MONITORING OF THE GRANTED STATE AID IN THE WESTERN BALKANS

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INTRODUCTION

State aid is an important policy instrument through which governments support investment, employment, economic development and other public policy objectives. While state aid control systems establish rules governing when and under what conditions public support may be granted, effective state aid governance does not end with the decision to award aid. Once public resources have been committed, governments also need mechanisms to follow how aid is implemented, whether beneficiaries fulfil the obligations attached to it, and whether supported measures deliver their intended results.

This makes monitoring of granted state aid an important complement to the legal control of state aid. Monitoring can serve different purposes: from verifying compliance with legal, financial and contractual requirements, to tracking implementation and assessing economic and policy results. These functions require appropriate institutional responsibilities, reporting arrangements, indicators, data systems and mechanisms for follow-up and enforcement. However, a review of state aid legislation in the Western Balkans suggested that, although control, supervision, reporting, registers and ex-post checks are generally embedded in national frameworks, considerably less detail is provided on how monitoring is operationalised and how the results and effectiveness of granted aid is assessed.

Against this background, this policy brief examines how monitoring of granted state aid is organised and implemented across the six Western Balkan economies (WB6). The analysis goes beyond formal legal provisions to explore how monitoring functions in practice, including the division of responsibilities between state aid authorities and aid-granting institutions, the indicators and reporting arrangements used, data collection and verification practices, enforcement mechanisms, and the extent to which existing systems move beyond compliance towards monitoring economic and policy outcomes. It also identifies emerging good practices and approaches that could inform further development of state aid monitoring systems across the region.

METHODOLOGY

The analysis covers all six Western Balkan economies – Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia – and applies a common comparative framework to examine how monitoring of granted state aid is organized and implemented. The research used a mixed-methods approach, combining a desk review of state aid legislation, secondary legislation, relevant programme frameworks and monitoring procedures; institutional mapping of state aid control authorities, grantors and other relevant actors; and semi-structured interviews with state aid authorities and aid-granting institutions to validate the legal analysis and assess actual monitoring practices. Evidence was systematically assessed across seven dimensions: monitoring requirements, indicators, reporting timelines, institutional responsibilities, data collection, enforcement mechanisms and transparency, with particular attention to differences between formal provisions and practice, and between compliance-driven, reporting-driven and results-oriented monitoring. For the purposes of this policy brief, four distinct functions need to be differentiated:

- **Control of state aid** assesses whether public support complies with the applicable state aid rules and conditions.
- **Monitoring the legalit of implementation** verifies whether an approved measure is implemented in accordance with the relevant legal requirements, procedures and approved conditions.
- **Performance monitoring and evaluation** assesses whether the intervention is implemented as planned and achieves its intended outputs and outcomes.
- **Impact evaluation** assesse the causal effects of the intervention by determining the extent to which observed changes can be attributed to the intervention itself.

The analysis also includes a dedicated case study of the Directorate for Technological Industrial Development Zones (TIDZ) in North Macedonia, examining its performance indicators, reporting arrangements, monitoring timelines, institutional responsibilities and enforcement mechanisms as a potential source of good practices relevant to other WB6 economies.

MONITORING REQUIREMENTS

Across the Western Balkans, post-award monitoring of state aid has a legal basis, but the scope and operational meaning of this requirement differ across economies. State aid laws generally establish some form of supervision after aid has been granted, including control over the use of aid, annual reporting, record-keeping and registers, ex-post controls or powers to investigate compliance. In some cases, these statutory requirements are supplemented by secondary legislation, programme rules and contracts with beneficiaries. However, the existence of a legal monitoring requirement does not necessarily imply a comprehensive system for following aid throughout its implementation or assessing whether it has achieved its intended economic or policy objectives in a way that goes beyond basic record keeping and can be considered performance monitoring or impact evaluation. The reviewed frameworks predominantly establish requirements related to compliance and implementation, while explicit requirements to monitor economic results are less common. Programme- and contract-level arrangements can extend these obligations, particularly for investment support, by linking aid to specific commitments that beneficiaries must fulfil over time.

In Albania, monitoring is explicitly required by the state aid legislation and implementing regulation. The mandate is relatively broad: the State Aid Commission is required not only to supervise the use of state aid but also the economic result obtained from its granting, while the State Aid Directorate collects and processes monitoring information and aid grantors are subject to

annual reporting requirements. Programme-level contracts may introduce additional obligations for beneficiaries. This provides a formal basis for monitoring that extends beyond legal compliance to economic results, although the latter is not yet supported by a fully developed ex-post evaluation methodology.

In Bosnia and Herzegovina, the Law on the State Aid System (Official Gazette of Bosnia and Herzegovina, 10/12 and 39/20) requires implementing institutions to monitor granted aid, including through ex-post controls where appropriate, and to report their findings to the State Aid Council. In practice, this requirement is interpreted primarily as verification that aid has been granted and used in accordance with state aid rules and as collection of information required for annual reporting. It does not establish continuous monitoring of beneficiaries or systematic assessment of whether individual aid measures achieve their policy objectives. Some grantors operate additional monitoring under sectoral legislation or programme contracts, but these arrangements remain outside the state aid control framework.

In Kosovo, monitoring is formally embedded in the legal framework. The State Aid Commission is assigned responsibility for controlling and supervising state aid, alongside legal requirements concerning the state aid registry and annual reporting. However, there is a significant gap between the formal requirement and its implementation: based on the interview findings, the State Aid Commission has not been functional since 2022 and no other institution has taken over its monitoring role. Consequently, the legal monitoring requirement is currently not implemented through a systematic institutional mechanism, with only occasional ad hoc follow-up undertaken on individual staff initiative.

In Montenegro, the new Law on State Aid Control (Official Gazette of Montenegro, Nos. 89/25 and 70/26) establishes a comprehensive formal basis for post-award monitoring. It combines continuous recording of granted state aid, statutory annual reporting by grantors, explicit ex-post control over the allocation and use of aid, and direct inspection powers. These requirements are further operationalised through secondary legislation prescribing standardised reporting and record-keeping and requiring granted aid to be entered into national databases within 30 days. The resulting framework is strongly oriented towards monitoring compliance with approved conditions and the use of funds, while broader monitoring of economic outcomes remains less systematically developed.

In North Macedonia, post-award monitoring is based on two complementary statutory mechanisms: mandatory annual reporting by aid grantors and the Commission for Protection of Competition's authority to conduct ex officio controls of already-approved aid. These legal requirements can be reinforced through investment contracts, which may establish measurable beneficiary obligations, including employment targets, investment completion deadlines and requirements to maintain investments after completion. A notable recent development is the adoption of a formal ex-post monitoring methodology in December 2025, introducing structured company selection, risk profiling and scoring. As this mechanism has only recently been introduced and ex officio controls are being undertaken for the first time in the context of Reform Agenda obligations, it represents an emerging rather than yet fully established practice.

In Serbia, the legal framework establishes post-award requirements for central compliance control, record-keeping, reporting and triggered ex-post control. The Commission for State Aid Control has authority to control whether aid is used for its intended purpose and, where legal conditions are met, initiate ex-post proceedings, request information and conduct on-site inspections. Direct programme monitoring is defined separately by grantors through scheme rules, calls, contracts and internal procedures. The reviewed direct-investment scheme

illustrates how these programme-level requirements can complement the general state aid framework: beneficiaries are subject to contractual reporting, independent audit, controls by the Ministry of Economy and post-completion checks related to investment and employment commitments.

The findings suggest particular value in combining a clear statutory monitoring mandate with more specific obligations at programme or contractual level. North Macedonia's newly introduced risk-based ex-post methodology provides an example of an attempt to translate a general legal mandate into a structured monitoring procedure, while programme-level arrangements identified in Albania and Serbia demonstrate how beneficiary contracts can make monitoring requirements more concrete by linking support to verifiable commitments over the implementation and post-completion period.

MONITORING INDICATORS

Across the Western Balkans, monitoring indicators remain predominantly oriented towards verifying compliance with the conditions under which state aid was granted, while systematic use of indicators capturing wider economic outcomes is still limited. At the level of central state aid control systems, the information monitored typically concerns the characteristics and implementation of aid rather than its effects on beneficiaries or the wider economy. Where outcome-oriented indicators are used, they are more commonly found within individual programmes or contractual arrangements and can include employment, realised investment, eligible costs and other programme-specific commitments. Indicators such as productivity, exports, innovation, competitiveness or regional development are generally not systematically incorporated into central monitoring frameworks. The available evidence therefore points to a distinction between the information required for state aid compliance and reporting purposes and more detailed performance indicators collected by individual grantors. Albania and specific investment-support arrangements in North Macedonia and Serbia provide examples of monitoring that incorporates a broader set of measurable beneficiary or project-level results, but this is more accurately characterized as performance monitoring or performance evaluation rather than impact evaluation. While such monitoring may show, for example, an increase in employment among beneficiaries, it does not establish that the programme caused this increase, as the observed outcome may also have been influenced by other factors.

In Albania, the monitoring framework combines administrative compliance information with some indicators of economic results. Compliance monitoring focuses on whether aid was authorised, remained within approved ceilings and was used for eligible costs. Outcome-related information includes jobs created or maintained, investment supported and the number of beneficiaries, while programme-level monitoring by AIDA also uses indicators related to digitalisation and technology use, job creation, environmental impact, measurable project results and female entrepreneurship. Nevertheless, these indicators are not yet embedded in a fully developed ex-post evaluation methodology or integrated performance database.

In Bosnia and Herzegovina, no standardised outcome indicators are used within the state aid control system. Monitoring information primarily captures the administrative and legal characteristics of aid, including the provider, legal basis, beneficiary, amount, category and instrument. Employment, investment, exports, productivity and regional development are not systematically collected as monitoring indicators by the State Aid Council or implementing institutions. Individual aid programmes may collect such indicators under sector-specific arrangements, but these remain outside the central state aid monitoring framework and are generally not requested or used by state aid control institutions.

In Kosovo, no structured framework of monitoring indicators was identified. There is limited evidence of systematic collection or reporting by aid providers of indicators such as employment creation, investment, productivity or innovation. Consequently, the available information does not currently provide a systematic basis for assessing the broader economic outcomes of granted aid. Where economic effects such as investment, employment or competitiveness have been considered, this has occurred through occasional ad hoc checks rather than through an established indicator framework.

In Montenegro, the State Aid Control Agency maintains two electronic databases- the Register of Granted State Aid and the Register of Granted De Minimis Aid - modelled on the European Commission registers. These registers primarily capture administrative, financial and legal information, including the grantor, beneficiary, aid instrument, sector, legal basis and amount granted. They are not designed to capture standardised outcome or impact indicators, as state aid measures differ in their objectives, expected effects and relevant assessment periods. Monitoring and reporting of the results and effects of individual measures therefore remain the responsibility of the respective grantors, which assess them separately in accordance with their own procedures and applicable EU methodologies.

In North Macedonia, monitoring focuses on eligible investment costs, employment targets where these form part of contractual conditions, and compliance with the conditions contained in state aid decisions. Investment contracts can establish minimum and maximum employment targets and obligations concerning completion and maintenance of investment, and employment data are reported where employment constitutes a condition for granting aid. Broader performance outcomes, however, including productivity improvements, export growth and R&D, are not systematically collected.

In Serbia, no standard set of Commission-level indicators for wider economic outcomes was identified. The reviewed direct-investment scheme nevertheless demonstrates more detailed programme-level monitoring: it tracks the value and structure of investment, new and total employment, wages, taxes and contributions, as well as obligations to maintain investment and employment over the prescribed period. These indicators are supported by independent auditor verification and administrative employment records. The evidence does not establish a corresponding scheme-level effectiveness evaluation cycle or whether monitoring findings are systematically used to redesign support measures.

The presented findings show that more informative monitoring is possible where programme objectives are translated into measurable contractual indicators. Albania's AIDA programmes incorporate several project- and outcome-oriented indicators, while investment support arrangements in North Macedonia and Serbia link aid to measurable investment and employment commitments. These practices provide concrete examples of moving beyond purely administrative information, even though the evidence does not indicate that they yet constitute comprehensive systems for evaluating the primary economic effects of state aid.



REPORTING TIMELINE

Across the Western Balkans, reporting on granted state aid is most commonly organised around an annual reporting cycle, while systematic multi-year monitoring of beneficiaries is less consistently embedded in central state aid systems. Annual reporting obligations generally require aid grantors to submit information on aid awarded during the preceding year to the competent state aid authority or intermediary institutions. In some economies, these annual obligations are complemented by more frequent reporting, continuous register updates or programme-specific reporting tied to implementation milestones. Where longer-term monitoring exists, it is more often established through individual programme rules or beneficiary contracts than through the general state aid reporting framework. Investment-support schemes in Albania, North Macedonia and Serbia illustrate how reporting can extend beyond annual administrative reporting to project completion and post-completion periods.

In Albania, aid grantors are required to submit annual reports on state aid schemes and individual aid by 31 March of the following year, while the State Aid Commission submits the national annual report to the Council of Ministers by 30 June. The State Aid Directorate may also request quarterly information on the use of aid. At programme level, AIDA applies a more continuous reporting cycle: beneficiaries typically report twice a year, submit a final report within 20 days of project completion and may remain subject to post-project monitoring for up to five years.

In Bosnia and Herzegovina, monitoring is organised primarily through an annual reporting cycle. Aid grantors provide annual information to the competent implementing institutions, which verify, classify and consolidate the data before submitting them to the State Aid Council for preparation of the national report. The central state aid system does not provide evidence of continuous beneficiary reporting or systematic multi-year follow-up after aid has been granted, although individual grantors may apply separate programme-specific arrangements.

In Kosovo, annual reporting is formally required under the state aid legislation. However, because the State Aid Commission has been non-functional since 2022 and no institution has assumed its reporting function based on the interview findings, no regular reporting cycle is currently implemented in practice. The available evidence therefore does not identify an operational annual, multi-year or project-lifecycle reporting system for granted state aid.

In Montenegro, grantors are required to submit comprehensive data on state aid granted during the preceding calendar year to the Agency for Protection of Competition by 15 March. The framework also introduces a more continuous administrative reporting element: granted aid must be entered into the relevant national databases within 30 days of the award, alongside continuous tracking through electronic registers. The annual data submitted by grantors subsequently form the basis of the consolidated national state aid report.

In North Macedonia, state aid grantors report annually to the Commission for Protection of Competition by 1 March, covering aid granted during the previous year. Alongside this annual cycle, reporting for investment support follows the timelines defined in investment contracts and is linked to beneficiary tranches and contractual commitments. These arrangements can extend over several years: investment completion is typically required within three years, while beneficiaries may be required to maintain the investment for a further five years after completion. The reporting framework therefore combines central annual reporting with project-specific monitoring over the implementation and sustainability period.

In Serbia, grantors submit central data for the preceding year by 15 June. The reviewed direct-investment scheme establishes additional project-level reporting linked to implementation and post-completion obligations. Beneficiaries report within 60 days after submitting a complete request for payment of the final instalment, or within 60 days after project completion, and again within 60 days following the end of the guaranteed investment and employment period. Projects generally run for up to three years, while investment and employment commitments must be maintained for three years for SMEs and five years for large enterprises.

The findings indicate that reporting becomes more useful for monitoring implementation where the reporting cycle follows the lifecycle of the supported intervention, rather than relying exclusively on annual administrative submissions. AIDA programmes in Albania and the reviewed investment-support arrangements in North Macedonia and Serbia provide examples of reporting linked to implementation milestones, project completion and continued fulfilment of beneficiary commitments after completion. These arrangements create the possibility of following whether agreed investment and employment obligations are sustained over time but this is more in the form of performance evaluation than impact evaluation, while the central systems themselves remain largely organised around annual reporting.

RESPONSIBLE INSTITUTION

Across the Western Balkans, responsibility for monitoring granted state aid is generally shared between central state aid control authorities and the institutions that grant or implement aid. Central authorities typically retain responsibility for legal compliance, supervision, annual reporting, registers and ex-post intervention, while aid grantors are more directly involved in collecting beneficiary information, verifying programme conditions and following implementation. This creates a multi-level institutional structure in which central authorities oversee the state aid system, but operational monitoring frequently takes place closer to individual programmes. The extent to which these two levels are connected varies, and programme-level information is not always systematically incorporated into the central state aid monitoring framework. In several systems, this institutional division also means that monitoring of wider economic results, where it exists, remains primarily with grantors rather than the state aid authority.

In Albania, monitoring responsibilities are explicitly shared between the State Aid Commission, the State Aid Directorate and aid-granting institutions. The Commission exercises central regulatory authority and is responsible for monitoring both the use of state aid and its economic results. The Directorate performs the technical monitoring function, including collection and processing of information, maintenance of records and preparation of reports. Aid grantors collect beneficiary-level information and verify programme implementation, while AIDA conducts direct monitoring and checks for the schemes it manages.

In Bosnia and Herzegovina, monitoring responsibilities are highly decentralised. Implementing institutions form the operational level of the system: they communicate with aid grantors, review and verify information, undertake ex-post controls where appropriate and prepare reports before transmitting information to the State Aid Council. The Council performs an oversight role through review of reports, requests for additional information and investigations where unlawful aid is suspected, but does not routinely monitor individual beneficiaries directly. Programme-level monitoring may additionally be conducted by individual grantors, although such arrangements are generally not integrated into the institutional state aid control system.

In Kosovo, the legal framework assigns the central supervisory role to the State Aid Commission, while the State Aid Office has responsibilities related to receiving, analysing and monitoring notifications and other information concerning aid schemes and individual measures. However, the State Aid Commission has been non-functional since 2022 according to interview findings, creating an institutional gap in ex-post supervision. According to the country findings, no other institution has formally taken over the Commission's monitoring function, meaning that there is currently no systematic institutional monitoring of granted state aid.

In Montenegro, the Agency for Protection of Competition (APC) is the central independent authority responsible for state aid control, including ex-post monitoring and recovery of unlawful or incompatible aid. Its Department for Immediate Control verifies compliance after aid has been granted. At the same time, line ministries, public agencies and local authorities retain operational responsibility for project implementation, disbursement and primary supervision, meaning that grantor-level monitoring operates alongside the APC's central regulatory role. The legal framework therefore combines centralised regulatory oversight with operational monitoring by grantors.

In North Macedonia, the Commission for Protection of Competition (CPC) is the primary state aid monitoring authority and is responsible for receiving annual reports and conducting ex officio controls of granted aid. Grantors, including ministries and the TIDZ authorities, also monitor fulfilment of programme and contractual obligations and issue payment orders based on compliance with agreed tranches. The Ministry of Finance becomes involved at the enforcement stage by executing the collection of recovered aid. This institutional arrangement therefore combines central state aid supervision with operational monitoring by the institutions implementing individual support measures.

In Serbia, responsibilities are similarly divided between the Commission for State Aid Control and aid-granting institutions. The Commission centralises compatibility control, triggered ex-post proceedings, the state aid register, annual reporting and possible sectoral analysis, while grantors are responsible for direct programme-level monitoring. In the reviewed direct-investment scheme, the Ministry of Economy controls contractual performance and may conduct inspections, while the Development Agency of Serbia performs analytical, administrative and implementation-support functions. The available evidence therefore indicates that routine monitoring of programme conditions remains primarily a grantor responsibility, with the Commission intervening within its statutory state aid control mandate.

The findings suggest that a potentially useful institutional model is one in which roles are clearly separated but connected: the state aid authority retains responsibility for legal oversight and system-level monitoring, while grantors collect and verify detailed beneficiary and programme information. Albania provides a clear example of such shared responsibilities between the Commission, Directorate and grantors, while North Macedonia similarly combines CPC oversight with grantor monitoring of contractual commitments. The effectiveness of this type of model depends on whether programme-level information can be systematically transmitted to and used by the central state aid authority, rather than remaining within separate institutional systems.

DATA COLLECTION

Across the Western Balkans, beneficiary and award data are generally collected, but the maturity, integration and practical use of these data differ considerably across economies. The comparative evidence points to an important distinction between the existence of administrative records and the existence of a data system capable of supporting systematic

post-award monitoring. In most economies, basic information on beneficiaries and aid awards is available through annual reports, notification files, registers or grantor databases. However, these systems are often fragmented, only partly digitalised, or primarily designed for administrative reporting and legal compliance rather than continuous performance evaluation of beneficiaries and analysis of results. More detailed programme-level data may be collected by grantors, but these are not always integrated with central state aid databases.

In Albania, beneficiary information is systematically collected through several channels, including annual reports, notification files, internal databases and reporting systems maintained by individual grantors. AIDA additionally retains beneficiary documentation and project-level information for the schemes it administers. However, the national state aid register is not yet fully automated or interoperable with other relevant administrative sources, including tax, treasury and business registers. The system therefore provides an established basis for data collection, but fragmentation and limited interoperability constrain the possibility of combining administrative and programme-level information for more advanced monitoring.

In Bosnia and Herzegovina, information is systematically collected through standardised annual reporting forms submitted by aid grantors. The information primarily serves compliance, classification and quantification purposes and includes the granting authority, legal basis, aid amount, aid instrument and aid category. Implementing institutions manually verify and consolidate these data and store them in internal databases used for annual reporting. Additional programme-level information may be collected by individual grantors, but it is not systematically integrated into the state aid reporting system. This creates a clear distinction between relatively systematic collection of basic administrative data and the absence of an integrated beneficiary-level monitoring database containing broader implementation and performance information.

In Kosovo, beneficiary information is collected and stored in a centralised Excel-based State Aid Registry maintained by the State Aid Department. The existence of this register means that basic beneficiary data are available despite the wider institutional constraints affecting monitoring. However, the register has not been developed into a digitalised, searchable public platform, and the available evidence provides only limited indication that the information contained in it is systematically used for monitoring or compliance purposes. The data infrastructure therefore exists at a basic administrative level, but its analytical and monitoring functions remain limited. In Montenegro, the framework is more strongly oriented towards centralised electronic data collection. Beneficiary data are systematically collected and are legally required to be stored in central electronic databases maintained by the Agency for Protection of Competition. The legal framework additionally requires continuous tracking and entry of granted state aid into electronic registers and establishes standardised reporting and record-keeping requirements, including a 30-day post-grant deadline for entry into national databases. The country assessment nevertheless identifies data harmonisation between decentralised grantors and the central APC register as an area for further improvement.

In North Macedonia, data collection is systematic where information relates directly to contractual conditions attached to state aid. This includes information necessary to verify eligible investment costs, employment commitments and other conditions contained in resolutions and investment contracts. However, the collection of broader performance information is considerably less developed: indicators such as productivity, exports and R&D are not systematically collected. Data collection therefore remains closely connected to verification of compliance with the conditions under which aid was granted rather than pro-

viding a comprehensive dataset for monitoring wider economic outcomes.

In Serbia, administrative and award information is collected and the population of the state aid register is reported. More detailed data are also collected within individual schemes. In the direct-investment scheme examined in the country assessment, monitoring draws on independent auditor reports and official employment records, including quarterly employment data. However, the assessment could not verify the links between these programme-level data and the register established under the Law on State Aid Control (Official Gazette of the Republic of Serbia No. 73/2019), nor the actual completeness of the central dataset. The Serbian case therefore illustrates the broader regional pattern in which relatively detailed information may exist at programme level without sufficient evidence that all such information is consolidated into a comprehensive central monitoring database.

The comparative findings suggest that the strongest data-collection arrangements combine three elements: systematic beneficiary-level records, centralised electronic storage and links between central state aid data and information collected by individual grantors. Montenegro stands out in terms of the formal establishment of central electronic registers and legally prescribed post-award data entry, while Albania demonstrates comparatively broad collection of information across central and grantor-level systems. At the same time, both cases highlight the next step in system development : interoperability and harmonisation between state aid registers, grantor databases and other administrative sources.

ENFORCMENT MECHANISM

Enforcement mechanisms represent one of the dimensions in which differences among Western Balkan economies are particularly pronounced. Most systems formally provide some possibility to suspend or recover unlawful, incompatible or misused state aid, but the strength of the mechanisms and evidence of their practical application vary substantially. A further distinction emerges between enforcement of legal and contractual compliance and enforcement linked to programme performance or economic outcomes. Across the economies examined, enforcement is overwhelmingly concentrated on the former: recovery and sanctions are generally triggered by illegality, misuse of funds or failure to comply with contractual conditions rather than by failure to achieve economic results.

In Albania, the legal framework provides the State Aid Commission with powers to suspend unlawful aid and order its recovery with interest. Enforcement also operates at programme level. In schemes administered by AIDA, the grantor may withhold payments, terminate contracts or recover funds when beneficiaries fail to comply with their obligations. This creates a two-level enforcement structure in which central state aid powers are complemented by contractual remedies available to individual grantors.

In Bosnia and Herzegovina, the Law on the State Aid System (Official Gazette of Bosnia and Herzegovina, 10/12 and 39/20) provides for suspension of unlawful aid, recovery of incompatible aid with interest, investigations and legally binding decisions of the State Aid Council. However, these mechanisms are linked primarily to breaches of state aid rules, unlawful or misused aid and other forms of legal non-compliance. Neither the legal framework nor the interviews identified enforcement mechanisms specifically triggered by programme underperformance or failure to achieve intended economic or policy outcomes. Enforcement is therefore principally compliance-oriented rather than results-oriented.

The situation is considerably weaker in Kosovo. Although the legal framework establishes monitoring and supervisory responsibilities, the assessment found no clear or systematic enforcement or recovery mechanism operating in practice.

Fieldwork evidence, including cases where implementation delays and limited on-site investment were observed well after an award, indicates weak institutional follow-up where compliance concerns arise. This weakness is closely connected to the broader institutional gap created by the State Aid Commission having been non-functional since 2022 according to interview findings, with no other institution having assumed its monitoring role.

Montenegro displays the most extensive and formally structured enforcement framework among the economies examined. The Agency for Protection of Competition can temporarily suspend state aid disbursements while an investigation is underway. Where aid is found to be unnotified, incompatible or misused, the APC can issue binding decisions requiring recovery from beneficiaries, including compound recovery interest, with recovery to be initiated within a maximum period of four months. Recovery obligations continue through legal reorganisations, mergers, asset transfers and bankruptcy, while non-cooperation may result in administrative daily fines of up to 5% of turnover as well as misdemeanour penalties. A notable feature is the institutional link between APC recovery decisions and enforcement through the Misdemeanour Court, identified in the country assessment as a good practice.

In North Macedonia, a defined recovery mechanism exists and there is evidence that it has been applied in practice. When a beneficiary fails to comply with conditions contained in a state aid resolution, the Commission for Protection of Competition can order recovery. Non-compliance can be identified through annual reporting or ex officio control, after which the CPC issues a recovery resolution and calculates the amount using a reference interest rate from the National Bank; collection is then executed by the Ministry of Finance. Recovery decisions have been issued in practice, including in a case involving double subsidisation detected in 2019. The CPC can also issue conditional resolutions in higher-risk cases, allowing recovery of aid already received if specified conditions are subsequently breached. The country assessment therefore characterises the recovery mechanism as operational, while still identifying administrative capacity as an important constraint on the broader monitoring system.

In Serbia, the central legal framework gives the Commission statutory powers to impose behavioural measures, suspend aid and order recovery with interest, as well as periodic penalties in circumstances defined by the legislation. At programme level, the direct-investment scheme examined in the assessment contains an additional set of contractual remedies, including requirements for corrective action, contract termination, activation of bank guarantees and repayment with interest. However, the available evidence does not establish how frequently these enforcement mechanisms are actually applied or how consistently recovery decisions are executed. The direct-investment framework nevertheless illustrates a relatively strong link between monitoring and enforcement: the Ministry may inspect beneficiaries during and after implementation, require deficiencies to be corrected within 30 days and escalate to termination, guarantees and recovery where obligations are not fulfilled.

The comparative evidence suggests that effective enforcement depends not simply on the existence of recovery provisions, but on a clear chain connecting monitoring → detection of non-compliance → corrective action → suspension or recovery → execution of the decision. Montenegro provides the strongest example of an integrated statutory enforcement chain, including suspension, binding recovery decisions, interest, strict recovery deadlines and penalties for non-cooperation. North Macedonia provides useful evidence that recovery mechanisms are not merely formal but have been applied in verified cases, while Albania and Serbia demonstrate the value of complementing central state aid enforcement powers with programme-level contractual remedies. At the same time, enforcement throughout

the region remains predominantly compliance-driven: there is little evidence that failure to achieve intended employment, investment, productivity or other economic outcomes independently triggers sanctions unless those outcomes have been incorporated into binding contractual obligations.

TRANSPERENCY

Transparency is generally one of the weaker dimensions of post-award state aid monitoring across the Western Balkans, with an important distinction between the publication of basic state aid information and the publication of actual monitoring results. Most economies make at least some information publicly available through annual reports, decisions, inventories or other official documents. However, these sources predominantly disclose administrative and financial information, such as aid amounts, legal bases, beneficiaries or categories of aid, rather than findings on whether beneficiaries complied with conditions or whether aid achieved its intended economic results. Publicly accessible, beneficiary-level and searchable systems remain uncommon, while systematic publication of monitoring and outcome information is particularly limited.

In Albania, transparency is assessed as partial. State Aid Commission decisions and annual state aid reports are published through official channels, and annual reports provide aggregate information on state aid. However, Albania does not yet have a publicly searchable transparency portal providing comprehensive information on individual awards, beneficiaries, aid amounts and implementation results. Thus, while the reporting framework creates a basic level of public accountability, the information available to external users does not provide a comprehensive beneficiary-level view of how individual aid measures are implemented and monitored.

In Bosnia and Herzegovina, the State Aid Council publishes annual reports on granted aid, reports on its activities and adopted decisions. These provide public information on the amount, classification and legal status of state aid and on the functioning of the state aid control framework. However, they do not constitute monitoring reports assessing the implementation or outcomes of individual aid measures. There is no systematic public reporting of compliance monitoring, ex post controls or programme implementation beyond information contained in annual state aid reports. Moreover, monitoring that individual grantors may undertake under sector-specific arrangements is generally neither consolidated nor published through the national state aid control system.

Transparency is particularly limited in Kosovo. Although the legislation requires both a comprehensive state aid registry and annual reporting, there is no evidence that monitoring results are currently made publicly available. This reflects the wider institutional problem created by the State Aid Commission being non-functional since 2022 according to interview findings and no other institution assuming its monitoring responsibilities. Beneficiary data continue to be maintained in a centralised Excel-based State Aid Registry, but this registry has not been digitalised into a searchable public platform and there is limited evidence that the information is systematically used for monitoring purposes. Kosovo therefore illustrates a significant gap between formal transparency requirements and their practical implementation.



Montenegro stands out as the strongest transparency model among the economies examined. The legal framework explicitly requires both the central electronic State Aid Register and the De Minimis Register to be public and accessible through the Agency for Protection of Competition's website. The registers contain beneficiary-level information, including individual beneficiaries, award dates, grantors and allocated amounts. The APC is additionally required to publish its formal decisions and annual reports. This combination of public registers, individual award information, decisions and annual reporting provides a considerably more developed transparency infrastructure than is evident elsewhere in the region. Nevertheless, the country assessment also indicates that broader outcome evaluation remains comparatively underdeveloped, meaning that strong transparency of awards and regulatory decisions does not necessarily translate into equally comprehensive publication of the economic results of aid.

In North Macedonia, the transparency of post-award monitoring is limited despite recent progress in developing the monitoring framework itself. Annual reports submitted by grantors to the Commission for Protection of Competition are internal documents, and monitoring results are not publicly reported. The new ex-post monitoring methodology introduced in December 2025 has also not yet been tested as a mechanism for public reporting. This creates an important contrast within the North Macedonian system: the introduction of risk-based selection and scoring represents progress in the internal monitoring architecture, but this has not yet been accompanied by greater external visibility of monitoring findings.

In Serbia, transparency is also partial. A public archive of Commission decisions and aggregate reports exists, but the assessment could not verify its completeness. At the evidence cut-off, no public interface for the electronic state aid register was available, despite the register having been technically developed and reportedly being populated internally. Furthermore, the reviewed direct-investment regulation does not contain an operative provision requiring public disclosure of scheme-level monitoring results, and no regular publication of outcome-monitoring findings was identified. Other sources, including annual de minimis files, reports, Commission decisions and the State Aid Inventory, provide partial disclosure, but public search functions, downloadable register data and the timing of full public access remained unresolved.

The comparative evidence suggests that transparency should be understood as more than publication of an annual state aid report. A stronger model combines public beneficiary-level registers, searchable and regularly updated award data, publication of regulatory and enforcement decisions, and disclosure of monitoring and implementation results. Montenegro currently provides the clearest regional example of the first three elements through its legally mandated public State Aid and De Minimis registers and publication of APC decisions and reports. However, across all six economies, a common gap remains in the final element: public reporting on what happens after aid is granted. The available evidence provides little indication of systematic publication of beneficiary compliance, realised investment and employment commitments, findings from ex post controls, recovery implementation, or broader economic outcomes. Moving from transparency about how much aid was granted and to whom toward transparency about whether the aid was implemented as intended and what it achieved therefore represents a key area for further development across the region.



CASE STUDY

Directorate for Technological Industrial Development Zones in North Macedonia: Monthly Indicator Monitoring Beyond the Statutory Minimum

Beyond its statutory reporting obligations, the Directorate for Technological Industrial Development Zones (TIDZ) in North Macedonia has developed an internal monitoring practice built around monthly tracking of company-level economic indicators. Under the Law on Control of State Aid, TIDZ grantors are formally required to report to the Commission for Protection of Competition (CPC) only the amount of aid granted to each beneficiary and the intensity of aid used relative to the approved ceiling; there is no legal obligation to report on employment, export or other performance outcomes. According to Directorate officials interviewed for this analysis, however, monitoring in practice goes considerably beyond this minimum, reflecting an internally developed practice rather than a formal statutory or programme requirement.

Each beneficiary company reports on a standard set of indicators every month, submitted through a shared Excel template rather than a dedicated IT system. The Directorate collects data on the following indicators: exports, imports, the number of employees, and average gross and net wages paid. This monthly cycle allows the Directorate to follow short-term changes in company performance well ahead of the annual reporting deadline to the CPC, and independently of whether a given indicator happens to form part of a beneficiary's individual investment contract.

On an annual basis, the Directorate compiles a cumulative profile for each beneficiary company, combining monitoring data with information drawn from companies' financial statements. Each profile records cumulative investment realised to date, annual revenue and expenses, year-end employment, and total state aid received, alongside the company's total payments into the state budget (taxes and other contributions). The Directorate uses these data for internal purposes only.

Monitoring against measurable obligations is organised at the level of the individual investment contract rather than through a uniform, sector-wide indicator set. As set out in the Directorate's 2021 Instruction on Eligible Investment Costs, contracts can establish company-specific employment targets, investment completion deadlines and an obligation to maintain the investment, and the jobs it created, for five years after project completion (three years for small and medium enterprises). Beneficiaries submit a report on realised investment costs by 20 February each year, with a final report due within 30 working days of project completion, and are separately required to notify the Directorate of projected investment and employment figures for the following year by 31 October. Because obligations are set contract by contract, Directorate officials describe compliance as assessed company by company rather than against a common, unified benchmark.

Non-compliance identified through this monitoring feeds into a defined recovery mechanism. Where annual reporting or an ex officio review by the CPC establishes that a beneficiary has not met the conditions attached to its aid, the CPC issues a recovery resolution, calculating the amount due using the National Bank's reference interest rate, with collection executed by the Ministry of Finance. Directorate officials confirmed that recovery has been applied repeatedly in practice, describing an established caseload of recovered amounts alongside cases still pending collection.

The TIDZ practice illustrates a monitoring system that is more operationally developed than its formal legal requirements would suggest, but whose most informative elements remain internal rather than externally visible. Monthly indicator tracking, annual company profiles and an indicative aggregate return-on-aid measure go beyond what is required for CPC reporting or, in many cases, what is set out in investment contracts themselves. At the same time, none of this analysis is currently published or systematically shared with the CPC beyond the minimum required for annual reporting, meaning that the additional insight it generates does not yet feed into the wider state aid control system or into public accountability. For other WB6 economies, the TIDZ case suggests that a relatively simple, grantor-level practice, combining a shared reporting template, monthly indicator collection and periodic aggregation into company profiles, can generate meaningful monitoring information at comparatively low administrative cost, even in the absence of a dedicated results-monitoring mandate.

COMPARATIVE OVERVIEW OF THE MONITORING PRACTICES IN THE WB6

Dimension	Albania	Bosnia & Herzegovina	Kosovo	Montenegro	North Macedonia	Serbia
Montoring requirements	**Yes – implemented.** Legal monitoring by the Commission, Directorate and grantors; additional programme-level monitoring.	**Yes – compliance-focused.** Implementing institutions monitor and report, but no continuous or outcome-oriented monitoring.	**Yes formally, but not implemented.** Commission non-functional since 2022; no institution has taken over.	**Yes – comprehensive.** Continuous monitoring, ex-post controls and inspections are legally required.	**Yes – mainly compliance-focused.** Annual reporting and ex-officio controls; investment contracts include performance conditions.	**Yes – mainly scheme-specific.** Central compliance monitoring and triggered ex-post controls; additional contractual monitoring.
Monitoing indicators	**Relatively broad.** Aid amount, beneficiaries, investment, jobs, aid intensity and programme outcomes (e.g. digitalisation, environment, female entrepreneurship).	**Administrative only.** No standard outcome indicators; employment, investment, productivity etc. are generally not tracked centrally.	**Very limited.** No structured framework or systematic outcome indicators.	**Mainly administrative.** Registers capture aid, beneficiaries and legal/financial information; impact indicators remain programme-specific.	**Limited**. Investment and employment conditions tracked, but little broader performance data.	**Scheme-specific.** Investment, employment, wages and taxes tracked in the reviewed scheme; no standard Commission-level outcome indicators.

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Reporting timeline	**Annual + programme-specific.** Grantors report annually; AIDA beneficiaries report during and after projects.	**Annual**. Reporting is centred on the annual state aid report; no systematic multi-year follow-up.	**None in practice.** Annual reporting is legally required but currently not undertaken.	**Annual + continuous registration.** Grantors report annually; data are cross-checked with electronic registers.	**Annual + programme-specific..** Grantors report annually; beneficiaries report according to investment contracts.	**Annual + scheme-specific**. Grantors report centrally; beneficiaries report during and after project implementation.
Responsible institution	**Shared.** Commission, Directorate and grantors; AIDA monitors its own schemes.	**Decentralized.** Implementing institutions conduct monitoring; State Aid Council provides oversight.	**State Aid Commision formally**; no active institution in practice.	**Agency for Protection of Competition.** Central authority for ex-ante control and ex-post monitoring	**Commission for Protection of Competition + grantors**. Ministries/ TIDZ monitor implementation; Ministry of Finance handles recovery.	**Commission for State Aid Control + grantors.** Commission handles central control; ministries/other bodies monitor scheme implementation.
Data collection	**Yes, but fragmented.** Annual reports, notifications and internal databases; limited interoperability.	**Yes – administrative data.** Standardized annual forms; manually verified and consolidated.	**Yes, but weakly used.** Central Excel registry; limited digitalisation and monitoring use.	**Yes – centralized and electronic.** Beneficiary data systematically stored in APC registers.	**Yes for contractual conditions; limited for outcomes.**	**Yes.** Administrative and award data collected; broader data completeness/ use remains uncertain.
Enforcement mechanism	**Strong.** Suspension, recovery and payment/contract sanctions.	**Yes – compliance-based.** Suspension and recovery for unlawful/ incompatible aid, but not for poor outcomes.	**Weak/not functioning in practice.** Limited evidence of systematic enforcement.	**Strong.** Suspension, recovery, penalties and interest are provided by law	**Yes.** Recovery mechanisms exist and have been applied.	**Yes.** Suspension, recovery and penalties are available; actual frequency of enforcement is unclear.
Transparency	**Partial.** Annual reports and decisions published, but no searchable award-level portal.	**Partial.** Annual reports and decisions published; limited information on monitoring and outcomes.	**Very limited.** No effective public monitoring information.	**Strongest.** Public electronic registers provide award-level information.	**Limited.** Monitoring results are not publicly reported.	**Partial.** Decisions and aggregate reports are public, but no operational public e-register was identified.

CONCLUSIONS AND RECOMMENDATIONS

The analysis shows that the Western Balkan economies have established the **basic legal and institutional foundations for post-award monitoring of state aid**, but these systems remain predominantly oriented towards verifying legal and administrative compliance rather than assessing whether public support achieves its intended economic and policy results. Across the region, legislation generally provides for supervision, reporting, registers, ex-post controls and recovery of unlawful or incompatible aid, while programme and contractual arrangements sometimes introduce more detailed beneficiary obligations. However, the existence of these formal requirements does not yet amount to a comprehensive monitoring and evaluation system.

A common feature across the seven dimensions examined is the **gap between administrative monitoring and results-oriented monitoring or performance evaluation.** Indicators collected at central level are primarily designed to classify aid and verify compliance, while employment, realised investment, productivity, exports, innovation or other economic outcomes are either not systematically collected or remain confined to individual programmes. Reporting is similarly dominated by annual administrative cycles, whereas monitoring throughout the project lifecycle and after completion is more often found in specific investment schemes than in central state aid systems. Responsibility is generally shared between state aid authorities and grantors, but programme-level information is not always systematically transmitted to or used by central authorities, limiting the possibility of building a complete picture of implementation and results.

The same fragmentation is evident in data systems. Basic beneficiary and award information is commonly collected, yet databases are frequently designed primarily for reporting and compliance, remain only partially digitalised or are insufficiently connected with grantor-level monitoring and other administrative sources. Enforcement frameworks provide important safeguards through suspension, recovery, interest, contractual remedies and, in some systems, penalties, but they are mainly activated by illegality, misuse of funds or breaches of contractual obligations rather than by poor economic performance. Finally, transparency generally concerns **what aid was granted**, rather than **what happened after it was granted**. Annual reports, decisions and inventories are available to varying degrees, but systematic publication of monitoring findings, fulfilment of beneficiary commitments and economic results remains limited.

Against this background, strengthening state aid monitoring across the Western Balkans should focus on building a more **proportionate, integrated and results-oriented system**, rather than creating entirely new institutional structures. Region-wide priorities include:

- **Clarify and operationalise monitoring requirements.** General statutory obligations should be translated into practical monitoring procedures that clearly distinguish between compliance monitoring, implementation monitoring and assessment of results. Programme rules and beneficiary contracts should specify measurable obligations from the outset, creating a direct link between the objectives of an aid measure and what will subsequently be monitored.

- **Introduce a core set of outcome indicators while preserving programme-specific flexibility**. In addition to administrative information on amounts, beneficiaries and aid instruments, monitoring frameworks should incorporate a limited set of measurable results, such as realised investment, jobs created and maintained and other indicators directly linked to the objectives of the measure. More specialised indicators, including productivity, innovation, exports or environmental re-

sults, should be defined where relevant to the specific intervention. Existing programme-level practices demonstrate that measurable commitments can already be incorporated into aid arrangements.

• **Move from annual reporting towards lifecycle-based monitoring.** Annual reporting should remain an important system-level requirement, but should be complemented, particularly for larger or higher-risk measures, by reporting at key implementation milestones, project completion and an appropriate post-completion period. This would allow authorities to assess not only whether aid was awarded correctly, but whether agreed commitments were actually delivered and maintained over time.

• **Strengthen the link between central state aid authorities and grantors.** Responsibilities should remain clearly differentiated: grantors are best placed to collect and verify detailed programme and beneficiary information, while central authorities should provide common standards, oversight and system-level analysis. Regular mechanisms for exchanging and consolidating programme-level monitoring information are therefore essential.

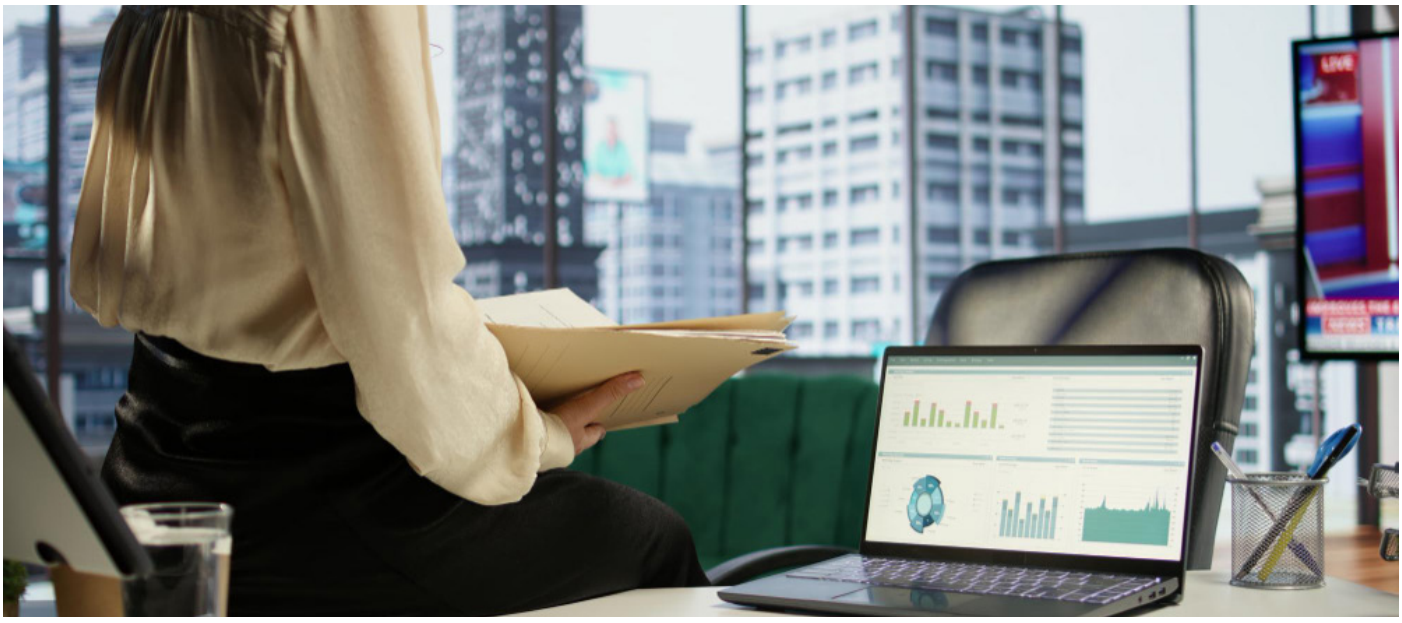
• **Develop interoperable monitoring data systems.** Central state aid registers should progressively evolve from administrative repositories into tools that can support monitoring and analysis. This requires standardised beneficiary identifiers, consistent data formats, regular updating and, where legally and technically feasible, interoperability with grantor databases and relevant administrative sources such as tax, employment, treasury or business registers.



• **Create a clear monitoring-to-enforcement and policy-response chain.** Procedures should distinguish between non-compliance with legal or contractual conditions and evidence of weak scheme performance. Where monitoring identifies non-compliance, procedures should define a predictable sequence of verification, corrective action, suspension or withholding of further payments, recovery where required, and confirmation that recovery has been executed. Where beneficiaries have complied with their obligations but performance monitoring or evaluation indicates that a scheme is ineffective or produces insufficient results, the appropriate response should instead be the redesign, discontinuation or reallocation of future support. Investment, employment or other performance commitments should trigger enforcement against beneficiaries only where they form an explicit condition for receiving aid.

• **Expand transparency from aid awards to aid implementation and results.** Public transparency frameworks should gradually combine searchable beneficiary-level award information with publication of monitoring activities, implementation status, significant findings from ex-post controls, recovery decisions and, where appropriate, aggregate outcome indicators. This would shift transparency from showing only who received public support and how much towards demonstrating whether public resources were used as intended and what they achieved.

Taken together, these reforms would allow Western Balkan economies to build on their existing state aid control structures rather than replace them. The central policy shift is from treating monitoring mainly as an extension of reporting and compliance control towards using it as a tool for accountability, evidence-based assessment and policy learning. A proportionate approach, combining common regional principles with more intensive monitoring of larger, higher-risk or strategically important aid measures, would also help ensure that stronger monitoring requirements remain feasible within existing institutional capacities.



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