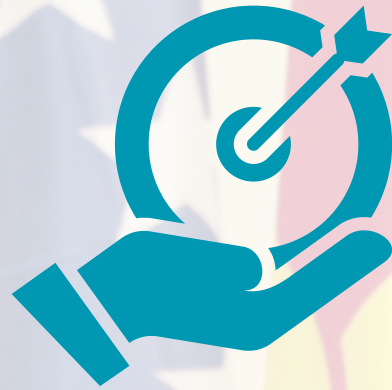




ROADMAP FOR IMPROVING EFFICIENCY, IMPLEMENTATION AND TRANSPARENCY OF STATE AID EXPENDITURES IN WESTERN BALKANS





OBJECTIVE No. 1

Improving the Efficiency of State Aid Expenditures in the WB6



UNEVEN AID RISE

WHY?

State aid expenditures are rising across WB6, but spending is uneven

HOW?

- Conduct **periodic cross-sector and regional expenditure reviews** to identify under- and over-funded areas
- Introduce **mandatory KPIs and cost-benefit assessments** in all new aid schemes.
- Link disbursement to **performance milestones**

BENEFIT

More equitable and effective state aid use



WHAT?

Ensure balanced and development-oriented state aid allocation

WHO?*

Lead institution
Ministries of Finance
Supporting institution
State Aid Monitoring Authorities
Commissions for Protection of Competition
Statistical Offices

OBJECTIVE No. 1: Improving the Efficiency of State Aid Expenditures in the WB6

The **Lead Institution is the primary body responsible for coordinating, implementing, and overseeing the objective, while the **Supporting Institutions** provide expertise, resources, and complementary actions to ensure its successful execution.*



REGIONAL SPENDING DISPARITIES

WHY?

Some countries (Serbia, North Macedonia) spend significantly more than others (e.g. Kosovo)

HOW?

- Introduce **state aid ceilings or budgetary frameworks** linked to macroeconomic conditions and national strategies

BENEFIT

Avoidance of fiscal imbalances and more strategic use of limited public funds



WHAT?

Align state aid spending levels with fiscal capacity and national development priorities

WHO?

Lead institution
Ministries of Finance
Supporting institution
National Economic Councils,
Planning Commissions



SECTOR OVER STRATEGY

WHY?

State aid is heavily concentrated in sectoral support (e.g. agriculture, energy, transport), while horizontal aid (e.g. innovation, SMEs) is underutilized

HOW?

- Introduce **earmarking for horizontal objectives** in annual aid plans (e.g. 30% minimum for SMEs, R&D, digital or green transition projects)

BENEFIT

A more modern and innovation-driven state aid portfolio that supports long-term growth



WHAT?

Promote a shift toward horizontal, future-proof forms of aid

WHO?

Lead institution
Ministries of Finance
Supporting institution
State Aid Authorities
SME Agencies
Innovation Funds



CRISIS AID BLINDSPOT

WHY?

Crisis-related state aid (e.g. COVID-19 support) was distributed quickly, but without clear long-term evaluation

HOW?

- Conduct ex-post evaluations of pandemic-related aid and integrate findings into the design of future crisis-response instruments

BENEFIT

Better-prepared, evidence-based responses to future economic shocks



WHAT?

Evaluate the effectiveness and value-for-money of temporary or emergency aid schemes

WHO?

Lead institution

Ministries of Finance
Ministries of Economy

Supporting institution

Independent Evaluators, Research
Institutes, Donor Partners



INEFFICIENT REGIONAL COMPETITION

WHY?

WB6 countries are competing with each other on incentives, creating inefficiencies

HOW?

- Establish a **regional platform** (via CEFTA/RCC) to share incentive data and coordinate reforms
- Promote **peer learning** and create a **code of conduct** for incentive design
- Align regional practices with EU accession requirements

BENEFIT

- More rational and sustainable use of state aid
- Greater regional coherence and competitiveness



WHAT?

Foster regional cooperation and avoid "race to the bottom"

WHO?

Lead institution
National Governments
Supporting institution
National IPAs
Ministries of Economy



OFF-TARGET SPENDING

WHY?

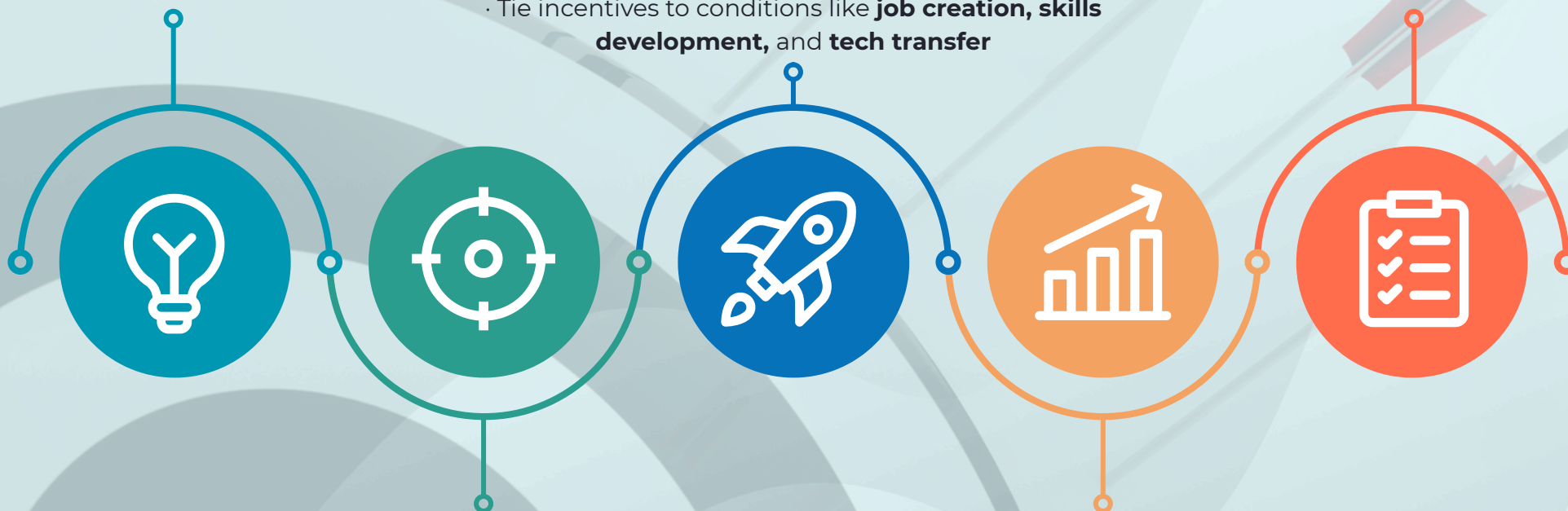
State aid is not strategically aligned with economic or SDG gaps

HOW?

- Conduct national assessments to identify key macroeconomic weaknesses
- Target state aid accordingly:
 - **Employment support** in Albania, BiH, and Montenegro
 - **Innovation and infrastructure** support in North Macedonia
 - **Export support** in Albania and BiH
- Tie incentives to conditions like **job creation, skills development, and tech transfer**

BENEFIT

- Greater developmental impact of public funds
- Accelerated SDG progress and economic transformation



WHAT?

Align state aid with country-specific development needs and SDG priorities

WHO?

Lead institution

Ministries of Economy / Economic Development / Labour

Supporting institution

State Aid Authorities

Statistical Offices

National Development Planning Unit



INCENTIVE LIMITS

WHY?

Incentives alone are insufficient to attract sustainable (foreign) investments

HOW?

- Invest in **education, infrastructure, and digitalization**
- Improve **regulatory quality and rule of law**
- Strengthen **SME linkages** to foreign investors

BENEFIT

Long-term competitiveness of WB6 economies
Enhanced quality and sustainability of (foreign) investment inflows



WHAT?

Complement incentives with broader improvements in the business environment

WHO?

Lead institution

Ministries of Education, Transport, Digitalization, etc.

Supporting institution

Ministries of Economy and Finance
Chambers of Commerce and Business Associations



OBJECTIVE No. 2

Improving the Implementation of State Aid Incentives in the WB6



HARD-TO-REACH SUPPORT

WHY?

State aid incentive systems are fragmented, complex, and hard to access

HOW?

- Develop a **national one-stop online registry** for state aid incentives in each WB6 country
 - Include detailed information (eligibility, duration, amount, legal source)
- Ensure **English-language availability** for international investors

BENEFIT

- Improved accessibility and transparency of incentives
- Reduced confusion for investors, leading to increased interest



WHAT?

Simplify and centralize information on available state aid incentives

WHO?

Lead institution
Investment Promotion Agencies (IPAs)

Supporting institution
Ministries of Economy / Finance
National State Aid Control Authorities
Commissions for protection of Competition



COMPLIANCE WITHOUT CONSISTENCY

WHY?

All WB6 countries have aligned state aid legislation with EU rules, but implementation is uneven

HOW?

- Finalize and adopt all by-laws and secondary legislation **harmonized with the EU acquis**
- Provide **practical training** for institutions applying aid rules

BENEFIT

Legally complete and operational state aid frameworks across WB6



WHAT?

Ensure full and consistent implementation of EU-aligned state aid rules

WHO?

Lead institution

State Aid Monitoring Authorities
Commissions for Protection of Competition

Supporting institution

Ministries of Justice / Legal Affairs
EU Delegations (technical support)



UNEVEN INSTITUTIONAL STRENGTH

WHY?

Institutional structures for state aid control exist but differ in capacity, independence, and transparency

HOW?

- Ensure **stable budgets and independent mandates** for state aid authorities
- Provide targeted **capacity-building programs**

BENEFIT

Professional and impartial oversight of state aid granting



WHAT?

Strengthen the independence and operational capacity of state aid control bodies

WHO?

Lead institution
National Governments
Supporting institution
State Aid Commissions
EU assistance bodies



WEAK COORDINATION LINKS

WHY?

Coordination between aid grantors and monitoring bodies is weak and inconsistent

HOW?

- Establish **formal coordination mechanisms** (working groups, early-warning systems).
- Make **state aid notification mandatory** before public support is granted.

BENEFIT

Reduced risk of unlawful aid; improved compliance



WHAT?

Improve inter-institutional coordination in the design and approval of state aid

WHO?

Lead institution
Ministries of Finance
Ministries of Economy
Supporting institution
State Aid Commissions
EU assistance bodies

UNDERPOWERED IPAS

WHY?

Investment Promotion Agencies (IPAs) lack resources and authority

HOW?

- Invest in training and staffing of IPAs
- Expand mandates to cover **aftercare, policy input, and streamlined permitting**
- Introduce **screening mechanisms** for strategic investments

BENEFIT

- More professional investor services
- Better coordination between promotion, regulation, and support functions



WHAT?

Strengthen institutional capacity for investment facilitation

WHO?

Lead institution
Investment Promotion Agencies (IPAs)
Supporting institution
Government / Council of Ministers
Ministries of Finance and Public Administration (for budgeting and HR)



OBJECTIVE No. 3

Improving the Transparency of State Aid Expenditures in the WB6



HIDDEN AID DATA

WHY?

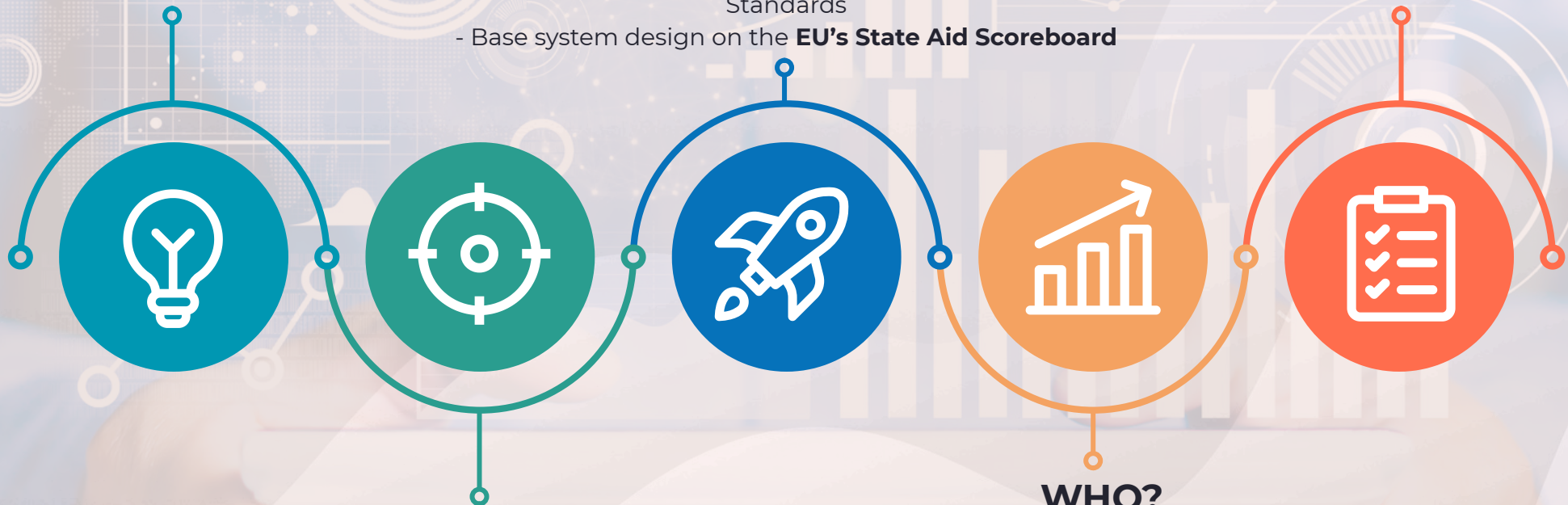
Lack of regular, centralized publication of granted state aid

HOW?

- Create a **state aid reporting platform** in each WB6 country
 - Publish data by year, investor origin, aid type, amount, purpose
- Publish all **state aid decisions and annual reports** online in a timely and accessible manner
- Present data in a consistent, machine-readable format, enhancing **accessibility, interoperability, and reusability** across systems and borders, thus aligning to the Open Data Standards
- Base system design on the **EU's State Aid Scoreboard**

BENEFIT

- Transparent and trackable state aid spending
- Evidence-based policymaking and improved investor confidence



WHAT?

Improve transparency and accountability in state aid disbursement

WHO?

Lead institution

National State Aid Control Authorities
Commissions for Protection of Competition

Supporting institution

Ministries of Finance
State Audit Institutions

AID CONTROL GAPS

WHY?

Aid schemes are often not notified or monitored properly

HOW?

- Introduce sanction mechanisms for non-notification or misreporting
- Conduct regular ex-post evaluations of approved schemes

BENEFIT

Legal certainty and better aid quality

WHAT?

Ensure that all state aid measures are subject to proper ex-ante and ex-post controls

WHO?

Lead institution
State Aid Monitoring Authorities
Commissions for Protection of Competition
Supporting institution
Courts (for enforcement)
Supreme Audit Institutions



IMPACT ASSESSMENT BLINDSPOT

WHY?

Limited use of ex-post impact assessments of aid schemes

HOW?

- Develop national methodologies and guidelines for impact evaluation
- Conduct periodic evaluations and publish findings

BENEFIT

Smarter and more cost-effective aid policies



WHAT?

Evaluate whether aid schemes achieve their intended economic or social outcomes

WHO?

Lead institution

State Aid Monitoring Authorities
Commissions for Protection of Competition

Supporting institution

Independent research institutes / think tanks
Statistical offices



AWARENESS DEFICIT

WHY?

Public and private sector awareness of state aid rules is low

HOW?

- Conduct outreach campaigns, training workshops, and develop user-friendly guides

BENEFIT

Higher compliance and fewer breaches



WHAT?

Raise awareness among aid grantors and beneficiaries

WHO?

Lead institution

State Aid Authorities
IPAs

Supporting institution

Business associations
Municipal governments

