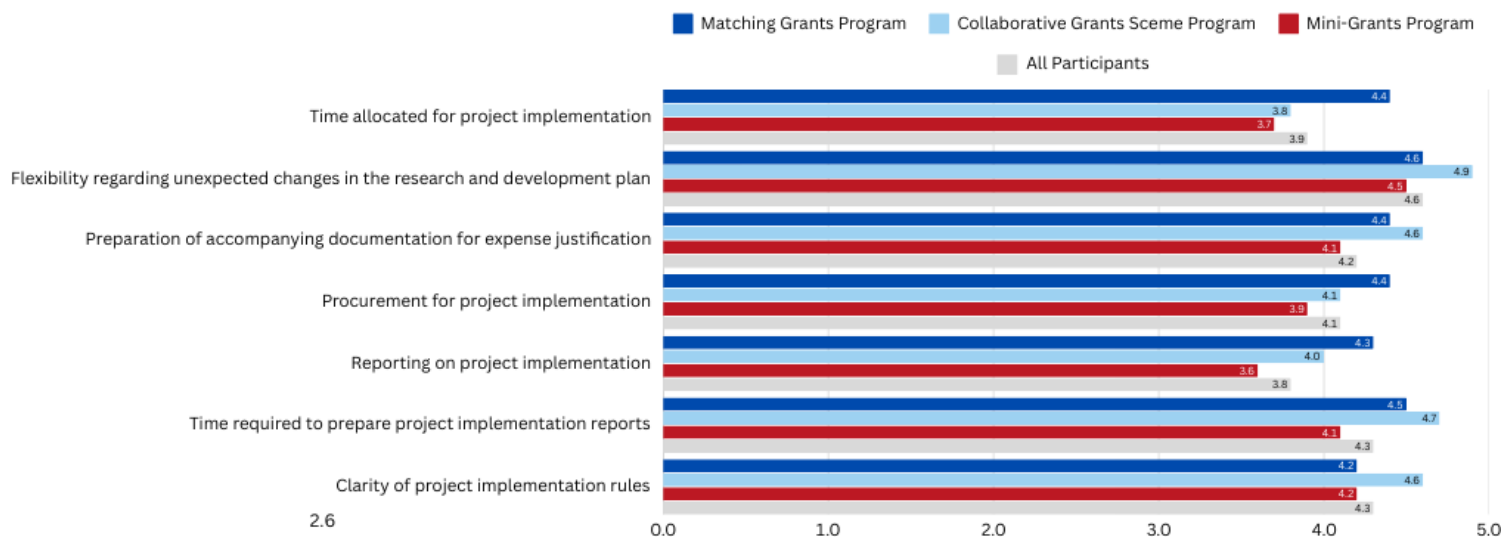
The Mini Grants Program, which accounted for 67 funded Actions, played a crucial role in bridging the gap between ideation and

commercialization, allocating EUR 5.18 million, which comprised 30% of the total co-financing budget. Similarly, the Matching Grants Program targeted scaling SMEs, supporting 28 Actions with EUR 8 million, the largest allocation among the three programs. The CGS Program, aimed at fostering partnerships between SMEs and R&D institutions, funded 16 Actions with EUR 4.65 million, encouraging collaborative innovations with substantial market potential.

Sectorally, the Action strongly aligned with Serbia's strategic priorities, with ICT leading as the dominant field, accounting for 49% of funded Actions. Other sectors, such as food science and agriculture (10%), life sciences (9%), and energy and energy efficiency (7%), also received notable support. This focus underscores the Fund's emphasis on fostering digital transformation and sustainable development. However, geographically, the majority of Actions were concentrated in Belgrade (70%), with significantly lower representation from other regions. This regional disparity highlights the potential for future programs to expand their outreach to foster innovation in underrepresented areas.

The implementation of funded Actions reflected strong progress, with 92% of Actions completed by January 2025. The Matching Grants Program exhibited the highest completion rate with all projects being completed, followed by the CGS with 94% and Mini-Grants Programs at 89. Nevertheless, 8% of Actions were terminated due to issues such as co-financing shortfalls or changes in ownership, pointing to areas where improved risk mitigation and beneficiary support could enhance program outcomes.

Figure 14 Assessment of the aspect related to implementation, average rating



- **F14.** The IF's programs were implemented timely, with participants expressing satisfaction regarding the clarity of Action rules and the flexibility provided for adapting research and development plans.

The Collaborative Grant Scheme stood out as particularly strong in these aspects, reflecting well-structured processes and clear communication that supported participants in navigating complex collaborations. Similarly, the Matching Grants Program demonstrated strong results in ensuring smooth procurement processes and adequate timelines for Action completion, which were key to enabling beneficiaries to meet their objectives. Despite the overall success, some challenges were identified, particularly in the Mini Grants Program, where early-stage SMEs faced greater difficulties in reporting requirements and adhering to Action timelines. Reporting on Action implementation was the lowest-rated aspect across all programs, highlighting a need for simplification and additional support for beneficiaries. Additionally,

while preparing documentation for expense justification was generally well-received, smaller enterprises in the Mini Grants Program required more tailored guidance to manage these requirements effectively.

The IF demonstrated its ability to balance structured implementation with adaptive measures that accommodated the needs of diverse beneficiaries. While certain aspects, such as reporting and time management, could benefit from targeted improvements, the programs effectively supported innovative Actions and enabled beneficiaries to achieve their goals within the planned implementation framework. These findings provide valuable insights for refining future iterations of the Fund's Actions.



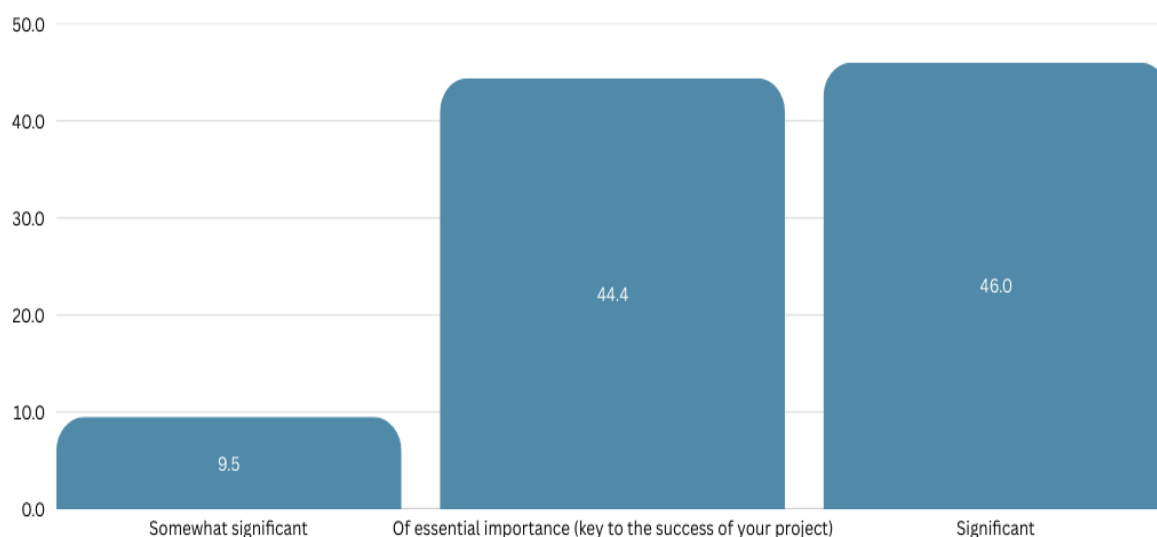
EQ4.2. HOW EFFICIENT AND EFFECTIVE ARE THE INSTITUTIONAL MECHANISMS TO SUPPORT BENEFICIARIES- HOW EFFICIENT WAS THE GRANT SCHEME?

JC4.2.1. The extent to which grant scheme was efficiently implemented

- F15. The beneficiaries stated that the grant scheme implemented under the IF Action demonstrated high efficiency and effectiveness, expressing the opinion that the institutional mechanisms were well-structured and supportive. The IF, under all three grant programs, provided beneficiaries with sufficient guidelines, timely support, and tailored interventions. The ET finds that this approach enabled the successful allocation of EUR 17.8 million across a wide range of Actions, fostering innovation and SME development in Serbia.*

The assessment of beneficiary feedback highlights that the IF programs have largely met or exceeded participants' expectations, with varying degrees of success. For the Mini Grants Program, 52.6% of respondents reported that the program fully met their expectations, while an additional 42.1% indicated that it mostly met their expectations. Similarly, the CGS and Matching Grants Programs were rated even more positively, with 66.7% and 62.5% of participants stating that the programs fully met their expectations. Notably, none of the participants in these two programs reported unmet expectations, underscoring the programs' overall success in addressing beneficiary needs.

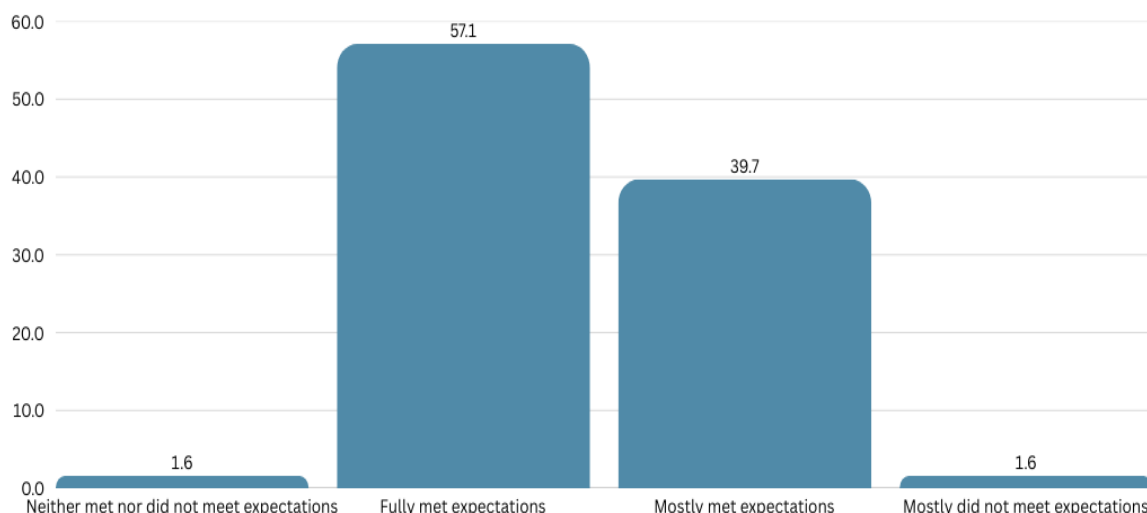
Figure 15 Opinions of beneficiaries regarding the support from the IF and grants



Regarding the perceived significance of the IF's support for business development, beneficiaries across all programs strongly appreciated its impact. The Mini Grants Program was rated as significant or of essential importance by 86.8% of respondents, with 44.7% highlighting its pivotal role in the success of their Actions. The CGS and Matching Grants Programs received similarly high marks, with 88.8% and 100% of respondents, respectively, rating the support as either significant or essential. These findings underscore the Fund's critical role in fostering innovation and enabling SMEs to achieve their development goals. Overall, the results reflect a high level of satisfaction with the programs and their alignment with participant expectations.

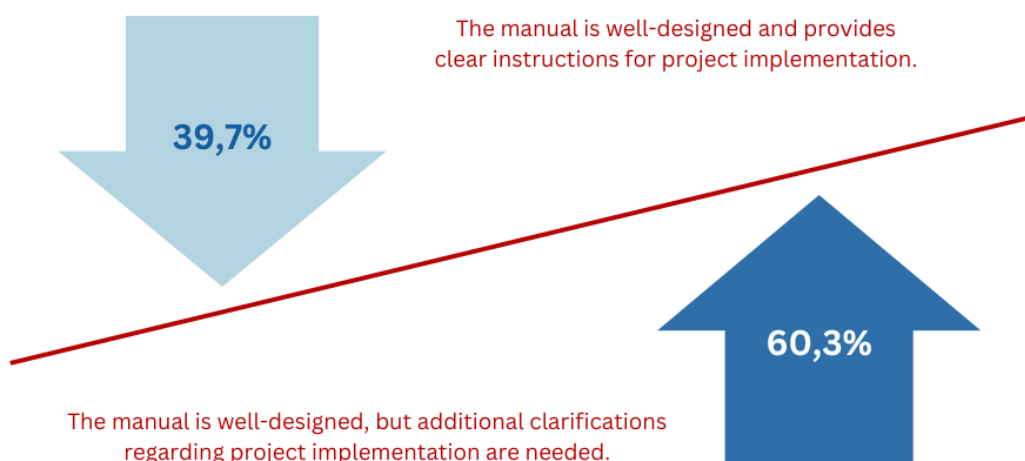


Figure 16 *Opinions if the IF and grant programs met beneficiaries expectations*



Beneficiaries consistently highlighted the clarity and structure of the application process as a key strength of the grant scheme. One participant shared that the instructions for application were clear and straightforward, allowing potential applicants to navigate the process with relative ease. Timely disbursement of funds further reinforced the efficiency of the grant scheme, with over 84% of the allocated budget disbursed by 2024. Many beneficiaries noted that receiving funds promptly enabled them to start their Actions without delay, a critical factor for Actions with strict development timelines. For example, a grantee from the ICT sector emphasized that the grant allowed them to accelerate prototyping and approach the market ahead of their competitors.

Figure 17 *Opinions concerning implementation manual*



Despite these strengths, some challenges emerged during implementation. In contrast, most participants expressed satisfaction with the process, a few noted delays in certain approval cycles, particularly in the Matching Grants Program. One participant remarked that while the evaluation process was thorough, the waiting period for a final decision felt excessive, leading to minor disruptions in Action



timelines. Another area of concern was the gender disparity in awarded Actions, with only 12.5% of Actions being led by women. A female entrepreneur reflected that the evaluation process sometimes appeared to overlook smaller, women-led teams despite the novelty of their ideas, suggesting the need for more inclusive and equitable practices in Action selection.

However, a larger portion of respondents, 60.3%, indicated that while the manual was well-designed, it required additional clarifications regarding specific aspects of Action implementation. This feedback suggests that although the manual provided a solid foundation, certain details, such as specific procedural steps, reporting requirements, or examples of best practices, might have been insufficiently detailed or ambiguous. These gaps may have posed challenges for beneficiaries, particularly those with limited experience managing grant-funded Actions.

Thus, the ET finds that while the Action implementation manual was positively regarded for its structure and overall usability, these findings indicate an opportunity to refine future iterations by incorporating more detailed guidance and addressing commonly requested clarifications. The beneficiaries recognised that these adjustments could further enhance its effectiveness and ensure consistent support for all beneficiaries, regardless of their prior experience.

While the grant program itself did not include mentorship, some beneficiaries who later participated in the Katapult acceleration program received mentorship support through the IF's efforts. These beneficiaries frequently praised the mentorship experience for refining their business models and connecting them with industry leaders and investors. One grantee highlighted how this mentorship was pivotal in positioning their product for global markets.

Monitoring and follow-up mechanisms also ensured Actions stayed on track and aligned with market demands.

This effectiveness is reflected in the outcomes, where 16% of awardees developed a prototype, 26% achieved an MVP, and 57% reached product-market fit. Additionally, 40% of beneficiaries began generating revenue, collectively amounting to EUR 8.62 million by January 2025.

Many participants noted that monitoring visits provided constructive feedback, helping them align their Actions with broader market and operational realities. The Collaborative Grant Scheme successfully fostered industry-academia partnerships, resulting in high-impact Actions with significant commercialisation potential. Programs like Katapult provided additional tailored support, helping SMEs scale their operations internationally. For instance, one beneficiary credited the program for equipping them with the tools and networks needed to expand their product globally, something they deemed unachievable without the grant's support.

The partners expressed the view to streamline bureaucratic processes, increasing transparency in selection criteria, and enhancing outreach to underrepresented groups, particularly women-led Actions, could further strengthen the scheme. Moreover, addressing these gaps would enhance beneficiary satisfaction and ensure a more inclusive and equitable distribution of resources.

- *F16. The assessment of challenges faced during the implementation of the IF Actions highlights a largely positive experience for beneficiaries, with the majority (54%) reporting no significant difficulties. However, several critical issues emerged for the remaining beneficiaries that impacted the efficiency and smooth execution of their Actions, revealing opportunities for strategic improvement.*

One of the most frequently cited challenges was delays in payments, reported by 14.3% of participants. These delays disrupted Action timelines and created liquidity challenges, especially for early-stage innovators who rely

heavily on timely funding to sustain their activities. Additionally, 7.9% of respondents encountered difficulties related to public procurement processes and unclear administrative procedures. These issues reflect



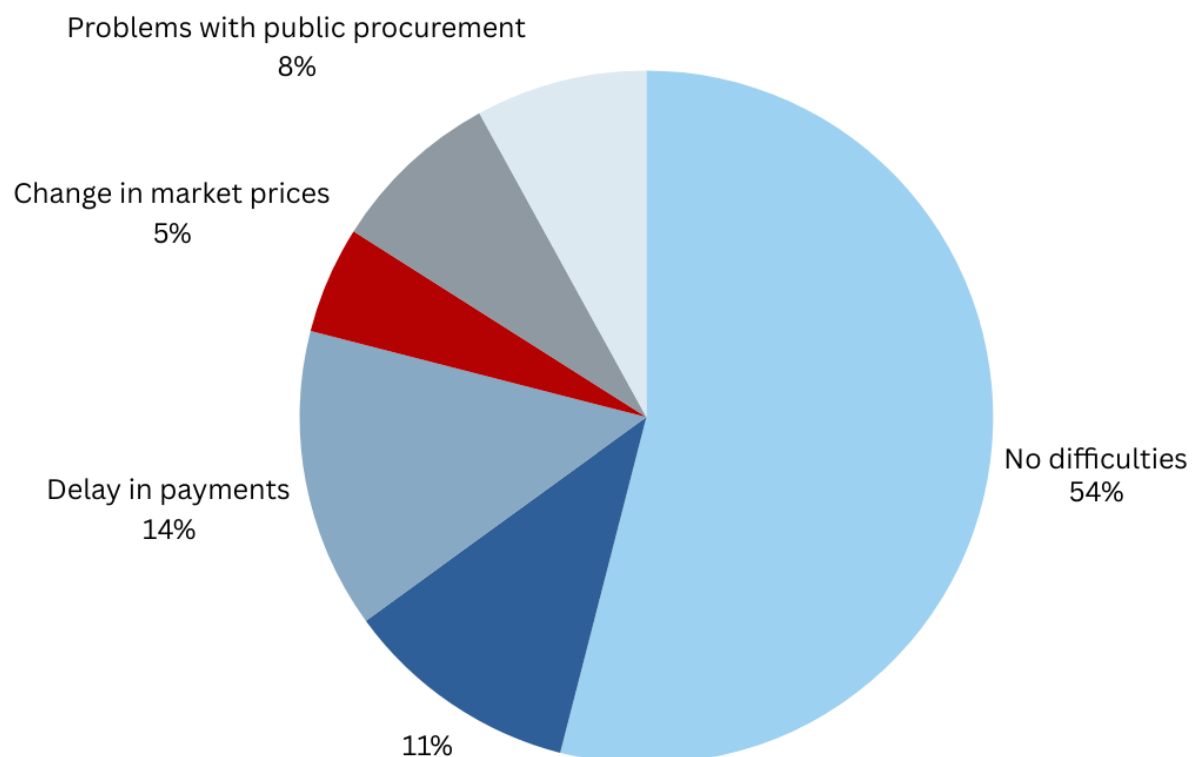
the need for streamlining and simplifying bureaucratic requirements, which were perceived by some beneficiaries as overly complex and burdensome. Specific challenges, such as the reallocation of costs or securing additional contributions for fund reimbursement, underscore the importance of flexible financial management mechanisms that can adapt to unforeseen circumstances.

Another area of concern was the limited capacity to adjust budgets to accommodate external economic disruptions, such as fluctuating market prices or increased costs due to global economic volatility. These constraints highlighted a misalignment between fixed Action budgets and the dynamic realities beneficiaries face. Similarly, logistical challenges, such as the inability to

access specific software tools or the need to replace underperforming service providers, further complicated the implementation of some Actions. While these issues were less widespread, they underscore the importance of tailored solutions to address the specific needs of beneficiaries.

Communication with Action officers was another recurring theme, with some respondents praising individual support from staff. In contrast, others noted inconsistencies in the quality of communication and guidance provided by the broader team. This feedback highlights the need for a standardised approach to beneficiary support, ensuring that all participants receive consistent and effective assistance throughout the Action lifecycle.

Figure 18 Difficulties during the implementation- perception of beneficiaries



Strategically, these findings point to several areas for improvement. First, introducing more adaptive financial mechanisms, including flexible budget adjustments, would allow beneficiaries to respond more effectively to market and operational challenges. Second, simplifying administrative procedures and procurement processes could reduce the burden on beneficiaries and enhance overall efficiency. Third, strengthening the capacity and training of Action officers would ensure a more consistent and proactive



approach to beneficiary support. By addressing these areas, the IF can build on its successes and further enhance its role as a catalyst for innovation and economic growth.

EQ4.3. HAS THE IF/ THE EVALUATED ACTION ESTABLISHED SOUND MANAGEMENT PRACTICES? (HOW WELL DID THE COLLECT AND USE DATA TO MONITOR RESULTS? HOW EFFECTIVELY WAS UPDATED DATA USED TO MANAGE THE ACTION?)

JC4.3.1. The extent of existence and utilisation of management systems that facilitated efficient implementation of the Action

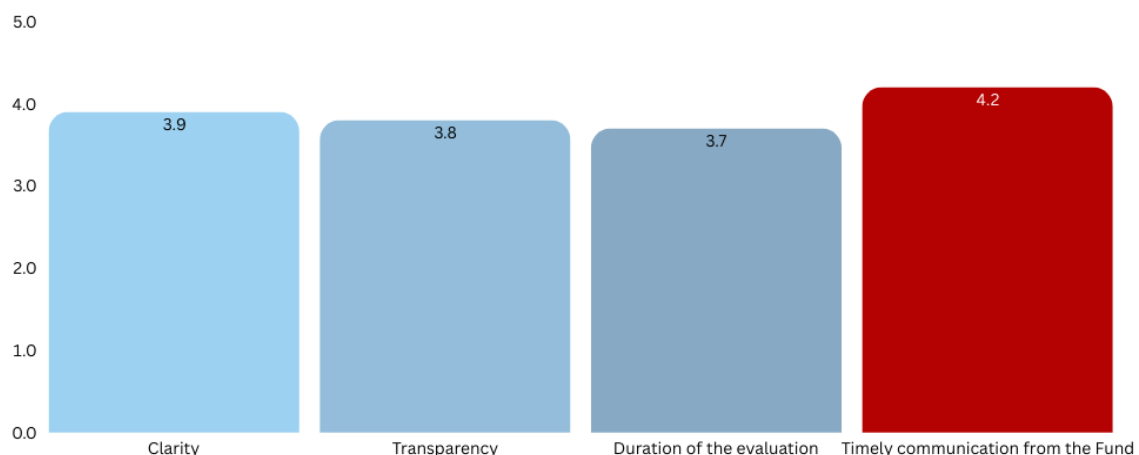
- F17. The IF demonstrated the establishment of sound management practices for its approved grants and beneficiaries, effectively balancing transparent grant management, a robust monitoring framework, and adaptive decision-making processes, as the partners recognised. These institutional mechanisms provided a solid foundation for supporting beneficiaries and managing the grant programs.*

The IF implemented well-defined management systems that ensured efficient execution of the Action. A key component of this system was a structured **monitoring and evaluation (M&E) framework**, which employed quantitative and qualitative tools for tracking progress. These tools included regular Action reports, financial audits, and stakeholder consultations, all of which were consolidated into periodic reviews. The system ensured that performance data was collected systematically and analyzed in a timely manner, enabling evidence-based decision-making. Data management and reporting were facilitated by a centralized online platform, where beneficiaries submitted reports and financial documentation. This platform streamlined communication between the IF and grant recipients, reducing delays and enabling efficient management of administrative processes.

Beneficiaries highlighted the utility of this platform in ensuring that data was consistently tracked and reviewed, with one interviewee stating, “The online system made it easy to comply with reporting requirements, and the feedback provided by the Fund team was always prompt and helpful.”

Monitoring visits and external evaluations were integral to the management system, allowing the IF to verify data and provide hands-on support to beneficiaries. These visits also facilitated real-time adjustments to Action implementation, ensuring alignment with intended objectives. For example, mid-term evaluations often identified bottlenecks, such as procurement delays or reporting challenges, which were promptly addressed through targeted interventions.

Figure 19 Perception of the evaluation process by all participants (approved and rejected)





The **selection and evaluation process** was vital to the IF's robust management framework. This process adhered to standardised models for grant assessment, commencing with an administrative and eligibility review, followed by technical peer evaluations (external experts from academia and industry), while the Investment Committee (IC) members performed an independent evaluation following the peer reviews¹⁴.

The ET finds that the IF's evaluation process emphasised transparency and rigour at every stage. The beneficiaries stated that applications were submitted through an online portal, which streamlined documentation and facilitated efficient communication with applicants. Engaging external assessors and establishing independent committees reduced the risk of bias and conflicts of interest, enhancing stakeholder trust in the selection process. The peer review and IC evaluations were guided by well-defined criteria, ensuring consistency in scoring and decision-making. These criteria included technical and financial feasibility, innovation potential, scalability, alignment with strategic goals, and expected economic and societal impact. By focusing on these dimensions, the IF was able to identify Actions with strong potential for commercialization and contribution to Serbia's innovation ecosystem.

The evaluation timeline was designed to ensure timely decisions, enabling beneficiaries to initiate

Actions without unnecessary delays. Feedback mechanisms were also embedded into the process, allowing applicants to receive insights into the strengths and weaknesses of their proposals. This feedback was particularly valuable for unsuccessful applicants, enabling them to refine their concepts for future calls.

Beneficiary feedback consistently praised the clarity of program guidelines and the professionalism of the IF's support team. Many beneficiaries emphasised that the structured mentorship provided by the IF significantly contributed to their Actions' success. However, some noted room for improvement in areas such as reporting requirements and budget flexibility. While the IF's established systems provided robust support, challenges such as delays in fund disbursement and limited adaptability to market fluctuations were highlighted as areas for refinement.

Despite the strengths of the evaluation framework, some challenges were noted. A few beneficiaries expressed concerns about the length of the evaluation process, particularly for Matching Grants and CGS programs, where the complexity of applications required extended review periods. Additionally, while the peer review system ensured technical rigor, some applicants indicated that greater transparency in the scoring criteria and evaluation feedback would enhance their understanding of the decision-making process.

¹⁴ The IC comprised a diverse array of national and international experts in innovation, entrepreneurship, and sector-specific domains. This committee meticulously examined the peer evaluation reports, deliberated, and rendered final decisions regarding Action pre-selection and funding approval. Furthermore, the IC considered strategic priorities such as alignment with Serbia's Smart Specialization Strategy and the broader needs of the

innovation ecosystem. In the context of the CGS, the evaluation process similarly incorporated assessments of the proposed collaborations' potential to enhance partnerships between private sector SMEs and public research and development institutions. This additional evaluative layer assured that Actions funded under the CGS possessed the capability to generate significant innovations and promote the exchange of knowledge transfer.



JC4.3.2 The extent to which established practices, policies, processes and decision-making capabilities contributed to the efficiency of the Action -

- *F18. The IF's established practices and policies were instrumental in ensuring the Action's efficiency. The grant evaluation process, supported by clear selection criteria and independent peer reviews, was designed to identify high-potential Actions while maintaining transparency and accountability. This rigorous approach ensured that resources were allocated to Actions with the highest likelihood of success, enhancing the overall impact of the Action.*

Decision-making within the IF was data-driven and supported by regular Steering Committee meetings, where progress reports and M&E findings were reviewed. These meetings provided a platform for addressing challenges and reallocating resources as necessary. For instance, in cases where Actions faced delays due to external factors, such as changes in market conditions, the Committee approved budget reallocations or timeline adjustments to maintain progress toward objectives.

The Fund's policies on flexibility and responsiveness also contributed to its efficiency. For example, the IF demonstrated adaptability in addressing emerging challenges, such as accommodating beneficiaries' requests for budget adjustments or providing additional

guidance on complex administrative requirements. However, some beneficiaries noted that administrative procedures could occasionally be cumbersome, particularly for smaller SMEs with limited capacity. These observations suggest that while the IF's processes were generally effective, further streamlining could enhance efficiency.

Another key factor was the professionalism and expertise of the IF team, which was widely praised by beneficiaries. Many highlighted the team's ability to provide timely and relevant support, with one grantee noting, *"The Fund's team was always available to answer our questions, even during critical phases of implementation. Their support was crucial to overcoming challenges."*

4.5 Findings on Impact

The ET assessed the impact of the Action by evaluating its contribution to the development of Serbia's private sector and knowledge-based economy, in line with the EU acquis. The evaluation examined the extent to which the Action supported innovation, entrepreneurship, and economic growth, including measurable outcomes such as increased private sector competitiveness, enhanced research and development activities, and the commercialisation of new technologies. Additionally, the ET analysed how external factors, such as market conditions, regulatory frameworks, and global economic trends, could influence the results and future impact of the Action.

EQ 5.1. TO WHAT EXTENT HAS THE ACTION'S SUPPORT CONTRIBUTED TO IMPACT, DEVELOPMENT OF THE PRIVATE SECTOR AND OF A KNOWLEDGE-BASED ECONOMY?

JC5.1. The extent to which the selected Activities contributed to impact, i.e., development of the private sector and of a knowledge-based economy in Serbia, in line with the EU acquis

- *F19. The evaluated action under the IF demonstrated measurable localized successes in fostering innovation, supporting SMEs, and driving economic Action. However, while impactful at the level*



of participating companies, the action's limited scale and scope mean that its contribution to the broader development of Serbia's private sector and the establishment of a knowledge-based economy remains incremental rather than systemic. Nevertheless, the action represents a critical building block for Serbia's alignment with the EU acquis, providing a model that can be scaled and expanded for more significant impact.

The IF's programs have been well-targeted towards specific needs across the SME lifecycle, focusing on supporting research commercialisation, enhancing technological readiness, and fostering collaboration between SMEs and research institutions. These tailored interventions addressed core challenges, such as funding gaps, weak industry-academia linkages, and limited market readiness.

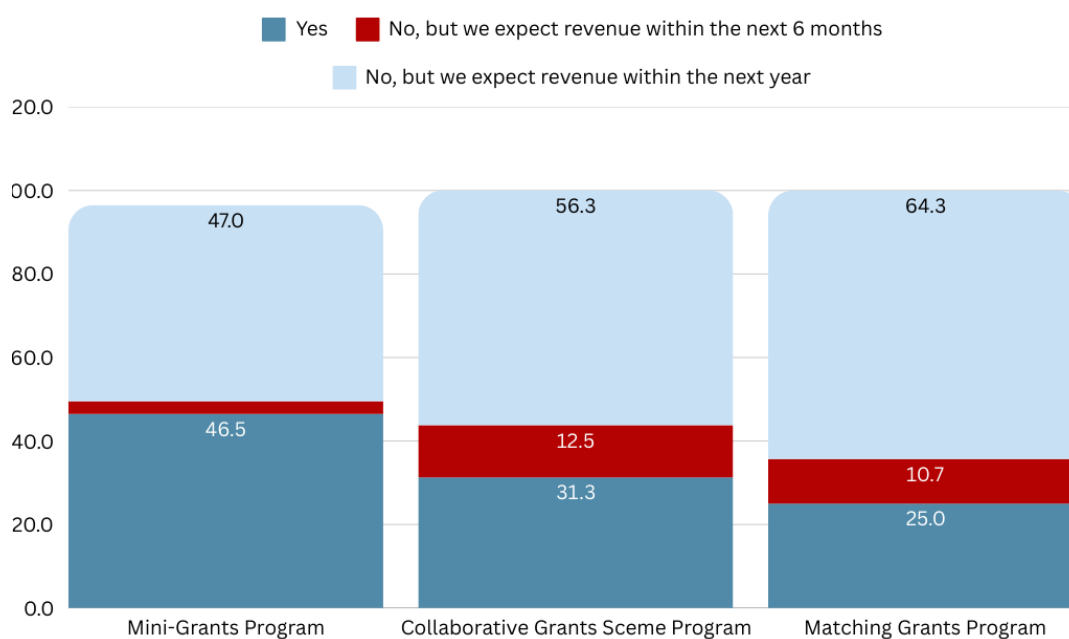
The current results indicate that 48% of Mini Grants recipients and 31% of Matching Grants beneficiaries generated revenue from their Actions during implementation. Additionally, within the Collaborative Grant Scheme, 31% of beneficiaries reported revenue generation¹⁵. Still, the ET notes that many grants have only recently been completed or remain in the implementation phase, with revenue generation expected to materialize in the coming years. These findings underscore the effectiveness of the programs in accelerating commercialisation and validating the market potential of innovative solutions. While the Matching Grants Program exhibited a slower timeline for revenue realisation, it reflects the longer gestation period associated with scaling complex, high-impact innovations. This highlights the need for targeted post-grant

support for Actions with longer development cycles. Looking forward, beneficiaries across all programs expressed optimism regarding future revenue growth. Most **participants (around two-thirds of all grant beneficiaries and programs)** anticipated revenue increases, showcasing the confidence in the commercial viability of their supported innovations.

Employment generation also emerged as a tangible outcome of the action, particularly in the CGS and Matching Grants programs. As indicated in the previous paragraphs, nearly 60% of the Matching Grants participants **reported workforce growth of 10–30%**, while the CGS program supported similar growth for **44.4% of its participants**. Results from the Mini Grants Program were more varied, with **31.6% reporting employment growth exceeding 30%** but **36.8% seeing no change**. These findings reflect both the potential and the variability in beneficiaries' ability to leverage grant funding for scaling operations and job creation. The program's impact on employment further highlights its alignment with Serbia's goals of fostering sustainable private sector development and EU integration.

¹⁵ Based on the survey from January 2025, that showed total reported earnings across all programs amounting to EUR 8.6 million

Figure 20 Overview of beneficiaries efforts to secure additional funding



The ability of beneficiaries to secure additional funding for further development yielded mixed results, underscoring the need for stronger post-grant support mechanisms. Among Mini Grants participants, 42% secured additional funding from sources such as investors and business angels, while 23% were actively negotiating with potential investors. In the CGS program, 31% secured funding, while most beneficiaries (69%) relied on internal resources for further development. The Matching Grants program faced challenges in this regard, with only 14% of participants securing external funding, suggesting a potential gap in linking high-potential Actions with investors. This highlights the need for enhanced mechanisms to connect beneficiaries with follow-on funding opportunities, including venture capital and international financing channels.

The Collaborative Grant Scheme particularly stood out in fostering industry-academia collaboration. Actions under this scheme demonstrated the potential for long-term knowledge transfer, commercialization of academic research, and alignment with Serbia's Smart Specialization Strategy. For example, partnerships between research institutions and SMEs facilitated the development of new technologies in high-priority sectors such as ICT, agriculture, and environmental sustainability. These collaborations represent scalable models for advancing Serbia's knowledge economy,

emphasizing the importance of further investment in such partnerships.

Additionally, the delayed realization of revenue among Matching Grants participants underscored the long gestation periods required for scaling complex innovations. This highlighted the necessity for sustained post-grant support to ensure these Actions achieve their full potential. Furthermore, the variability in employment impact across the programs suggested that not all beneficiaries were equally able to translate grant funding into broader economic benefits, pointing to the need for tailored support mechanisms to address diverse SME needs.

Despite these challenges, the Action generated valuable knowledge products and successful examples that can inform future interventions. Industry-academia collaborations under the Collaborative Grant Scheme emerged as a particularly effective model, fostering long-term knowledge transfer and commercialization of academic research in priority sectors like ICT and agriculture. These partnerships provide a strong foundation for advancing Serbia's knowledge economy and align closely with the EU acquis and Serbia's Smart Specialization Strategy.

To build on these successes and address identified challenges, interviewed stakeholders emphasized that future Actions should scale and replicate proven models, particularly those that facilitate industry-academia collaboration, while ensuring a more geographically inclusive approach. Beneficiaries highlighted the need for stronger mechanisms to connect beneficiaries with follow-on financing, such as venture capital



and international funding networks, which they view as critical for ensuring the long-term sustainability of funded Actions. Additionally, introducing sustained post-grant support, particularly for programs with longer Action cycles, will help maximize high-potential Actions'

economic and societal benefits. Addressing these areas can further enhance the effectiveness of the IF and contribute more meaningfully to Serbia's private sector development and transition to a knowledge-based economy.

- *F20. The IF (IF) has demonstrated achievements in fostering innovation, supporting SMEs, and advancing Serbia's innovation ecosystem. These results provide a strong foundation for continuation, scaling up, and exploring new areas of intervention to further align with Serbia's strategic priorities and the EU acquis.*

The grant programs have effectively addressed some of the key barriers SMEs face, particularly in early-stage product development, scaling operations, and fostering collaboration between industry and academia. However, feedback from beneficiaries also highlighted areas for improvement, such as increasing funding pools, introducing more flexible administrative procedures, and providing targeted support for commercialisation and market entry.

The expansion of these Actions represents a substantial opportunity to amplify their impact. Numerous beneficiaries have expressed the necessity to extend the reach of these programs into underrepresented regions, particularly rural areas and those with less developed innovation ecosystems. Currently, most supported Actions are concentrated in urban areas and universities centres such as Belgrade, Novi Sad, and Niš. Expanding geographic coverage can promote more equitable economic development and innovation. Furthermore, sectors such as food science and agriculture (10% of funded projects), energy and energy efficiency (7%), and life sciences, including biotechnology (11%), demonstrate strong potential for scaling. These sectors have already shown promising innovation outcomes and could yield transformative effects on both local economies and Serbia's broader innovation ecosystem. Targeted support and ecosystem development in these areas could further enhance their impact and market integration. For instance, successful models, which facilitate connections between start-ups and global markets, could be broadened to encompass additional SMEs across a wider array of sectors and regions.

A key insight from interviews was the strategic importance of linking supported Actions to international markets and knowledge networks. Beneficiaries emphasised that scaling up would require enhancing domestic innovation ecosystems and fostering stronger ties with regional and global stakeholders. Partnerships established through programs like Horizon Europe and collaborations with scientific institutions provide a foundation for these linkages. For example, mentorship and networking Actions helped beneficiaries like Treesury successfully pilot security tokenisation in agriculture, demonstrating the scalability of such innovative solutions with adequate funding and support.

Exploring new areas of intervention is also critical to addressing emerging needs and aligning with global trends. The interviewed stakeholders highlighted that digital transformation, green technologies, human capital development, and cross-border collaboration could be promising areas for future interventions. There are generally shared views that supporting Actions in artificial intelligence (AI), the Internet of Things (IoT), and renewable energy need to be prioritised and promoted as accelerators for Serbia's transition to a knowledge-based and sustainable economy. Similarly, they stated that capacity-building and mentoring programs, particularly for women and youth, would strengthen Serbia's innovation ecosystem by addressing gaps in entrepreneurship and skills development.

While the IF's current scope limits its ability to drive systemic change, its achievements at the company level highlight its potential as a catalyst for broader economic transformation. The



program's success in generating revenue and creating employment demonstrates its ability to impact participating SMEs positively. These outcomes, while localised, highlight the potential for scaling and replication to achieve broader impact.

To amplify these successes, the IF need to prioritize scaling proven models, enhancing follow-on financing mechanisms, and fostering cross-sectoral and international collaborations.

Integrating flexible funding mechanisms, expanding geographic inclusivity, and targeting underrepresented sectors would ensure a more balanced and impactful approach. By building on its strengths and addressing identified gaps, the IF can advance Serbia's private sector development, foster a knowledge-based economy, and position the country as a regional leader in innovation and technological advancement.

4.6 Findings on sustainability

The ET assessed the likelihood that the Action's outputs and outcomes would be maintained beyond its lifespan. This included examining decisions and actions taken by Action decision-making bodies and implementing partners to ensure sustainability at both the grant and institutional levels and the extent to which financial and operational mechanisms were in place to sustain achieved results. The evaluation also considered the level of stakeholder ownership, including beneficiaries and key institutions, to determine their commitment to maintaining Action benefits. Additionally, the ET identified opportunities for continuation, scaling up, and exploring new areas of intervention.

EQ6.1. WHAT IS THE LIKELIHOOD THAT THE OUTPUTS UNDER THE ACTION ARE LIKELY TO BE MAINTAINED?

JC6.1.1. The extent to which the Action decision-making bodies and implementing partners have undertaken decisions and courses of actions to ensure sustainability

- *F21. The IF has taken deliberate steps to ensure the sustainability of the outputs at both the grant and institutional levels.*

The likelihood of sustainability for the outputs under the IF's evaluated action could be expected, supported by strategic decisions made by institutional bodies, financial and operational frameworks, and strong stakeholder ownership.

Decision-making bodies, including the Investment Committee and external reviewers, emphasized scalability and long-term impact during Action selection. Co-financing requirements, a cornerstone of the Fund's approach, strengthened financial accountability among beneficiaries while fostering a sense of ownership. This approach enhanced the resilience of funded Actions by encouraging grantees to secure additional resources beyond the grants.

The IF has institutionalised sustainability within its operational structures. For example, programs like Katapult have been supported through supplementary funding from the World Bank and IPA, diversifying resources and reducing dependence on a single funding source. Furthermore, digital platforms and standardised processes for monitoring and evaluation have ensured the efficient management of grants while building institutional continuity. These systems enable the Fund to maintain momentum even amid external or internal challenges.

However, some beneficiaries noted that while these measures were comprehensive, additional post-grant monitoring and guidance could enhance sustainability outcomes.



JC6.1.2. The extent to which (financial and operational) sustainability of the achieved results and made changes has been ensured

- *F20. The financial sustainability of the outputs achieved through the IF's activities reflects promising trends and highlights improvement areas.*

Many beneficiaries reported securing follow-on funding from private investors, venture capital, and international financing mechanisms. For instance, 26% of Mini Grants recipients and 22% of Collaborative Grant Scheme (CGS) participants secured additional funding, showcasing the programs' ability to position SMEs for further investment. However, gaps remain, particularly in the Matching Grants Program, where beneficiaries often face challenges in attracting the large-scale funding necessary for scaling operations. These disparities suggest a need for targeted support to help SMEs bridge the gap between initial funding and sustainable growth.

Operational sustainability has been bolstered through the capacity-building components embedded in the grant programs. Beneficiaries consistently cited improvements in strategic planning, Action management, and commercialisation skills as critical factors

enabling them to maintain their operations post-grant. One participant noted, "The training and mentorship we received helped us achieve our goals during the grant period and prepared us to adapt to future challenges." This reflects the broader capacity-building impact of the Fund's interventions.

The partnerships formed through the CGS program have further strengthened operational sustainability by promoting knowledge transfer between academic institutions and the industry. These collaborations have laid the groundwork for long-term innovation ecosystems, enabling beneficiaries to utilize these connections to develop and commercialize new products. However, some start-ups have expressed the need for more comprehensive mentorship and networking opportunities to sustain their operational momentum, especially in competitive or resource-intensive environments.

JC6.1.3. The extent to which the ownership of stakeholders has been ensured (to allow for the Action outcomes/benefits to be sustained)

- *F21. Stakeholder ownership has emerged as a central factor in the sustainability of the outputs achieved under the IF's activities.*

Feedback from beneficiaries highlights a strong sense of responsibility and commitment to maintaining and building upon the results of the Actions. Numerous examples from the interviews illustrate how beneficiaries have internalised the knowledge, practices, and networks gained during the implementation of their Actions, driving forward the outputs independently while seeking opportunities for further growth. One beneficiary explained their immediate plans for expanding their operations beyond Serbia, emphasising ownership over the outputs created with the Fund's support. They detailed ongoing activities,

such as scaling their HR-focused educational platform and organising events that leverage the resources developed through the Action. These activities reflect a clear commitment to sustaining and expanding the Action's impact. Another beneficiary described how their company used the grant to develop a unique environmental technology product. They noted that while financial sustainability depends on future market conditions, their team is actively working to secure partnerships and attract new clients internationally. "This funding allowed us to build something we wouldn't have achieved alone, and



now it's up to us to ensure it thrives," they stated, reflecting a strong sense of ownership.

The beneficiaries of the CGS highlighted its benefits in fostering stakeholder engagement and ownership through structured partnerships between SMEs and research institutions. For example, one company highlighted how the partnership helped them secure certifications and increase the product's credibility in both domestic and regional markets. The beneficiary stated, "The connections we developed through the Action have become central to our long-term growth and sustainability strategy."

Despite these positive examples, some challenges remain. For example, smaller start-

ups expressed concerns about maintaining their momentum post-Action. One respondent stated, "The funding was critical, but we need continued mentorship to stay competitive and avoid losing our progress." Such feedback underscores the need for the IF to implement follow-up mechanisms that provide beneficiaries with guidance beyond the grant period. Additionally, stakeholders emphasized the importance of creating opportunities for shared learning and collaboration among grant recipients. Several beneficiaries noted that networking events and information-sharing sessions would help align their efforts with broader national and regional goals, further strengthening the sustainability of outputs.

EQ6.2. WHAT ARE OPPORTUNITIES FOR CONTINUATION, SCALING UP AND EXPLORING NEW AREAS OF INTERVENTION?

JC 6.2. Opportunities for continuation and expansion of the results and activities

- *F22. The ET finds that the evaluated Action and its components reveal several critical opportunities for continuation, scaling up, and exploring new areas of intervention.*

Feedback from beneficiaries and insights from Action evaluations highlight both the demand for ongoing support and the potential for maximising the Fund's impact on Serbia's private sector development.

The achievements of the grant programs underscore the need for continued support. Beneficiaries consistently emphasised these programs' critical role in enabling them to develop, commercialise, and expand innovative products. For example, one beneficiary noted that the support provided allowed them to finalise their product and prepare for entry into EU markets, which would have been unattainable without the grant's financial and technical assistance. Continuation efforts could build on the partnerships and expertise developed through these programs, incorporating structured follow-up mechanisms such as mentorship and capacity-building to address post-grant challenges. Beneficiaries particularly identified a need for additional support in areas such as certifications, marketing, and Action cycle

management to sustain their momentum beyond the funding period.

Opportunities for scaling up include expanding the geographic and sectoral reach of the IF's programs. Beneficiaries pointed to the concentration of support in urban centers, emphasizing the importance of reaching underrepresented regions. Expanding these programs to less-developed areas could foster more equitable innovation and stimulate economic growth in underserved regions. Scaling efforts could also prioritise high-potential industries such as renewable energy, advanced manufacturing, and digital health. One beneficiary developing smart irrigation systems highlighted the potential for scaling their product to international markets, particularly in regions where water-efficient agricultural technologies are increasingly in demand. Programs like Katapult, which connect start-ups with global investors and mentors, could be expanded to target these emerging sectors and enable more companies to reach international markets.



Feedback from beneficiaries also highlights opportunities to explore new areas of intervention, particularly those aligned with global trends and Serbia's strategic priorities. Digital transformation is one such area, with beneficiaries advocating for increased support for artificial intelligence (AI), Internet of Things (IoT), and blockchain technologies to accelerate Serbia's transition to a knowledge-based economy. Green and sustainable technologies represent another critical area, with beneficiaries identifying growing demand for environmentally sustainable solutions such as compact water treatment systems and energy-efficient devices. Additionally, there is a need to strengthen human capital development through training and capacity-building Actions for first-time entrepreneurs and smaller SMEs, particularly in emerging sectors. Cross-border collaboration is another promising area, with beneficiaries

emphasising the need for support in building connections with regional and international stakeholders, including investors, industry leaders, and research institutions.

The findings suggest that the IF has the potential to expand its impact by supporting beneficiaries beyond the grant period, fostering inclusivity in program outreach, and targeting emerging sectors. Strengthening partnerships with international funding agencies and venture capital networks will also be critical to attracting additional resources and expertise for Serbian innovators. The beneficiaries recognised that the IF could address these opportunities and further expand achievements, positioning itself as a central institution for facilitating and supporting innovation and economic transformation in Serbia.

4.7 Findings on EU added value

The evaluation of the EU added value focused on the if and to what extent progress in competitiveness and innovation could have been achieved without EU support. Additionally, the ET analysed the visibility of EU assistance, including the effectiveness of implemented communication activities in conveying key strategic messages about the benefits of EU support, highlighting the EU's role in driving innovation and economic development in Serbia.

EQ7.1. TO WHAT EXTENT THE PROGRESS IN THE DEVELOPMENT OF COMPETITIVENESS AND INNOVATION COULD BE ACHIEVED WITHOUT THE SUPPORT OF IF/ GRANTS SCHEME/ IPA II ACTION?

JC7.1. The extent to which the progress in the development of competitiveness and innovation could be achieved without the support of EU IPA II

- *F23. The EU added value to the Innovation Fund Action lies in its ability to enhance Serbia's innovation ecosystem through funding aligned with EU competitive norms, increased visibility in EU markets for beneficiaries, and strengthened integration with EU strategic objectives such as Horizon Europe, the ERA, and the development of a knowledge economy.*

The EU IPA financial and technical assistance ensured added value in developing competitiveness and innovation in Serbia. This support ensured progress in addressing systemic and structural challenges, as evidenced by insights from interviews and progress reports.

The trend analysis indicated that Serbian SMEs historically face challenges in accessing affordable finance, severely limiting their innovation ability. For instance, many enterprises lacked the financial capacity to modernise production processes or commercialise research



outputs. Programs like those available through the grant programs provided critical funding to bridge this gap. One beneficiary utilised the funding to create a digital studio that addressed its internal needs and expanded services to external clients, increasing its market competitiveness. Similarly, another beneficiary developed innovative solutions, such as their software for building management, which might not have been realised without the grants. These examples demonstrate how the support enabled SMEs to overcome financial barriers, bringing innovative products to the market and expanding their customer bases.

The ET finds that EU IPA funding contributed to improvements in Serbia's innovation ecosystem. The recent EU Progress Report acknowledges advancements in this sector; complementary to this, the beneficiaries stated that the funded Actions play a pivotal role in developing new products and services.

These projects have enhanced turnover rates among SMEs and fostered deeper engagement with European programs like Horizon Europe. Notably, over 90% of recipient companies reported a marked increase in R&D investments and a heightened readiness to penetrate international markets. The absence of this intervention would have severely hindered these companies' ability to access critical resources essential for achieving these outcomes. Moreover, the grant schemes have fostered collaboration between the public and private sectors.

The CGS, for example, supported partnerships between R&D institutions and private enterprises, facilitating the commercialisation of research and driving systemic innovation.

This collaboration is aligned with Serbia's Smart Specialization Strategy (S3), which prioritises sectors such as ICT, advanced manufacturing, and creative industries. These targeted investments have strengthened the country's innovation ecosystem and ensured alignment with EU priorities, bolstering Serbia's path toward accession.

Structural barriers, such as cumbersome regulatory environments and limited venture capital availability, have recently hampered innovation in Serbia. The grant schemes provided financial support and administrative and technical assistance, enabling SMEs to navigate these challenges. Feedback from beneficiaries emphasised the efficiency of communication with the IF and the structured guidance provided during implementation. These measures helped streamline operations, reduce uncertainties, and foster resilience in supported enterprises.

The tangible effects and added value of the EU IPA support are visible in the new products and services brought to market, the improved financial performance of SMEs, and the enhanced collaboration across sectors. There are examples of how beneficiaries, through the grant schemes, addressed both immediate financial needs and long-term strategic goals. The EU Progress Reports and the interviews with the key informants stated that such programs were instrumental in positioning Serbian SMEs to compete in regional and global markets.

Generally, the ET finds added value of the EU IPA II, as delivered grants have been instrumental in transforming Serbia's innovation ecosystem, addressing financial barriers, fostering collaboration, and ensuring alignment with EU and national priorities. Without this support, progress would have been slower and less coherent, leaving some successful Serbian SMEs unable to realise their potential or contribute meaningfully to the country's economic growth and EU integration ambitions. While the EU's contributions to the IF and its beneficiaries have been substantial, challenges remain. The limited scale of funding relative to systemic needs in Serbia's innovation ecosystem means that broader economic impacts are difficult to achieve. Interviews and evaluation documents emphasised the importance of expanding funding pools and integrating follow-on financing mechanisms to address the so-called "valley of death" that many start-ups face post-grant funding.



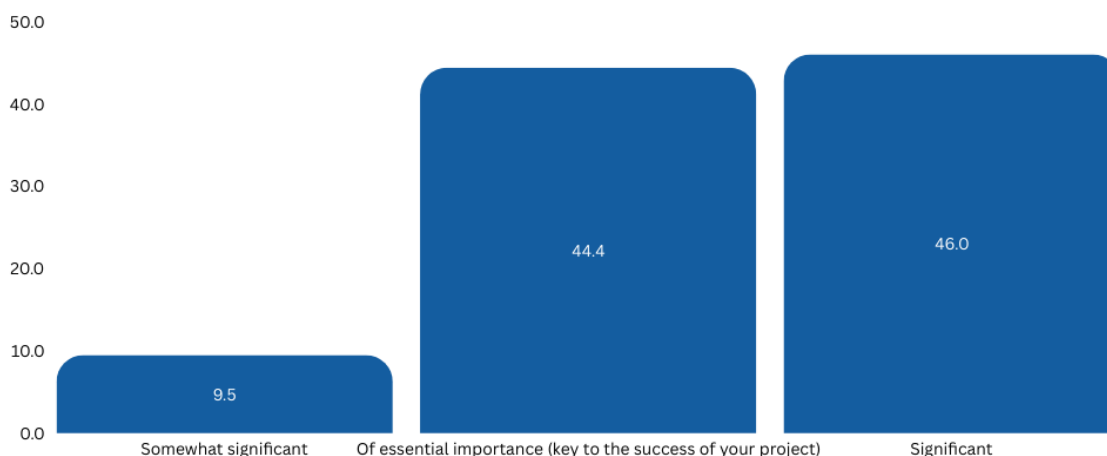
EQ7.2. HAS EU ASSISTANCE ACHIEVED MAXIMUM VISIBILITY? DID THE IMPLEMENTED VISIBILITY ACTIVITIES SUCCESSFULLY CONVEY KEY STRATEGIC MESSAGES JUSTIFYING THE DELIVERED ASSISTANCE?

JC 7.2. The extent to which the EU assistance has achieved maximum visibility, conveying key strategic messages justifying the delivered assistance

- F24. The EU's support under IPA-funded programs has achieved visibility among stakeholders and beneficiaries, effectively communicating its strategic role in Serbia's innovation and competitiveness. The high satisfaction rates and willingness to recommend these programs underline the success of visibility efforts, while targeted improvements in outreach and communication could further maximise their effects. These efforts have strengthened the EU's image as a partner in the innovation and competitiveness of Serbia's economy, contributing to the country's long-term development and alignment with EU standards.**

Targeted programs implemented under the IF have strengthened the visibility of EU assistance in fostering competitiveness and innovation in Serbia. Beneficiary feedback and survey data underscore the effectiveness of these programs in addressing key financial and systemic barriers and their success in communicating the EU's strategic contributions.

Figure 21 Opinions of beneficiaries concerning the importance of the IF



The IF's support was rated as "significant" by 46% of beneficiaries and "of essential importance" by 44.4%, emphasising its critical role in enabling business growth and innovation. Only 9.5% of respondents considered the support "somewhat significant," indicating broad satisfaction among beneficiaries. In addition to direct program outcomes, the willingness of beneficiaries to recommend EU-funded programs demonstrates the success of the implemented visibility activities.

Among participants in the Mini-Grants Program, 89.5% stated they would recommend the funding

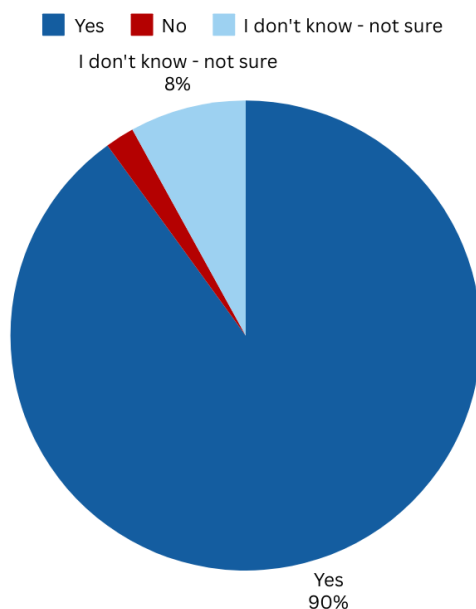
to their peers, with similarly high endorsement rates for the Matching Grants Program (93.8%) and the Collaborative Grant Scheme (88.9%). These figures reflect not only the value beneficiaries derived from the grants but also the effectiveness of EU communication efforts in highlighting the strategic importance of its interventions. However, a small fraction of respondents expressed uncertainty or reluctance, particularly for the Matching Grants Program, where 6.3% did not recommend it. This suggests potential areas for refinement in communication or program delivery.



The implemented visibility activities successfully conveyed several critical strategic messages, particularly regarding the EU's role in supporting Serbia's innovation ecosystem and aligning with EU accession goals. For instance, high-profile activities like the "Focus on Innovation" ceremony under the "EU Opportunity Week" effectively demonstrated the scope and impact of

EU support, presenting over 100 supported Actions to stakeholders and the public. The focus on priority sectors like ICT, creative industries, and advanced manufacturing reinforced the alignment of the programs with Serbia's Smart Specialization Strategy (S3) and broader EU priorities.

Figure 22 Statements of beneficiaries if they would recommend the IF support



Beneficiaries frequently expressed awareness of the EU's contributions. For instance, interviews revealed that companies appreciated the clarity and transparency of the grant processes, which emphasised EU support as a driving force for innovation.

Many beneficiaries acknowledged that the programs not only provided financial resources but also facilitated their integration into European networks and Actions such as Horizon Europe. Despite these efforts, some gaps remain in achieving maximum visibility:

- **Limited outreach to broader public audiences:** While activities effectively engaged direct stakeholders, including beneficiaries and sectoral actors, their impact on the broader public was less evident. For example, not all beneficiaries were fully aware of how to leverage the EU's support for visibility beyond their immediate circles.
- **Variability in beneficiary promotion:** While larger-scale Actions and flagship Actions received attention, smaller Actions and less high-profile beneficiaries were less visible, which might have reduced the overall reach of the strategic messages
- **Strengthening regional and local outreach:** Visibility activities were more prominent in urban centers like Belgrade, while regional or rural stakeholders may have had less exposure to the EU's contributions, reducing the overall impact of the campaigns.



Lessons learned

Implementing EU-IPA 2018-funded programs through the Innovation Fund in Serbia offered valuable insights into fostering competitiveness and innovation in transition economies.

A more integrated, inclusive, and adaptive approach is needed to foster innovation. Future programs should build resilient institutions that can withstand challenges and support innovation while fostering diverse partnerships to encourage collaboration across various sectors and communities. In addition, aligning with emerging global trends to stay competitive and improve operational efficiency by streamlining processes to enhance productivity and effectiveness is crucial. Finally, promoting regional inclusivity ensures that innovation benefits all areas of the region, not just a select few. These strategies can enhance and align Serbia's innovation ecosystem with EU standards, helping other transition economies navigating the complexities of innovation-driven growth.

1. Building resilient institutions for long-term impact: A central lesson from the Innovation Fund's implementation is the critical role of institutional capacity in sustaining progress beyond program lifecycles. The Innovation Fund has evolved into a cornerstone of Serbia's innovation ecosystem, managing complex grant schemes such as Mini-Grants, Matching Grants, and Collaborative Grants with a high degree of efficiency and transparency. This institutional capacity was built through clear governance structures, adopting international best practices, and investing in staff expertise. The IF's success highlights that creating and empowering resilient institutions capable of independently managing innovation financing is far more impactful and sustainable than isolated Action-based interventions.

2. Fostering strategic partnerships to amplify impact: The program demonstrated the transformative potential of strategic partnerships between public and private sectors, academia, and civil society. For example, the Collaborative Grant Scheme facilitated collaboration between R&D institutions and private enterprises, bridging the gap between research outputs and market needs. These partnerships catalysed systemic innovation by aligning academic research with industry demands and fostering a culture of co-creation.

However, a key challenge remains in expanding the network of stakeholders involved. While the program successfully engaged larger academic institutions and established enterprises, regional actors and smaller organisations were less represented. Strengthening engagement with underrepresented groups, including regional SMEs, civil society organisations, and emerging R&D centres, can broaden the scope and inclusivity of such partnerships. Moreover, structured international collaborations, such as twinning with advanced innovation ecosystems in the EU, can accelerate knowledge transfer, enhance global competitiveness, and embed Serbian innovation actors into global value chains.

3. Balancing sectoral priorities with emerging trends: While the program focused on strategic sectors like ICT, advanced manufacturing, and creative industries, it highlighted the challenge of balancing immediate national priorities with emerging global trends. For instance, the green and digital transitions, emphasised in EU frameworks, received relatively limited attention in the initial implementation phases. As global innovation shifts increasingly toward sustainability, green technologies, and AI, future grant schemes must adopt a more forward-looking approach by embedding these priorities into program design.

Aligning Serbia's innovation financing mechanisms with Horizon Europe's strategic priorities, such as the European Green Deal and digital transformation, offers a pathway for sustained relevance and competitiveness. However, this requires comprehensive foresight and the capacity to adapt grant portfolios dynamically to evolving global challenges.

4. The importance of efficient processes for credibility and accessibility: The success of the Innovation Fund was underpinned by its ability to manage large volumes of applications and disburse grants efficiently. However, some inefficiencies in administrative processes, particularly related to



budget reallocation and approvals, were reported by beneficiaries as bottlenecks. Simplified application procedures and greater autonomy for beneficiaries in managing minor budgetary adjustments could reduce administrative burdens and improve Action timelines.

Additionally, delays in grant disbursement undermined trust among smaller beneficiaries, particularly start-ups and early-stage SMEs with limited financial reserves. Maintaining robust and responsive financial systems is essential for operational efficiency and preserving the credibility of implementing institutions and donor programs. Ensuring predictable funding flows and implementing digitalized, transparent processes for tracking disbursement can mitigate these risks.

5. Promoting regional inclusivity in innovation: The program's focus on urban centres like Belgrade, while logical, given the concentration of resources and talent, underscores the need for greater regional inclusivity in future Actions. Innovation ecosystems in rural and less-developed areas remain underfunded and underrepresented, limiting the program's overall impact on national economic competitiveness.

Future programs should adopt targeted strategies to stimulate regional innovation, such as localized capacity-building Actions, regional innovation hubs, and tailored grant schemes for less-developed regions. These measures would address regional disparities and unlock untapped innovation potential, contributing to more equitable national development.



Conclusions

The ET has analysed the findings and defined the following conclusions:

4.8 Conclusions on Relevance

C1: Strong alignment with national and EU priorities

The Action demonstrated a high level of relevance by aligning with Serbia's national Smart Specialisation Strategy (4S) and EU accession goals. The Action targeted key sectors like ICT, advanced manufacturing, and creative industries, directly supporting Serbia's transition to a knowledge-based economy and integration into European research and industrial ecosystems. The program's focus on fostering market-driven innovation, bridging gaps between academia and industry, and enhancing SME competitiveness ensured alignment with strategic priorities while addressing critical systemic challenges (F1, F3).

C2: Responsiveness to systemic barriers and stakeholder needs

The design and implementation of the Action effectively addressed systemic barriers in Serbia's innovation ecosystem, such as limited access to finance, weak industry-academia collaboration, and low R&D commercialisation. Tailored financial mechanisms, including Mini, Matching, and Collaborative Grant Schemes, provided critical support to SMEs, enabling them to develop market-ready solutions. The program also strengthened the institutional capacity of the Innovation Fund, positioning it as a central driver of innovation. However, challenges in regulatory environments, including administrative burdens, relatively fragmented institutional and support systems and continued regional disparities, highlight the need for continued refinement to enhance inclusivity and ensure long-term sustainability (F2, F3, F4).

C3: Emerging opportunities for regional and sectoral inclusivity

While the Action was impactful in promoting innovation, the geographic concentration of Actions in the main urban and university centres and the underrepresentation of some sectors indicate a need for greater regional and sectoral inclusivity. Future Actions need to prioritize expanding support to other regions and emerging sectors, aligning Serbia's innovation landscape with global trends. This would maximise the program's relevance and equitable impact across the country (F2, F4)

4.9 Conclusions on Coherence

C4: Strong alignment of intervention logic with strategic objectives but gaps in capturing systemic change

The design of the Action exhibited internal coherence, with logically linked activities, outputs, and outcomes addressing critical systemic challenges in Serbia's innovation ecosystem (F5). Financial mechanisms, including the Mini, Matching, and Collaborative Grant Schemes, effectively addressed immediate needs such as SME competitiveness and industry-academia collaboration. However, the absence of intermediate outcomes in the intervention logic limited the Action's capacity to demonstrate its contribution to broader systemic changes, such as sustainable partnerships and enhanced



technological readiness. Future programming must refine the results framework to include incremental indicators that capture progress toward long-term economic transformation.

C5: Synergies with EU and international Actions strengthened alignment but highlighted coordination challenges

The Action's objectives aligned well with EU policies, including IPA 2018 and Horizon Europe, and complemented international Actions like the SAIGE Action and WB EDIF (F6). These collaborations fostered coherence by leveraging resources and expertise across multiple frameworks, ensuring a consistent approach to addressing innovation and competitiveness challenges. However, gaps in formalized coordination mechanisms require improvements to prevent overlaps and inefficiencies. Future interventions should establish structured frameworks for joint planning, monitoring, and decision-making to enhance synergies and streamline implementation across programs.

C6: Comprehensive subgrant coordination with opportunities to enhance ecosystem synergies

Subgrant coordination under the Action was robust, supported by clear guidelines, targeted training, and regular monitoring mechanisms that ensured alignment with program goals (F7). However, the lack of formalized platforms for knowledge-sharing among beneficiaries limited cross-Action collaboration and ecosystem-wide synergies. Addressing this gap through dedicated platforms for experience-sharing and collective learning could amplify systemic benefits and strengthen the broader innovation ecosystem in Serbia.

4.10 Conclusions on Effectiveness

The Action demonstrated clear success in fostering innovation, enhancing SME competitiveness, and strengthening Serbia's innovation ecosystem. However, achieving a broader systemic impact will require addressing challenges related to sustainability, scalability, sectoral inclusivity, and external constraints. Future Actions should prioritise enhanced post-grant support, regional and sectoral balance, and mechanisms for collaboration and knowledge-sharing to maximise Serbia's potential for innovation-led growth.

C7: Significant advancement in innovation and SME development

The Action fostered innovation and strengthened SME capacity across critical sectors, including ICT, advanced manufacturing, and agriculture (F8, F9). Programs such as the Mini Grants provided crucial support for early-stage innovation, enabling SMEs to develop prototypes and Minimum Viable Products (MVPs), while the Matching Grants Program helped more established enterprises scale their innovations. The Collaborative Grant Scheme enhanced industry-academia partnerships, fostering systemic innovation through co-creation and knowledge transfer. These targeted mechanisms collectively addressed systemic gaps in Serbia's innovation ecosystem, advancing technological readiness and supporting market-driven solutions aligned with the country's strategic priorities.

C8: Measurable economic outcomes and strategic challenges in scalability

The Action demonstrated measurable economic effects (F10) and these achievements reflect the effectiveness of grant mechanisms in catalysing market expansion and supporting SME growth. However, scalability was constrained by regulatory barriers, market access challenges, and limited post-grant mechanisms. In addition, geographic and sectoral imbalances, with funding concentrated in Belgrade and a focus on ICT and advanced manufacturing, limited the Action's inclusivity. Addressing



these gaps by expanding outreach to underrepresented regions and sectors and providing tailored regulatory and technical support would maximise the program's systemic impact.

In addition, the Action positively contributed to Serbia's innovation ecosystem by fostering collaboration between SMEs, research institutions, and industry stakeholders (F11). This collaborative framework mitigated risks, provided resources for innovation, and strengthened Serbia's alignment with EU frameworks. However, the limited integration of cross-Action synergies and knowledge-sharing mechanisms among beneficiaries restricted broader ecosystem-level benefits. Establishing structured platforms for experience-sharing and collective learning could enhance systemic innovation, creating a more cohesive and integrated ecosystem.

Despite successfully addressing immediate financial and technical barriers, the Action revealed significant gaps in sustainability mechanisms (F9, F11). Many SMEs faced challenges sustaining their growth and achieving full commercialisation due to the absence of structured post-grant support, such as follow-on funding, mentorship, and tailored regulatory guidance. These gaps were particularly pronounced in sectors requiring lengthy certification processes, such as healthcare and advanced manufacturing. Incorporating robust post-grant mechanisms and sector-specific support will be critical for ensuring the long-term scalability and impact of innovations supported under the program.

C9: Mixed performance in capturing systemic changes and addressing external constraints

While the Action effectively supported immediate innovation outcomes, its reliance on basic indicators, such as revenue generation and survival rates, limited its ability to capture broader systemic changes and long-term economic transformation (F10). Refining the monitoring framework to include intermediate and ecosystem-level indicators would enable a more comprehensive evaluation of the program's impact. Additionally, external factors, including global supply chain disruptions, regulatory delays, and rising material costs, posed significant challenges to achieving Action objectives. Future interventions must incorporate contingency measures and advocate for streamlined regulatory processes to mitigate these external dependencies and enhance resilience.

The Action demonstrated clear success in fostering innovation, enhancing SME competitiveness, and strengthening Serbia's innovation ecosystem. However, achieving broader systemic effects will require addressing challenges related to sustainability, scalability, sectoral inclusivity, and external constraints. Future Actions should prioritize enhanced post-grant support, regional and sectoral balance, and mechanisms for collaboration and knowledge-sharing to maximize Serbia's potential for innovation-led growth.

4.11 Conclusions on Efficiency

The Action demonstrated high efficiency in supporting innovation and SME development through structured grant mechanisms and robust institutional management. Addressing gaps in inclusivity, flexibility, and tailored support while refining administrative processes would further optimize efficiency and amplify the program's systemic effects. These strategic adjustments provide a roadmap for improving future Actions under the Innovation Fund.

C10: Timely and structured implementation with room for risk mitigation

The Action was implemented in line with its work plans, demonstrating adherence to timelines, efficient allocation of resources, and a structured approach to achieving its objectives (F13, F14). The three grant programs were strategically designed to address different stages of the innovation lifecycle, collectively supporting selected Actions across three funding cycles. Despite significant progress challenges revealed the need for improved risk mitigation strategies. Strengthening beneficiary support mechanisms, particularly for high-risk Actions, could further enhance implementation efficiency and reduce attrition rates.



The grant schemes were broadly efficient and effective, with beneficiaries reporting high satisfaction levels regarding the clarity of processes, timely disbursement of funds, and alignment with their needs (F15). A large part of the allocated budget was disbursed on time, enabling SMEs to start Actions promptly and meet development milestones. However, challenges such as delays in certain approval cycles, particularly in the Matching Grants Program, and complex reporting requirements for early-stage SMEs indicated areas for improvement. Simplifying administrative processes, introducing greater flexibility in budget adjustments, and providing additional guidance for reporting would alleviate these bottlenecks and enhance the overall efficiency of the grant schemes.

C11: Strong Institutional Mechanisms for monitoring and decision-making and supporting

The IF demonstrated robust management practices, including a structured monitoring and evaluation (M&E) framework, centralized data management platforms, and regular performance reviews (F17, F18). Beneficiaries highlighted the effectiveness of monitoring visits, which provided constructive feedback and facilitated real-time adjustments to Action implementation. Decision-making within the IF was data-driven and supported by clear selection criteria, independent peer reviews, and adaptive policies that addressed emerging challenges. Despite these strengths, some beneficiaries noted limited transparency in evaluation feedback and the need for improved clarity in scoring criteria. Refining evaluation processes to provide more detailed feedback to applicants would further enhance trust and understanding among stakeholders.

The IF demonstrated adaptability in addressing emerging challenges, such as accommodating beneficiaries' budgetary needs and providing guidance on complex administrative requirements (F18). However, beneficiaries cited limited flexibility in budget adjustments to address external disruptions, such as rising material costs or fluctuating market conditions. Introducing more adaptive financial mechanisms, including contingency measures and streamlined procurement processes, would enhance the program's ability to respond to dynamic beneficiary needs and external economic fluctuations.

The institutional mechanisms supporting beneficiaries were well-structured, providing mentorship, capacity-building programs, and robust monitoring systems (F16). Beneficiaries frequently praised mentorship programs for refining their business models and connecting them with investors and industry leaders. Monitoring visits and follow-up mechanisms ensured Actions stayed aligned with their objectives, contributing to high-quality outcomes. However, gaps in addressing sector-specific needs, particularly for women-led Actions and SMEs in niche industries, highlight the need for more tailored support to enhance inclusivity and equity in grant implementation.

4.12 Conclusions on Impact

The IF has provided a strong foundation for advancing Serbia's private sector and knowledge economy, with localized successes that demonstrate its catalytic potential. To achieve broader systemic change, future efforts should focus on scaling proven models, enhancing follow-on funding mechanisms, expanding geographic inclusivity, and targeting emerging sectors. By building on its achievements and addressing identified gaps, the IF can play a pivotal role in Serbia's economic transformation and its alignment with EU standards.

C12: Localized successes in innovation and SME development with incremental systemic contributions

The evaluated action under the IF demonstrated measurable localized impacts, supporting innovation, driving economic Action, and fostering SME growth in line with Serbia's strategic priorities and the EU acquis (F19). Revenue generation and employment growth were notable outcomes, with nearly two-thirds of CGS beneficiaries and one-third of Mini Grants recipients reporting tangible economic benefits.



While impactful at the individual company level, the Action's systemic contribution to Serbia's private sector and the broader knowledge-based economy remains incremental due to its limited scale and geographic concentration. Expanding the program's reach to underrepresented regions and sectors, such as renewable energy, biotechnology, and agriculture, presents an opportunity for more equitable economic development and innovation. Additionally, sustained post-grant support, including follow-on financing mechanisms and mentorship, is essential to ensure long-term scalability and broader economic impact.

C13: Strengthening the Foundation for a Knowledge-Based Economy

The Action successfully fostered industry-academia collaboration, which enabled long-term knowledge transfer, commercialization of academic research, and the development of innovative technologies in high-priority sectors such as ICT, agriculture, and environmental sustainability (F20). These partnerships represent scalable models for advancing Serbia's knowledge economy and aligning with the EU acquis and the Smart Specialization Strategy (S3).

To amplify the Action's impact, future interventions should focus on scaling proven models like the CGS, while also prioritizing linkages to international markets and global innovation networks. For example, partnerships with programs like Horizon Europe and Actions for connecting SMEs with regional and international stakeholders can enhance Serbia's integration into global value chains. Exploring emerging areas of intervention, including AI, IoT, green technologies, and cross-border collaboration, will further accelerate Serbia's transition to a knowledge-based and sustainable economy.

4.13 Conclusions on sustainability

The IF has laid a strong foundation for sustainability by institutionalising best practices, fostering stakeholder ownership, and creating pathways for long-term impact. To fully realize the potential of its Actions, the IF needs to prioritize structured follow-up mechanisms, geographic inclusivity, and strategic sectoral expansions. These efforts would ensure that the Fund sustains its current outputs and evolves as a central driver of innovation and economic growth in Serbia.

C14: Strengthened institutional framework and stakeholder ownership as drivers of sustainability

The IF has established a solid foundation for sustaining the outputs of its activities through strategic institutional practices and strong stakeholder ownership (F20, F21). Co-financing requirements and decision-making processes emphasised scalability and long-term impact, fostering financial accountability and resilience among beneficiaries. Programs like Katapult and standardized digital monitoring systems further institutionalised sustainability by diversifying resources and ensuring operational continuity even amid external challenges.

Stakeholder ownership emerged as a central pillar of sustainability, with beneficiaries demonstrating commitment to maintaining and expanding Action outputs. Many SMEs internalized the knowledge and networks gained through the Action, using them to pursue follow-on funding and international market opportunities.

However, smaller start-ups expressed concerns about maintaining momentum post-Action, highlighting the need for continued mentorship and structured follow-up mechanisms to ensure sustained growth. Establishing platforms for shared learning and collaboration among grant recipients would further strengthen the sustainability of outputs by aligning efforts with broader national and regional goals.



C15: Opportunities for scaling, regional inclusivity, and strategic expansion

The IF's achievements underscore significant opportunities to scale its impact and explore new areas of intervention aligned with emerging global trends and Serbia's strategic priorities (F22). Expanding the geographic reach of its programs beyond urban centres like Belgrade to underrepresented regions would foster more equitable innovation and stimulate economic growth in underserved areas. Similarly, targeting high-potential industries such as renewable energy, digital health, and AI offers a pathway for scaling innovations to international markets and aligning with global sustainability and digital transformation goals.

Beneficiaries emphasised the need for additional support in areas like certification, marketing, and capacity building for first-time entrepreneurs to bridge gaps in post-grant sustainability. Programs such as Katapult, which connect start-ups with global investors and mentors, could be expanded to foster cross-border collaboration and attract international resources. Furthermore, enhancing partnerships with international funding agencies and venture capital networks would provide Serbian innovators with the tools and resources to sustain their operations and scale globally. These strategic expansions would further position the IF as a catalyst for innovation and long-term economic transformation in Serbia.

4.14 Conclusions on EU added value

The EU's IPA II Action has been instrumental in transforming Serbia's innovation ecosystem, addressing systemic challenges, and aligning with EU priorities. To sustain and amplify these achievements, future efforts should focus on expanding funding mechanisms, strengthening post-grant support, and enhancing public visibility campaigns to engage broader and more diverse audiences. These measures will ensure that EU assistance fosters competitiveness, innovation, and economic transformation in Serbia.

C16: Substantial EU contribution to strengthening Serbia's innovation ecosystem

The EU's IPA II Action was critical in advancing competitiveness and innovation in Serbia by addressing systemic barriers and fostering alignment with EU norms and strategic objectives (F23). The Action provided financial and technical assistance, enabling Serbian SMEs to overcome critical challenges and enhancing readiness for EU integration, underscoring the transformative impact of the grants.

Without EU assistance, progress in competitiveness and innovation would have been slower and less coherent, with many SMEs unable to capitalize on their potential or contribute meaningfully to Serbia's economic growth and EU accession efforts. However, the Action's limited funding scale relative to systemic needs constrained broader economic impacts. The lack of robust follow-on funding mechanisms and support for bridging the initial challenges for start-ups highlights the need for expanded funding pools and strategic post-grant interventions.

C17: Visibility efforts achieved results but require greater public and regional engagement

The EU achieved significant visibility through targeted communication efforts, which effectively conveyed its strategic role in fostering innovation in Serbia (F24). However, challenges remain in maximizing the visibility of EU contributions. Limited outreach to broader public audiences and less visible promotion of smaller-scale Actions reduced the overall impact of communication campaigns. Enhancing the reach of these efforts, particularly in underrepresented regions and among smaller beneficiaries, would further strengthen the EU's image as a key partner in Serbia's development.



Recommendations

The ET has analysed findings and conclusions and provided the following actionable recommendations:

Recommendation 1: Strengthen post-grant support mechanisms

To: Innovation Fund (IF), Serbian Government, EU Delegation, and relevant stakeholders

The IF should establish robust post-grant support mechanisms to ensure the sustainability and scalability of innovations developed by SMEs. This includes follow-on funding, mentorship, and tailored regulatory guidance, particularly for sectors with long development cycles (e.g., healthcare, advanced manufacturing).

Justification: The evaluation highlights that many SMEs struggle to sustain growth and achieve full commercialization after the grant period due to a lack of structured post-grant support (C8, C9, C14). Strengthening these mechanisms would help bridge the "valley of death" that many start-ups face, ensuring long-term impact and economic transformation.

Action Steps:

- Create a follow-on funding mechanism to support SMEs in scaling their innovations.
- Develop mentorship programs to guide SMEs through regulatory and market entry challenges.
- Provide sector-specific technical assistance, particularly for highly regulated industries.
- Establish platforms for knowledge-sharing among beneficiaries to foster collaboration and collective learning.

Recommendation 2: Continue and scale up successful Actions

To: Innovation Fund (IF), Serbian Government, EU Delegation, and international partners

The IF should continue and scale up successful Actions, such as the Collaborative Grant Scheme (CGS) and Mini-Grants Program, while exploring opportunities to expand their impact. This includes replicating proven models in new regions and sectors, as well as integrating lessons learned to enhance program effectiveness.

Justification: The evaluation highlights the success of Actions like the CGS in fostering industry-academia collaboration and driving innovation in priority sectors (C7, C12, C13, C15). Continuing and scaling up these programs would amplify their impact and contribute to Serbia's broader economic transformation.

Action Steps:

- Replicate proven models in new regions and sectors, adapting them to local contexts and needs.
- Expand funding pools to support a larger number of beneficiaries and increase the scale of successful Actions.
- Integrate lessons learned from current programs to refine and improve future iterations.
- Foster cross-border collaboration with regional and international partners to enhance knowledge transfer and market access for Serbian innovators.



Recommendation 3: Expand geographic and sectoral inclusivity

To: Innovation Fund (IF), Serbian Government, EU Delegation, and regional development agencies

The IF should prioritize expanding its geographic and sectoral reach to ensure more equitable distribution of resources and support. This includes targeting underrepresented regions (e.g., rural areas) and emerging sectors such as green technologies, renewable energy, and creative industries.

Justification: The evaluation reveals a concentration of Actions in urban centers like Belgrade and a focus on ICT and advanced manufacturing, leaving other regions and sectors underrepresented (C3, C8, C12, C15). Expanding inclusivity would unlock untapped innovation potential and promote more balanced economic development across Serbia.

Action Steps:

- Conduct regional needs assessments to identify underserved areas with high innovation potential.
- Develop targeted grant schemes also focusing on underrepresented regions (e.g. closer to urban areas and university centres) and sectors.
- Establish regional innovation support through the cooperation with the regional start-up centres – its purpose will be to provide localised support and foster collaboration.
- Promote cross-sectoral Actions that align with global trends such as sustainability and digital transformation.

Recommendation 4: Streamline administrative processes to the extent possible (and improve flexibility)

To: Innovation Fund (IF), Serbian Government, and EU Delegation

The IF should streamline administrative processes and introduce greater flexibility in budget adjustments to reduce the burden on beneficiaries and enhance the efficiency of grant implementation.

Justification: Beneficiaries reported challenges with complex reporting requirements and delays in fund disbursement, particularly for early-stage SMEs (C10, C11). Simplifying administrative processes and introducing more adaptive financial mechanisms would improve the overall efficiency and accessibility of the grant schemes.

Action Steps:

- Simplify application and reporting procedures to reduce administrative burdens.
- Introduce flexible budget adjustment mechanisms to accommodate external economic disruptions.
- Provide additional guidance and support for early-stage SMEs to navigate administrative requirements.
- Implement digital tools to streamline communication and data management between the IF and beneficiaries.

Recommendation 5: Expand and further enhance monitoring and evaluation framework (covering post-grant period)

To: Innovation Fund (IF), Serbian Government, and EU Delegation

The IF should refine its monitoring and evaluation (M&E) framework to capture intermediate and ecosystem-level impacts, ensuring a more comprehensive assessment of the program's long-term contributions to Serbia's innovation ecosystem. As part of this enhancement, a dedicated evaluation



should be conducted three years after the completion of the IPA18 project to assess the long-term effects on beneficiaries, including market success, regional and global recognition of products, and sustained collaboration with academic and research institutions.

Justification: The evaluation notes that the current M&E framework relies heavily on output-focused indicators, such as revenue generation, which do not fully capture systemic changes or long-term economic transformation (C4, C9). Introducing a structured follow-up evaluation after three years would allow for a deeper understanding of how funded companies have progressed, whether their products have achieved market traction, and the extent to which academia-industry partnerships have been sustained.

Action Steps:

- Develop intermediate indicators to measure the sustainability of partnerships and innovation ecosystems.
- Introduce sectoral indicators to track diversification and inclusivity across industries.
- Conduct a formal evaluation three years after the completion of the IPA18 project to analyze long-term outcomes, including market success, international recognition, and continued collaboration with research institutions.
- Use qualitative insights to complement quantitative data and provide a more nuanced understanding of the program's effects.

Recommendation 6: Increase visibility and outreach efforts

To: Innovation Fund (IF), Serbian Government, and EU Delegation

The IF should enhance its visibility and outreach efforts to ensure broader public awareness of the EU's contributions to Serbia's innovation ecosystem. This includes targeting underrepresented regions and smaller-scale Actions to maximize the impact of communication campaigns.

Justification: While the EU's visibility efforts have effectively engaged direct stakeholders, there is limited outreach to broader public audiences and underrepresented regions (C17). Enhancing visibility would strengthen the EU's image as a key partner in Serbia's development and ensure that the program's benefits are widely recognized.

Action Steps:

- Develop targeted communication campaigns to highlight the EU's contributions in underrepresented regions.
- Promote smaller-scale Actions and success stories to increase their visibility.
- Organize regional events and workshops to engage local communities and stakeholders.
- Leverage digital platforms and social media to reach a wider audience.

Recommendation 7: Strengthen IF coordination and cooperation capacities (with EU and International Actions)

To: Innovation Fund (IF), Serbian Government, EU Delegation, and international partners

The IF should strengthen coordination with EU and international Actions, such as Horizon Europe and the Western Balkan Enterprise Development and Innovation Facility (WB EDIF), to enhance synergies and avoid overlaps.

Justification: The evaluation highlights the strong alignment of the Action with EU policies and international Actions but notes gaps in formalized coordination mechanisms (C5). Strengthening



coordination would improve efficiency and ensure a more coherent approach to addressing innovation and competitiveness challenges.

Action Steps:

- Establish structured frameworks for joint planning, monitoring, and decision-making with EU and international partners.
- Enhance collaboration with programs like Horizon Europe to access additional funding and expertise.
- Develop a unified evaluation framework to measure the collective impact of complementary Actions.
- Organize regular coordination meetings to align priorities and share best practices.

Recommendation 8: Foster cross-Action collaboration and knowledge-sharing

To: Innovation Fund (IF), Serbian Government, and EU Delegation

The IF should establish formalized platforms for cross-Action collaboration and knowledge-sharing among beneficiaries to enhance ecosystem-wide synergies.

Justification: The evaluation notes that the lack of formalized platforms for knowledge-sharing among beneficiaries limited cross-Action collaboration and ecosystem-wide synergies (C6). Addressing this gap would amplify systemic benefits and strengthen Serbia's broader innovation ecosystem.

Action Steps:

- Create dedicated platforms (e.g., online forums, workshops) for beneficiaries to share experiences, challenges, and best practices.
- Organize regular networking events to foster collaboration among SMEs, research institutions, and industry stakeholders.
- Develop case studies and success stories to highlight effective models and encourage replication.
- Provide incentives for collaborative Actions that address systemic challenges in Serbia's innovation ecosystem.



Annexes

Annex 1: Evaluation Matrix

The ET has improved the understanding of the Action's structure and available data sources through an initial document review and the creation of an evaluation matrix. This matrix considered proposed evaluation questions from the Terms of Reference (ToR), and adjusted and reviewed them.

As a result of this review, the list of evaluation questions has been consolidated, as questions that were too similar have been combined and sub-questions have been re-framed to make them more focused.

The principle was to ensure that the questions were answerable, all of the Action's components were appropriately addressed, and there was no duplication or undue overlap. The Inception report (based on the ToR) formulated precise questions, allowing for an exploratory data collection approach.

Relevant sub-question	Judgement criteria	Indicators	Data Sources and collection tools	Data analysis
Relevant evaluation criteria: RELEVANCE				
EQ1.1. To what extent was the design and strategy of the Action (and its development intervention) relevant to Serbia's national priorities?	JC1.1. The extent to which the Action is relevant to Serbia policy framework and EU Priorities for Serbia	Evidence (including opinions) that the objectives and outputs of IPA II evaluated Action through the IF has been aligned with the national innovation and digital transformation priorities (and broader economic growth and MSMEs growth)	Desk/literature review of relevant documents (including problem analysis conducted by the EUD and partners)	Map a theory of change to identify the logic, problem analysis and assumptions behind the Theme/ Action
EQ1.2. How much and in what ways did the Action contribute to address the needs and problems identified in the programming phase?	JC1.2.1. Evidence that the Action is relevant to the needs of lead institution- Innovation Fund and other stakeholders JC1.2.2 The extent to which Action responded to the needs of other stakeholders / final beneficiaries	- Extent to which the Action, their objectives and outputs, in the field of competitiveness and innovation are aligned with the needs of MSME in Serbia - The extent to which MSMEs in Serbia perceive that assistance under IPA II Action has been appropriate for their development and grants scheme appropriate	Key informants' interviews (semi-structured interviews/ group interviews)	Problem/risk analysis of underlying development challenges including national strategic and policy documents Analysis of indicators under the intervention logic
Relevant evaluation criteria: COHERENCE				
EQ2.1. To what extent internal coherence existed within the Action?	JC2.1. Evidence if the Action included soundly formulated intervention logic including indicators for measuring progress	- The analysis of the Action intervention logic and correlations within chain of results (including the analysis of appropriateness of indicators) - Opinions of stakeholders and examples of responsiveness and flexibility of the IPA II evaluated Action in the field of competitiveness and innovation during its implementation	Desk based research Analysis of International obligations of Serbia- vis-à-vis international norms and standards	Analyse economic sector reform interventions that the Government of Serbia (GoS) and EU supported
EQ2.2. To what extent does the Action create synergy/ linkages/ complementarities with other interventions and Actions of government and other development partners in the respective sector?	JC2.2.1. Alignment of the objectives/outcomes of the selected Activities with those of other relevant EU policies and funding programmes JC2.2.2. Alignment of the objectives/outcomes of the selected Activities with those of other relevant development partners	- Extent to which the Action in the field of innovation and competitiveness are aligned with the objectives of other relevant EU policies and funding programmes - Evidence including opinions that the Action aligned with the activities of other development partners in Serbia including examples of synergies and coordination	Interviews with key informants - focus on validating or refuting lines of inquiry - collecting perceptions about partnerships established and results achieved with the reference to outcomes. Observations on the "why" and factors that influence or impede effectiveness;	Analysis of the reports and analysis of other partners Agencies and other national and international development partners and IPA reports and deliverables related to competitiveness and innovations
EQ2.3. Has the coordination been established at the level of the respective subgrants?	JC2.3. The extent to which coordination has been established at the level of respective grants	Opinions of the stakeholders and examples of coordination at the level of sub-grants and the Action	Interviews with international development partners	Interviews with the key informants Triangulate data collected from various sources and means
Relevant evaluation criteria: EFFECTIVENESS				
EQ3.1. How effective has the Action been in fostering innovation among the sub-grant beneficiaries?	JC3.1. The extent to which the Action has been effective in fostering innovation among the sub-grant beneficiaries	- Examples/ opinions that the Action has been effective in fostering innovation among sub-grant beneficiaries - Examples of sustainable products/services developed by supported SMEs (and progress of SMEs in bringing new products/services to the market).	Desk based research Interviews with key informants - focus on validating or refuting lines of inquiry - collecting perceptions about partnerships established and results achieved with the reference to outcomes.	Contribution analysis against the outcomes and outcome indicators Analysis of the IF/ Action's achievements versus established targets
EQ3.2. To what extent has the Action helped sub-grant beneficiaries overcome barriers to growth and achieve their business objectives?	JC3.2. Evidence that the Action helped sub-grant beneficiaries overcome barriers to growth and achieve their business objectives	Opinions of grantees/ beneficiaries if the Action helped them overcome barriers to growth and achieve their business objectives		Completion of a template of 'factors' with analysis of 'strength of influence (the factors affect IPA II Action ability to achieve its objectives)'
EQ3.3. What specific outcomes have been achieved by the sub-grant beneficiaries as a result of the program?	EQ3.3. Evidence of specific outcomes that the sub-grant beneficiaries achieved as a result of the program	- Examples of specific outcomes that the sub-grant beneficiaries achieved as a result of the program - Examples of new products/services developed (examples of new offerings by SMEs.) - Evidence and examples that the SMEs linked its outcomes with broader progress and its sustainability		

EQ3.4. What measurable outcomes can be attributed to the Action in terms of financial growth, job creation, or market expansion?	EQ3.4. The extent to which the Action contributed to financial growth, job creation, or market expansion?	- Revenue generated from new products/services developed by supported SMEs: Assesses the financial success of SMEs that received support. - Number of new products/services reaching the market: Measures the commercialization of innovations. - Survival rate of supported start-ups: Tracks the sustainability of start-ups funded through the Mini Grants Program.		
EQ3.5. To what extent did different factors influence the achievement of the Action specific objectives and results?	JC3.5. The extent to which external and internal factors to the IF and Action affected (supported or constrained) the effectiveness and delivery of results	- Opinions about the external factors that affected the implementation - Examples and opinions of good practices, success stories, lessons learned, or transferable examples generated during the implementation		
Relevant evaluation criteria: EFFICIENCY				
EQ4.1. Has the IF/ Action been implemented in line with work plans, using available resources (financial, human, technical)?	JC4.1. The degree of timely implementation of the Action, in a logical sequence, and availability of inputs in a timely fashion	- Evidences of timely implementation of activities (without delays)- analysis of planned vs implemented activities including utilization of inputs - Evidences and records of changes in implementation of plans	Desk based research Interviews with key informants - focus on validating or refuting lines of inquiry - collecting perceptions about partnerships established and results achieved with the reference to outcomes.	Contribution analysis against the outcomes and outcome indicators Analysis of the IF/ Action's delivery versus plans and established timelines Completion of a template of 'factors' with analysis of 'strength of influence (the factors affect Action ability to achieve its objectives- especially concerning the grant scheme)'
EQ4.2. How efficient and effective are the institutional mechanisms to support beneficiaries- how efficient was the grant scheme?	JC4.2.1. The extent to which grant scheme was efficiently implemented JC 4.2.2. The extent to which coordination and cooperation with other Actions has been in place	- Evidence that the budget was used efficiently- planned vs delivered funds including the grants' scheme - Opinions of stakeholders concerning the grants scheme- the overall management of the grants scheme (including support during the implementation) - Evidence and examples of cooperation and coordination of activities - Opinions and examples of external factors that affected efficiency during the implementation		
EQ4.3. Has the IF/ the evaluated action established sound management practices? (How well did the collect and use data to monitor results? How effectively was updated data used to manage the Action?	JC4.3.1. The extent of existence and utilization of management systems that facilitated efficient implementation of the Action JC4.3.2 The extent to which established practices, policies, processes and decision-making capabilities contributed to the efficiency of the Action -	- Evidence and the analysis of the management system- evidence that the most efficient strategies of implementation have been in place (including examples of results-oriented and quality monitoring and reporting systems and analysis of reports; existence of a sound risk management practice and evidence that risks were adequately monitored and mitigated) - Opinions and examples that established practices, policies, processes and decision-making capabilities contributed to the efficiency of the Action		
Relevant evaluation criteria: IMPACT				
EQ 5.1. To what extent has the Action's support contributed to impact, development of the private sector and of a knowledge-based economy?	JC5.1. The extent to which the selected Activities contributed to impact, i.e., development of the private sector and of a knowledge-based economy in Serbia, in line with the EU acquis	- Indicators that reflect on innovation and competitiveness in Serbia (Preparedness level for Chapter 20: Enterprise and Industrial Policy/SME Policy Index (OECD), Dimension 6 and Dimension 8b (Innovation Policy); Rank - GCI Index (pillar 9.02 Financing of SMEs); Investment attractiveness index – rank and European Innovation Scoreboard. - Revenue generated from new products/services developed by supported SMEs: Assesses the financial success of SMEs that received support. - Examples of new products/services reaching the market: Measures the commercialization of innovations.	Desk based research Interviews with key informants - focus on validating or refuting lines of inquiry - collecting perceptions about partnerships established and results achieved with the reference to outcomes. Triangulation of data	Contribution analysis against the outcomes and outcome indicators Analysis of the achievements versus established targets Completion of a template of 'factors' with analysis of 'strength of influence
EQ 5.2. To what extent could external factors affect impact?	JC5.2. The extent to which external factors could affect future impact	Opinions and examples of factors that might affect Action's impact		



Relevant evaluation criteria: SUSTAINABILITY				
EQ6.1. What is the likelihood that the outputs under the Action are likely to be maintained?	JC6.1.1. The extent to which the Action decision making bodies and implementing partners undertaken decisions and course of actions to ensure the sustainability -at the level of grants and level of the IF JC6.1.2. The extent to which (financial and operational) sustainability of the achieved results and made changes has been ensured JC6.1.3. The extent to which the ownership of stakeholders has been ensured (to allow for the Action outcomes/benefits to be sustained)	- Stakeholders' opinion about strengthened capacities including ownership of results achieved within IF activities and grants scheme - Survival rate of supported start-ups: Tracks the sustainability of start-ups funded through the Mini Grants Program. Opinions of the partners, including examples and other evidence, about sustainability of changes that grants/ IF support ensured- especially through innovative practices at level of beneficiaries - Opinions of the stakeholders about the collaborative advantage of the IF towards the achievement of changes	Desk based research- <i>Annual EC Progress Report</i> <i>SME Policy Index, OECD (Implementation of SBA)</i> <i>Global Competitiveness Index Report 2024= World Economic Forum – GCI 4.0</i> <i>Venture Capital & Private Equity Country Attractiveness Index</i> Interviews with key informants.	Contribution analysis against the outcomes and outcome indicators Analysis of the Action's achievements versus established targets Completion of a template of 'factors' with analysis of 'strength of influence (the factors affect IPA II Action ability to sustain its results Analysis of meeting minutes Triangulation of primary and secondary data
EQ6.2. What are opportunities for continuation, scaling up and exploring new areas of intervention?	JC 6.2. Opportunities for continuation and expansion of the results and activities	- Examples of areas for consideration, expansion and further scaling up of activities. Commitment of stakeholders (at all levels) to continue activities necessary to sustainability. - Evidence that the scope of the Action could be scaled up and expanded		
Relevant evaluation criteria: EU ADDED VALUE				
EQ7.1. To what extent the progress in the development of competitiveness and innovation could be achieved without the support of IF/ grants scheme/ IPA II Action?	JC7.1. The extent to which the progress in the development of competitiveness and innovation could be achieved without the support of EU IPA II	- Indicators for cohesion added value – measured in Serbia and EU: <i>Number of new MSMEs established</i> <i>Percentage of MSMEs in the total number of companies and the evolution of this percent.</i> <i>No. of innovations that have been implemented</i> - Indicators for operational added value: <i>No. of methods and tools specific to EU funds management supporting the competitiveness and innovation</i>	Desk/literature review of relevant documents (including third-party reports and national documents) <i>Annual EC Progress Report</i> Key informants' interviews	Desk review of the national reports and statistics Analyse of the SDG frameworks and progress reports for Serbia, including Voluntary National Report (VNR) other analytical documents Review of national statistics and other available data Triangulation of the collected primary and secondary data
EQ7.2. Has EU assistance achieved maximum visibility? Did the implemented visibility activities succeed in conveying key strategic messages justifying the delivered assistance?	JC 7.2.1. The extent to which the EU assistance has achieved maximum visibility JC7.2.2. Evidence that the implemented visibility activities succeed in conveying key strategic messages justifying the delivered assistance	- Indicators for political added value: Level of visibility of EU intervention in the field of competitiveness and innovation - Opinions about the visibility of the EU assistance- if it achieved maximum visibility - Opinions about implemented visibility activities succeed in the context of conveying key strategic messages (and justifying the delivered assistance)		

Table 1 Overview of evaluation matrix with judgment criteria



Annex 2: Agenda for the fieldwork (including sample and stakeholders for interviews)

Closely coordinated with the Contracting Authority as well as updated list of stakeholders, based on Interview guides for different stakeholders (Annex 4 below).



Annex 3: List of analysed documents

The Particip SharePoint database¹⁶ was created specifically to facilitate the data management, for this evaluation. It serves as a central repository where ET members, and authorized personnel from the Contracting Authority can securely store, share, and retrieve essential files related to the evaluation. By using this centralized platform, the team ensures that all relevant information is consistently available, up-to-date, and easy to access, minimizing the risk of miscommunication or loss of critical documents.

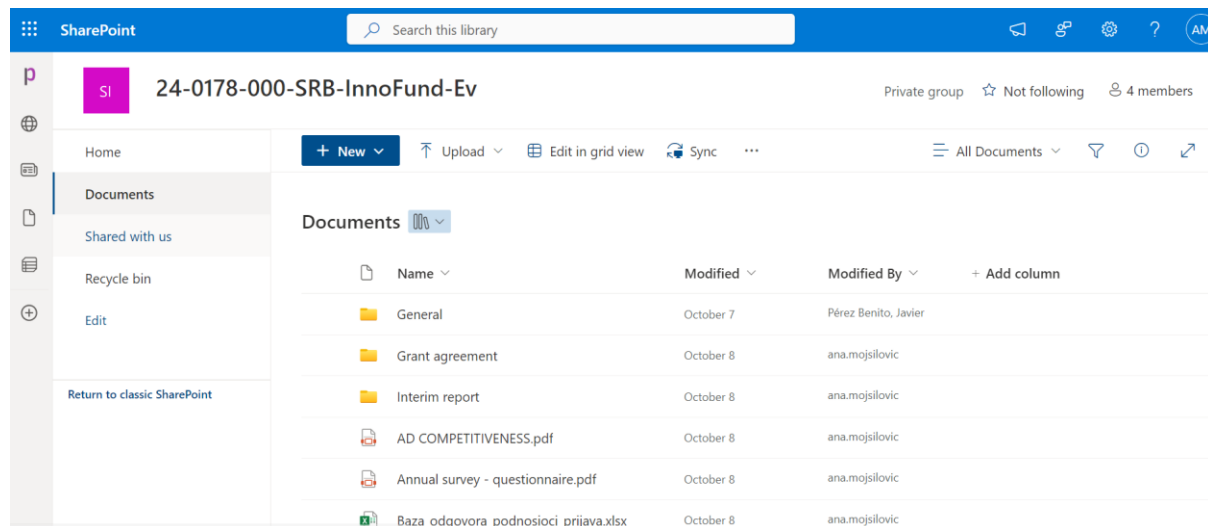


Figure 23 Particip SharePoint database

One of the key benefits of the Particip SharePoint database is its collaborative functionality. Team members from different locations can simultaneously access and edit documents, fostering a more dynamic and coordinated workflow. This feature is particularly valuable for evaluations that require input from multiple stakeholders or rely on timely contributions from various experts. Additionally, the database offers version control, which tracks all changes made to documents, allowing users to revert to previous versions if needed. This enhances transparency and accountability, as any adjustments to documents are clearly documented within the system.

Furthermore, the SharePoint platform ensures that sensitive data is protected through its secure access protocols (following GDPR requirements). Only authorized users have access to the database, which helps maintain the confidentiality and integrity of the evaluation's data and findings. The platform also includes customizable permissions, meaning that access levels can be adjusted to meet the unique requirements of each stage of the evaluation. Overall, the Particip SharePoint database is a vital tool for enhancing efficiency, ensuring security, and promoting collaboration throughout the evaluation process.

¹⁶ <https://participqmbh.sharepoint.com/sites/24-0178-000-SRB-InnoFund-Ev/>

Annex 4: Interview guides

Sub-questions for the Innovation Fund Team:

Relevance

1. Alignment with National and EU Priorities:

- How well do you think the Action's objectives align with Serbia's innovation and digital transformation priorities?
- To what extent does the Action support Serbia's broader economic and MSME growth strategies?

2. Addressing Identified Needs:

- How relevant was the Action in addressing the needs of the Innovation Fund and other stakeholders?
- How well do you think the Action's design aligns with the needs of MSMEs in Serbia?

Coherence

1. Internal Coherence and Intervention Logic:

- Can you describe how well the Action's intervention logic supports its objectives?
- Were the indicators chosen appropriate for measuring progress?

2. Synergies with Other Actions:

- How well do the objectives of this Action align with other EU-funded Actions or government Actions?
- Can you provide examples of synergies or coordination with other development partners?

3. Coordination at the Sub-Grant Level:

- How effective has coordination been at the sub-grant level?
- Can you share any examples of effective coordination among sub-grantees?

Effectiveness

1. Innovation and Beneficiary Support:

- How effective has the Action been in fostering innovation among sub-grant beneficiaries?
- Can you provide examples of products/services developed by supported SMEs?

2. Overcoming Barriers:

- In what ways has the Action helped beneficiaries overcome barriers to growth?
- Can you give examples where the Action has helped SMEs achieve their business objectives?

3. Outcomes and Impact:

- What measurable outcomes, such as financial growth or job creation, have resulted from the Action?
- How has the Action contributed to the beneficiaries' long-term business sustainability?

Efficiency

1. Implementation and Resource Use:

- Was the Action implemented according to the planned timeline and within budget?
- Can you describe any challenges in resource availability that affected implementation?

2. Institutional Mechanisms and Grant Scheme Efficiency:

- How efficient was the grant scheme in terms of management and support?

- Were there any factors affecting efficiency during implementation?

3. Management Practices:

- What practices or systems were in place to support efficient implementation?
- How effectively were data and management processes used to adjust activities as needed?

Sustainability

1. Long-Term Impact and Continuation:

- What is the likelihood that the outputs under the Action will be maintained?
- Are there specific strategies in place to ensure the sustainability of achieved results?

2. Scaling and Expansion:

- What opportunities exist for scaling up or expanding the Action's activities?
- How committed are stakeholders to continue activities that support sustainability?

Lessons Learned and Recommendations

- What lessons has the IF learned from working on this Action, and are there any best practices you would like to highlight?
- What recommendations would you suggest for improving future actions that aim to support innovation and SME growth in Serbia?
- Are there any gaps in the Action's design or implementation that you think should be addressed in similar future Actions?

Sub-questions for the Grants Beneficiaries

Relevance

1. Alignment with Business Needs:

- How relevant was the grant support to your business needs and objectives?
- How well do you think the Action aligned with your development plans?

2. Appropriateness of Assistance:

- Did the assistance provided address specific challenges you were facing?
- How suitable was the grant scheme to your needs as an MSME?

Coherence

1. Clarity and Logic of Support:

- How well did the structure of the support make sense to you?
- Was there clear guidance on how to use the funding effectively?

2. Linkages with Other Support:

- How well do you think the grant aligns with other support programs in Serbia?

Effectiveness

1. Fostering Innovation:

- How has the Action helped you innovate or develop new products/services?



- Could you provide examples of any new offerings brought to market?

2. Overcoming Growth Barriers:

- Did the support help you overcome specific barriers to growth?
- In what ways has the grant contributed to achieving your business goals?

3. Measurable Outcomes:

- Have you seen measurable financial growth, job creation, or market expansion due to this support?
- Can you share specific outcomes that resulted from your participation in the Action?

Efficiency

1. Support Process and Timeliness:

- Was the funding and support process straightforward and timely? Were there any challenges or delays in receiving the assistance?

2. Effectiveness of Grant Management:

- How well did the grant management support your needs during implementation?
- Did you receive sufficient guidance and follow-up support?

Sustainability

1. Long-Term Impact:

- How likely is it that the benefits from the grant will continue after the program ends?
- What factors will help or hinder the sustainability of your business growth?

2. Potential for Further Development:

- What additional support or opportunities could help further your business growth? Are there areas where you believe the program could expand to support similar businesses?

Sub-questions for the Relevant Line Ministries

1. Relevance

- How well do you think the Action aligns with Serbia's national priorities for innovation, digital transformation, and MSME growth?
- In your opinion, how relevant is the Action to the current policy framework and objectives of your ministry?
- To what extent has the Action addressed the needs of key institutions and stakeholders, including the Innovation Fund and the private sector?

2. Coherence

- How well do you think the Action's objectives align with other national programs or international Actions led by your ministry?
- Are there any synergies between this Action and other similar government Actions or EU-funded programs in Serbia?
- How has coordination with other ministries and agencies been managed? Can you provide examples of effective collaboration?



3. Effectiveness

- From your perspective, has the Action been effective in fostering innovation and supporting SMEs?
- Have you observed any specific outcomes or products developed by beneficiaries that contribute to national economic goals?
- In what ways has the Action helped to remove barriers to growth and innovation for SMEs?

4. Efficiency

- How efficiently do you think the Action has been implemented from an inter-ministerial perspective? Were resources (financial, human, technical) used effectively?
- Has the coordination between your ministry and the implementing agencies been smooth and timely? Were there any notable challenges?
- How would you assess the grant scheme's management and the support provided to beneficiaries? Was it efficient and responsive?

5. Impact

- What impact do you think the Action has had on Serbia's private sector and on advancing a knowledge-based economy?
- To what extent has this Action contributed to broader national development goals, such as job creation, financial growth, or increased competitiveness?
- Are there indicators (e.g., number of new MSMEs, job creation rates) that you think reflect the impact of this Action effectively?

6. Sustainability

- What measures are in place to ensure the sustainability of the results achieved through this Action?
- Are there any plans or recommendations from your ministry for scaling up this Action or incorporating its successful elements into other national programs?

7. EU Added Value

- How would you describe the added value of EU assistance in this Action? Could Serbia have achieved similar progress without EU support?
- In your view, how does EU support complement national funding efforts, and are there any areas where EU involvement could be strengthened?

8. Lessons Learned and Recommendations

- What lessons has your ministry learned from working on this Action, and are there any best practices you would like to highlight?
- What recommendations would you suggest for improving future actions that aim to support innovation and SME growth in Serbia?
- Are there any gaps in the Action's design or implementation that you think should be addressed in similar future Actions?



Sub-questions for the representatives of the EU Delegation to Serbia

1. Alignment and Strategic Relevance

- How well does the Action support EU priorities for innovation, competitiveness, and Serbia's accession process? Are there specific areas where EU support has been most impactful?

2. Effectiveness and Outcomes

- What are the most significant outcomes you've observed from the Action in terms of fostering innovation and supporting SMEs? Are there examples of successes or promising trends?

3. Efficiency and Coordination

- How efficiently has the Action been managed and coordinated with Serbian institutions and other EU Actions? Were there any strategic challenges in implementation, and how were they addressed?

4. Impact and Sustainability

- In your view, what lasting impacts has the Action made on Serbia's innovation ecosystem and private sector? Are there areas where sustainability is a concern, or where further support could solidify results?

5. EU Added Value and Visibility

- How well has the Action highlighted the EU's role in supporting Serbia's innovation and economic development? Are there additional ways to strengthen the visibility and understanding of EU contributions in this sector?

6. Lessons and Future Directions

- What key lessons has the EU Delegation learned from this Action? Are there any strategic recommendations for future EU Actions in Serbia to further strengthen innovation, digital transformation, and SME growth?

Annex 5 Terms of Reference

1. BACKGROUND INFORMATION

Partner country

Republic of Serbia

Contracting authority

Innovation Fund (IF) of the Republic of Serbia, Veljka Dugoševića 54b, 11000 Belgrade

Country background

Serbia applied for EU membership in December 2009 and obtained candidate country status in March 2012. In line with the decision of the European Council in June 2013 to open accession negotiations with Serbia, the Council adopted in December 2013 the negotiating framework and held the 1st Intergovernmental Conference with Serbia in January 2014. The analytical examination of the EU acquis was completed for all 35 chapters in March 2015. Serbia has opened negotiations on 18 chapters (out of 35) of the EU Acquis, by the end of 2021. Two chapters (25 and 26) have already been provisionally closed.

In recent years, the overall economic situation in Serbia has been characterised by pronounced economic growth up to 2008 and later by a slowdown since 2008, with the Serbian economy facing a negative economic growth in some years. After a relatively mild economic contraction in 2020, the economic reform programme Actions a strong rebound in 2021 and growth at pre-crisis rates thereafter. The COVID-19 crisis led to only a mild contraction of the Serbian economy in 2020, mostly driven by lower private consumption, net exports and investment that were partially offset by higher government consumption and inventories. Serbia's economic performance turned out to be among the most favourable in Europe, supported, inter alia, by strong pre-crisis momentum; sizeable and timely fiscal and monetary mitigation measures; the sectoral structure of the economy with limited reliance on tourism; and the relatively low average stringency of containment measures.

After a substantial slowdown in 2022, Serbia's economic reform programme (ERP) forecasts that economic growth will gradually accelerate in 2023-2025.

The financial assistance to Serbia is provided through EU's Instrument for Pre-Accession Assistance (IPA) which aims to help the country to prepare for assuming and effectively implementing obligations of its future membership in the EU.

Current situation in the sector

Compared to the EU, Serbia has lower per capita income, but a faster growing economy. Manufacturing takes up a larger share of the economy, with SMEs accounting for a larger share of turnover. Serbia's innovation performance is at 63.2% of the EU average, making it an "emerging innovator" on the European Union's Innovation Scoreboard for 2023. While Serbia lags behind EU levels of innovation, performance has been increasing at a rate higher than that of the EU, between 2016 and 2022, indicating the country's potential to catch up to the EU average. Serbia has a number of strengths relative to comparator countries (other "emerging innovators"), namely non-R&D expenditures, product innovation, employment in innovative enterprises, business process innovation, and innovation expenditures per employee, indicating a fairly robust private sector level of innovation. However, Serbia's relative weaknesses have continued to persist, and these include resource productivity, government support for business R&D, patent applications, design



applications and air emissions by fine particulate matter (the latter being an indicator of sustainability of innovation capacity). Since 2022, Serbia has experienced increases in performance related to enterprises. In comparison to EU member states, Serbia has higher shares of innovators that do not develop innovations themselves and non-innovators without disposition to innovate.

Since 2016, Serbia's performance on the Innovation Index increased most strongly across indicators measuring research systems, digitalization, finance and support, innovators, linkages and employment impacts, while performance declined for information technologies, intellectual assets and environmental sustainability.

In the past few years Serbia has made progress in this area by developing and implementing different support programs for innovative companies and researchers. However, in spite of positive developments in the field of entrepreneurial competitiveness, commercially applicable R&D Action and promoting collaboration between the academic research institutions and the private sector, repositioning Serbia's economy towards a knowledge-based profile still requires substantial efforts.

The intention of the Innovation Fund (hereinafter: IF) is to contribute to the overall development of innovations through various financial aid instruments, particularly by fostering the establishment of new and strengthening the existing companies, by positioning them to access venture capital markets, and by attracting potential partners for high-tech research and development. Serbia needs to continue stimulating further creation and growth of innovative enterprises based on knowledge through private sector start-ups or spin-offs, by providing financing for market-oriented innovative technologies, products and services with high commercialization potential. Therefore, the IF continuously organizes public calls for financing programs – Mini Grants, Matching Grants and the Collaborative Grant Scheme Programs, to contribute to increase competitiveness of the Serbian economy and to enhance market driven innovation and technological readiness by better access to finance.

Related programmes and other donor activities

The Innovation Fund of the Republic of Serbia (founded in 2011) is the key state institution supporting innovative activities and managing funding for stimulating innovation.

The IF is working under the supervision of Government of Serbia and Ministry of Science, Technological Development and Innovation. The IF is, also, member of the European Network of Innovation Agencies (TAFTIE), since 2013.

The IF developed financing mechanisms, including setting up programs, implementation of the grant scheme programs for innovation, preparation and publishing of the call for proposals, workshops for potential applicants, evaluation of applications, training of successful applicants on implementation procedures, monitoring of Actions selected for financing, Action management, information, publicity and visibility. The IF programs and operations undergo regular evaluations, from independent application reviews to a thorough independent external monitoring and evaluation process of IF programs.

The IF programs are mainly financed through the budget of the Republic of Serbia, the European Commission and the World Bank. Since 2011, the IF has implemented the following Actions:

- [Innovation Serbia Action](#) (capacity building of the IF and piloting financial programs supporting enterprise innovation – Mini Grants Program and Matching Grants Program); 2011-2016; EUR 8.4M; financed by EU through IPA 2011 and administered by the World Bank;
- [Direct Grant - Creating a Comprehensive R&D Collaboration](#)(for implementation Collaborative Grant Scheme Program); 2016-2019; EUR 3.4M; financed by EU through IPA 2013;



- [Serbia Research, Innovation and Technology Transfer Action](#) (Technology Transfer Program and technical assistance for the design of a Collaborative Grant Scheme Program and an independent annual evaluation); 2015-2019; EUR 2.5M; financed by EU through IPA 2013;
- [Direct Grant - New products and services developed through research commercialization in the SMEs](#) (for further continuation of the Mini Grants and Matching Grants Programs); 2018-2021; EUR 4.5M; financed by EU through IPA 2014;
- [Serbian Competitiveness and Jobs Action - C&J](#) (for implementation Mini Grants and Matching Grants Program, Collaborative Grant Scheme Program and Technology Transfer Program and Innovation vouchers scheme); 2016-2021; at least EUR 4M for each year; funding is provided from the budget of the Republic of Serbia through the Loan Agreement between the Republic of Serbia and the World Bank.

The IF is currently implementing the following Actions:

- [Serbia Accelerating Innovation and Growth Entrepreneurship Action \(SAIGE\)](#) (for implementation Enterprise Acceleration Program) 2020-2024; EUR 43M (for IF component EUR 7M); funding is provided through Loan Agreement between the Republic of Serbia and the World Bank;
- [Direct Grant - Increased innovation capacity and technological readiness of SMEs](#) (for further continuation of the Mini Grants, Matching Grants and Collaborative Grant Scheme programs); 2021-2025; EUR 20M; financed by EU through IPA 2018.
- [Established system for SME growth acceleration \(for implementation Enterprise Acceleration Program\)](#); EUR 10M; funding is provided through IPA 2019 - as it planned in Country Action Program for the Republic of Serbia for the year 2019 and implemented thorough the Administration Agreement between the World Bank and the European Commission. Enterprise Acceleration Program is also funded by SAIGE Action through the World Bank loan with EUR 7M.
- [Direct Grant - Increased innovation capacity and technological readiness of SMEs](#); (for further continuation of the Mini Grants, Matching Grants and Collaborative Grant Scheme programs); 2022-2026; EUR 26M; financed by EU through IPA 2019.

[Direct Grant - Increased innovation capacity and technological readiness of SMEs](#)

Under Annual Action Programme for the Republic of Serbia for the year 2018, Grant contract “**IPA 2018 – Direct Award to the Innovation Fund - Increased innovation capacity and technological readiness of SMEs**” (hereinafter the Action) has been directly awarded to the Innovation Fund with the aim to provide financial support to third parties through three grant programs – Mini Grants Program, Matching Grants Program and Collaborative Grant Scheme Program, which are designed to provide financial support for boosting commercially oriented R&D in Serbian SMEs and cooperation with academia. The total budget of this Action is EUR 20 million, of which EUR 15 million from the European Union Pre-Accession Assistance for 2018 (IPA 2018) and EUR 5 million from the budget of the Republic of Serbia, the line of Ministry of Science, Technological Development and Innovation. The amount allocated for the financing of approved Actions under the Mini Grants, Matching Grants and Collaborative Grant Scheme Program financed under this Direct Grant Agreement is EUR 18 million.

The IF awards financial support through grant schemes to private sector development (start-ups, micro, small and medium enterprises) for Actions coming from all fields of science and technology and sector of the economy. In line with the Serbian Smart Specialization Strategy, programs focus on the four main priority domains:



- Food for future;
- Information and communication technologies;
- Machines and production processes of the future;
- Creative industries.

Therefore, at least 50% of the available funding for the grant schemes are allocated for applications in the abovementioned priority domains, depending on the quality of the Action proposals (applications).

The **Mini Grants program** is for private young micro and small enterprises, majority private ownership of Serbian residents (incorporated in Serbia for no longer than five years at the time of Application submission) and team consisting of a maximum of 5 members, which are engaged in the development of technological innovations with a clear market need and the potential to create new intellectual property. This Program supports the survival of companies during the critical phase of research and development and to allow the Serbian entrepreneurs to grow effective business capacities through which they will launch their innovations on the market. Amount of financing provided is up to EUR 80,000, with up to 70% of the total approved Action budget, with a minimum of co-financing of 30% of the total approved Action budget provided by the sub-grant beneficiary (the Applicant). Duration of the financed Actions under the Program are up to 12 months.

The **Matching Grants program** aims to encourage established and profitable micro, small and medium-sized companies in the Republic of Serbia to engage in development and commercialization of technological innovations in the form of new and improved products, services, technologies and technological processes, in order to generate new market value, create high paying jobs, increase revenue and export growth and improve competitiveness. The amount of financing provided is up to EUR 300,000, with up to 70% for micro and small sized companies (60% for medium sized companies) of the total approved Action budget, with a minimum of co-financing of 30% from micro and small sized companies (40% from medium sized companies) of the total approved Action budget provided by the sub-grant beneficiary (the Applicant). Duration of the financed Actions under the Program are up to 24 months.

The **Collaborative Grant Scheme program (CGS)** is designed to meet the identified need within the Serbian innovation ecosystem for Action-based financial support which enables private sector companies and public sector scientific research organizations to work together and create high value-added products, services, technologies and technological processes through applicable R&D efforts. This Program aims to incentivize creation of new and expansion of existing collaborations between the industry and the academy and to contribute to higher R&D investments from the side of the private sector, as well as to facilitate better utilization of capacities within the public scientific research organizations. The Program supports a consortium consisting of at least one micro, small or medium-sized company and at least one public R&D organization. The amount of financing provided is up to EUR 300,000, with up to 70% for micro and small sized companies (60% for medium sized companies) of the total approved Action budget, with a minimum of co-financing of 30% from micro and small sized companies (40% from medium sized companies) of the total approved Action budget provided by the sub-grant beneficiary (the Lead Applicant of consortia). Duration of the financed Actions under the Program are up to 24 months.

Intervention logic

The overall objective of the Action is to contribute to increase competitiveness of the Serbian economy. The specific objective is to enhance market driven innovation and technological readiness by better access to finance.

The Action will focus on the commercialization of research and development and further knowledge-based development of innovative enterprises and incentivize cooperation between the private sector SMEs and public sector R&D organizations. The activities of the Action will provide access to finance for the development and commercialization of new products and services. Therefore, the Action will include two outputs, with the first one being the sustainable product/service developed by the



supported SMEs, while the second is the sustainability of supported start-ups through the Mini Grants program. Indicators to be used for measuring the outputs will be the revenue generated from the product/service developed by the supported SMEs, the number of new products/services that reached the market, and the survival rate of the supported start-ups. The outputs are planned to be achieved through two Calls for Proposals. Assumptions that will contribute to the achievements of the outputs are the institutional business and economic environment at least neutral, available private financing for R&D, and the quality and potential of developed products and services to succeed in the market.

The specific objective and outcome are to enhance market driven innovation and technological readiness by better access to finance and the indicators that will be used to measure this will be the Innovation score (12th pillar from the Global Competitiveness Report) and the percentage of SMEs performing innovation activities.

The overall objective and impact of the Action are to increase the competitiveness of the Serbian economy. The Global competitiveness index will be used as an indicator. Through providing financial support for innovation, the Serbian companies will be more competitive and that leads to an increase in competitiveness of the Serbian economy. Outputs encompass the sustainable product/service developed by supported SMEs and the sustainability of the supported start-ups through Mini Grants Program.

The result of the Action is increased access to finance enabling SMEs to innovate, incorporate R&D and invest in meeting EU standards.

2. OBJECTIVE, PURPOSE & EXPECTED RESULTS

Overall objective

The overall objective of the Action of which this contract will be a part is as follows:

- to contribute to increase competitiveness of the Serbian economy, and specific to enhance market driven innovation and technological readiness by better access to finance.

Therefore, the overall objective of this contract is:

- to provide assessment on how this Action contributes to the development of market driven innovation and technological readiness of Serbian SMEs and thus to increasing of competitiveness of the Serbian economy.

Purpose

The purposes of this contract are as follows:

- to assess the performance of the Action, paying particular attention to measured results against its expected objectives;
- to assess the intended and unintended outcomes of the Action and determine the level of the Action's contribution to outcomes.

The evaluation will clearly identify the results/outcomes achieved during four years of Action implementation.

Results to be achieved by the contractor

The expected results associated with the purpose of this contract are as follows:

- Independent assessment of the performance of the Action;
- Identification of the results/outcomes achieved during four years of Action implementation.



3. ASSUMPTIONS & RISKS

Assumptions underlying the Action

Assumptions from the logical framework prepared as part of the Action Document are:

- Interest of the potential applicants to participate in the published programmes under Call for proposals;
- No selected sub-grant beneficiaries withdraw;
- Innovation Fund has sufficient capacity;
- Timely receipt of funds from the Ministry of Finance/CFCU.

Specific assumptions identified that should be closely monitored under this contract are:

- Availability of data for assessment of the performance of the Action
- Sub-grant beneficiaries and stakeholders actively participate in evaluation

Risks

Risks identified based on assumptions defined in the Action Document logical framework are:

- Low interest/response of the potential Applicants to participate in the launched program under Call for Proposals, leading to a low turnout of submitted Applications;
- Withdraw of selected sub-grant beneficiaries;
- Reduced capacity of the IF;
- Delays in receipt of funds from the CFCU.

Specific risks identified that should be closely monitored under this contract are:

- Poor quality of data for assessment of the performance of the Action;
- No interest of the sub-grant beneficiaries and stakeholders to actively participate in evaluation.

4. SCOPE OF THE WORK

General

Description of the assignment

The assignment aims to explore how the Action contributes to the development of market-driven innovation and technological readiness among Serbian SMEs. This effort is crucial as it directly impacts the competitiveness of the Serbian economy. In order to do that the Contractor will develop methodology which include an indication of specific judgement criteria and indicators, as well as the relevant data collection sources and tools. Based on proposed methodology, the Contractor will assess the Action.

The evaluation will assess the intervention(s) using the six standard DAC evaluation criteria, namely: relevance, coherence, efficiency, effectiveness, sustainability and impact¹⁷ (the contracting authority is aware that the timeframe of the evaluation does not allow looking for longer-term impacts.).

¹⁷ The definition and the number of DAC evaluation criteria has changed following the release (10 December 2019) of the document "Evaluation Criteria: Adapted Definitions and Principles for Use" (DCD/DAC (2019)58/FINAL).

The evaluators will ensure that their analysis respects the new definitions of these criteria, their explanatory notes and the guidance document. These can be found at: <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>



The **specific Evaluation Questions**, as formulated below, are indicative:

- How effective has the Action been in fostering innovation among the sub-grant beneficiaries?
- To what extent has the Action helped sub-grant beneficiaries overcome barriers to growth and achieve their business objectives?
- What specific outcomes have been achieved by the sub-grant beneficiaries as a result of the program?
- What measurable outcomes can be attributed to the Action in terms of financial growth, job creation, or market expansion?
- What have been the impacts of the Actions to date?
- Are there any areas where the programs within the Action could be improved to better support the success of final sub-grant beneficiaries?
- Has EU assistance achieved maximum visibility? Did the implemented visibility activities succeed in conveying key strategic messages justifying the delivered assistance?

The evaluation will include an indication of specific judgement criteria and indicators, as well as the relevant data collection sources and tools. Once agreed through the approval of the Inception Report, the Evaluation Questions will become contractually binding.

The details of the methodology will be further elaborated by the Contractor on the basis of this Terms of Reference (ToR) and documented in an Inception report. It is expected that the Contractor will apply a combination of quantitative and qualitative evaluation methods that draw on both hard and soft evidence and involve multiple means of analysis.

The Contracting authority will provide the Contractor with access to any documentation and information necessary for the performance of the assignment.

Geographical area to be covered

Republic of Serbia

Target groups

The main users of this evaluation will be the IF, ministry in charge of innovation policy, finance and EU integration, Delegation of EU in Republic of Serbia, and Action Steering Committee. The executive summary will be distributed to sub-grant beneficiaries and wider audience.

Specific work

Evaluation process

DAC CRITERIA:

- Relevance: the “extent to which the intervention objectives and design respond to beneficiaries’, global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change.”
- Coherence: the “compatibility of the intervention with other interventions in a country, sector or institution.”
- Effectiveness: the “extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups.”
- Efficiency: the “extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way.”
- Impact: the “extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.”
- Sustainability: the “extent to which the net benefits of the intervention continue or are likely to continue.”



The evaluation process will be carried out in three phases:

- Inception Phase
- Interim Phase
- Synthesis Phase

Inception Phase

Objectives of the phase: to structure the evaluation and clarify the key issues to be addressed.

Main activities during the Inception Phase

- Initial review of background documents provided by the Contracting authority.
- Kick-off session between Contracting authority representatives and the Contractor. Objectives of the meeting is to arrive at a clear and shared understanding of the scope of the evaluation, its limitations and feasibility and to clarify the expectations of the evaluation;
- Finalization or revision of the description of the Logical Framework/Theory of Change and its underlying assumptions. This requires an assessment of the evidence (between hierarchy of



results e.g., outputs, outcomes and impact) and the assumptions necessary for the intervention to deliver change as planned.

- Finalization of the Evaluation Questions, based on the indicative questions contained in this Terms of Reference and on the revised Logical Framework/Theory of Change.
- Finalization of the evaluation methodology, including the definition of judgement criteria and indicators per Evaluation Question, the selection of data collection tools and sources.
- Representation of the methodological approach in an Evaluation Matrix.
- Finalization of the workplan of subsequent phases.
- Identification of the expected risks and limitations of the methodology, and of the envisaged mitigation measures.
- Preparation of the Inception Report.
- Submission of the Inception Report to the contracting authority for comments.
- Revision of the report (as relevant) following receipt of comments.

Interim Phase

This phase is entirely devoted to gathering and analysing the information required to provide preliminary answers to the Evaluation Questions.

Objectives of the phase: to conduct research analyse the relevant data, and draft preliminary answers to the Evaluation Questions.

Main activities during the Interim phase

- In-depth analysis of relevant documents and other sources. This is to be done systematically and should reflect on the methodology as described in the Inception Report.
- Identification of interviewees and other sources of information to support the analysis of data, as relevant.
- Conduct research following the methodology described in the Inception Report.
- Organization of the interviews with stakeholders and sub-grant beneficiaries.
- Preparation of the preliminary answers to each Evaluation Question, with analysis of their validity and limitations.
- Preparation of the Draft Final Report.
- Submission of the Draft Final Report to the Contracting authority for comments.
- Revision of the Draft Final Report (as relevant) following receipt of comments.

Synthesis Phase

Objectives of the phase: to report on results from the evaluation (final answers to the Evaluation Questions (final findings) and formulate conclusions and recommendations).

Main activities:

- Analysis and synthesis of the evidence and data collected during the previous phases to provide a final answer to the Evaluation Questions.
- Preparation of the Final Report.
- Submission of the Final Report to the Contraction authority for comments.
- Presentation of the Final Report to the Contraction authority and stakeholders, supported by a slide presentation.
- Preparation of the Executive Summary.

The Contractor will make sure that:

- their evaluation is objective and balanced, statements are accurate and evidence-based, and recommendations realistic and clearly targeted;
- the wording, inclusive of the abbreviations used.

• Evaluation phases	• Deliverables and <i>meetings</i>	• Timing
• Inception phase	<i>Meeting: kick off</i>	After initial document analysis, first week after the contract signing
	Inception Evaluation Report	End of Inception Phase, one month after the contract signing
Interim phase	Draft Final Evaluation Report	End of Interim Phase, three months after the contract signing
• Synthesis phase	Final Evaluation Report	End of Synthesis phase, four months after the contract signing
	<i>Meeting: presentation of the Final Report</i>	

The Contractor will be required to ensure the quality of data (validity, reliability, consistency and accuracy) throughout the analytical and reporting phases. It is expected that all reports under this assignment shall be written in an evidence-based manner such that all observations, conclusions, recommendations, etc., are supported by evidence and analysis.

Ethics and Quality assurance

All evaluation staff experts within the contractor's team must be credible and free from bias; they must respect dignity and diversity and protect stakeholders' rights and interests. Contractor must ensure confidentiality and anonymity of informants and be guided by professional standards and ethical and moral principles in observation of the 'do no harm' principle.

OUTPUTS:

Name of report/output	• Content	• Language	• Time of submission
• Inception Evaluation Report	• Logical Framework/Theory of Change • Detailed Methodology for the evaluation, incl. Evaluation Matrix (Evaluation Questions, with judgement criteria and indicators, and data analysis and collection methods) • Analysis of risks related to the evaluation methodology and mitigation measures • Work plan	• English	• Within 1 Month after the Action start
• Draft Final Evaluation Report	• Analysis of findings (with focus on the Evaluation Questions) • Draft of formulation of the overall assessment, conclusions and recommendations • Reporting (key preliminary findings)	• English	• Within 3 Month(s) after the Action start
• Final Evaluation Report	• Final analysis of findings (with focus on the Evaluation Questions) • Formulation of the overall assessment, conclusions and recommendations • Reporting	• English	• Within 4 month(s) after the Action start

Inception Evaluation Report

The format of the Inception Evaluation Report is free and should have a maximum length of around 20 pages excluding annexes; it must contain at least the following:

1. Introduction (Short description of the context of the evaluation, its objectives and focus);
2. Revised Logical Framework/Theory of Change (This will be based on initial analysis of secondary sources and consultation with key stakeholders);
3. Finalized Evaluation Questions with indicators (Evaluation Matrix);
4. Detailed Methodology of the evaluation (This will include: Overview of entire evaluation process and tools, Consultation strategy, Case studies, Approach to the following phase of the evaluation, including planning of field missions);
5. Analysis of risks related to the evaluation methodology and mitigation measures (In tabular form (free style);
6. Ethics rules (Including, but not limited to, avoiding harm and conflict of interest, informed consent, confidentiality and awareness of local governance and regulations);
7. Work plan (This will include a free text description of the plans and their representation in appropriate format).

Draft Final Evaluation Report and Final Evaluation Report

The Draft Final Evaluation Report and the Final Evaluation Report have the same structure, format, and content. They should be consistent, concise, and clear, and free of linguistic errors both in the original version and in their translation, if foreseen. The Final Evaluation Report should not be longer than 40 pages excluding annexes. The presentation file must be properly spaced, and the use of clear graphs, tables and short paragraphs is strongly recommended.

The main sections of the Draft and Final Evaluation report should be as follows:

1. Cover page with key intervention and evaluation data
2. Executive Summary (The Executive Summary is expected to highlight the evaluation purpose, the methods used, the main evaluation findings and the conclusions and recommendations. It is to be considered a “stand alone” document.)
3. Introduction (Description of the Action, relevant country/sector background and the evaluation)
4. Findings (A chapter presenting the answers to the Evaluation Question headings, supported by evidence and reasoning. Findings per criteria and detailed evidence per indicator are included in an annex to the Report.)
5. Overall assessment
6. Conclusions and Recommendations
7. Annexes
 - Terms of Reference of the evaluation
 - Detailed evaluation methodology including: the evaluation matrix; options taken; difficulties encountered and limitations; detail of tools and analyses
 - Detailed answer by judgement criteria
 - Evaluation matrix with data gathered and analysed by indicator
 - Logical Framework matrix/Theory of Change (planned/real and improved/updated)
 - List of persons/organizations consulted
 - Literature and documentation consulted
 - Other technical annexes (e.g., statistical analyses, tables of contents and figures, matrix of evidence, databases) as relevant.

Content of outputs

The outputs must match quality standards. The text of the reports should be illustrated, as appropriate, with maps, graphs, and tables.

Comments on the outputs

For each aforementioned report, the IF M&E Special Advisor will send the Contractor comments or the approval of the report within 15 calendar days. The revised reports addressing the comments will be submitted within 10 calendar days from the date of receipt of the comments.

Action management

Responsible body

The Contracting authority is Innovation Fund (IF) of the Republic of Serbia.

Management structure

The Innovation Fund's M&E Special Advisor will be responsible for managing the contract and conduct when needed day-to-day communication with the Contractor. Additionally, the M&E Special Advisor is responsible for approving reports submitted by the Contractor.



Other involved parties in the implementation of the overall Action which this contract is part of, is as follows:

Managing Director (hereinafter MD) is responsible for the overall implementation of the Action with the relevant IF team members and external experts and advisors. The MD will supervise the work of the IF team, and represent and report the results to relevant stakeholders.

Operations Manager (hereinafter OM) for Program Management is coordinating and overseeing all relevant activities in IF's everyday operations and supports MD in developing strategic plans and practical implementation of corresponding activities.

Operations Manager (OM) for Sector for Legal and Financial Affairs leads financial and legal operations for the Action through managing and coordination the work of Financial Manager, Procurement Officer during Action implementation.

Program Manager (hereinafter PM) is responsible for the implementation of the Action and will carry overall preparation of the Tender Application Package for the Calls for Proposals and activities related to the implementation of the Mini Grants, Matching Grants and CGS Grants programs, including the progress monitoring process. The PM will work closely with the Operations M and maintain contact with relevant stakeholders. PM will be supported by senior associate/associate(s) on a daily basis. Senior associate/associate will perform duties delegated by the PM and will be directly responsible to PMs. PM directly reports to and supports the OM on a daily basis.

Financial Manager (FM) manages financial information for monitoring the Action progress. FM is responsible for maintaining an adequate financial management system including accounting, financial reporting and auditing to provide reliable and timely information regarding Action resources and expenditures. FM will prepare budgets and will control all financial and logistics, such as payment, purchase and registration of all materials, relations with banks, financial reports to the CFCU and the Ministry of Science, Technological Development and Innovation (NITRA), donors and local tax organizations, check liabilities, control of outstanding advances and correspondence with other organizations. The FM will also supervise the control of quarterly financial reports of sub-grant beneficiaries conducted by the External Independent Quarterly Financial Control provider.

The Action also has a Action Steering Committee (PSC) that supervises the proper implementation of the Action. The PSC will oversee the progress made, and make strategic decisions, as well as propose solutions to any difficulties encountered during the implementation. The PSC's meetings will be held on semi-annual basis. An indicative list of PSC institutions includes the following institutions: Ministry of Science, Technological Development and Innovation (NITRA), Ministry of Economy, National Council for Science and Technology, Ministry of Finance/CFCU, Ministry for European Integration, EUD, Innovation Fund and Chamber of Commerce.

Facilities to be provided by the contracting authority and/or other parties

The contracting authority will provide the Contractor with access to any documentation and information necessary for the performance of the assignment.

5. LOGISTICS AND TIMING

Location

The operational base of the Action is Belgrade, Serbia. Operation base work is not anticipated. The services by the Contractor will be provided online, as well as at the IF offices in Belgrade.

Start date & period of implementation of tasks



The intended start date is August 2024 and the period of implementation of the contract will be four months from this date. Please see Articles 19.1 and 19.2 of the special conditions for the actual start date and period of implementation.

N/A