**INTERNATIONAL AGREEMENT**

**between the European Union, of the one part, and the Republic of Serbia, of the other part, on the participation of the Republic of Serbia in the Union Programme Digital Europe (2021-2027)**

The European Commission (hereinafter referred to as ‘the Commission’), on behalf of the European Union,

of the one part,

and

the Republic of Serbia (hereinafter referred to as ‘Serbia’),

of the other part,

hereinafter referred to as ‘the Parties’

WHEREAS the Framework Agreement between the European Community and Serbia on the General Principles for the participation of Serbia in Community Programmes (hereinafter the Framework Agreement”)[[1]](#footnote-1), stipulates that the specific terms and conditions regarding the participation of Serbia in each programme, in particular the financial contribution payable, will be determined by agreement, in the form of a Memorandum of Understanding[[2]](#footnote-2), between the Commission, acting on behalf of the Union, and Serbia. WHEREAS the European Union Programme Digital Europe was established by Regulation (EU) 2021/694 of the European Parliament and of the Council[[3]](#footnote-3) (hereinafter referred to as ‘Regulation (EU) 2021/694’);

WHEREAS the specific terms and conditions of the association should be determined by an international agreement between the European Union and the associated country;

RECOGNISING the general principles as set out in Regulation (EU) 2021/694;

CONSIDERING the European Union’s efforts to lead the response by joining forces with its international partners to address global challenges in line with the plan of action for people, planet and prosperity in the United Nations Agenda ‘Transforming our World: the 2030 Agenda for Sustainable Development’, and

EMPHASISING that the digital transformation of our economy and society offers immense opportunities for growth and jobs, can contribute to the green transition and our global competitiveness, and can enhance creative and cultural diversity;

EMPHASISING the need for a fair and human-centred digital transition regarding the deployment of new digital technologies in the economy and society, seeking to strengthen its public support.

RECOGNISING the essential enabling role, for the twin transitions and Union’s digital leadership, of digital infrastructures in the areas of High Performance Computing; Artificial Intelligence, Cloud-Edge computing and Data spaces; and Cybersecurity;

RECOGNISING the need to develop advanced digital skills to operate and optimally use the future digital capacities, as well as to lead the digital transformation of businesses and public services in all sectors of the economy;

EMPHASISING the central role in the implementation of the Digital Europe Programme attributed to the network of European Digital Innovation Hubs, that will act as facilitators to bring together industries, businesses and public administrations which are in need of new technological solutions, with businesses, in particular start-ups and SMEs, that have market-ready digital solutions in Member States and participating partner countries;

ACKNOWLEDGING that such transformative developments require working with the Union’s international partners in utmost transparency based on common goals and values while protecting Union’s security interests;

SEEKING to establish mutually advantageous cooperation in order to strengthen and support the deployment of trustworthy and secure digital capacities in the Union in High Performance Computing; Artificial Intelligence, Cloud-Edge computing and Data Spaces; Cybersecurity; Advanced Digital Skills; and Deployment and Best Use of Digital Capacities and Interoperability, and facilitating the uptake as well as deployment and accessibility of digital solutions with the Parties;

RECOGNISING that reciprocal participation in each other's programmes for digital deployments should provide mutual benefits to the Parties while ensuring a high level of protection of fundamental rights (including data protection and digital rights), as well as ethical standards and while acknowledging that the Parties reserve their right to limit or condition participation in certain actions on the basis of duly justified security reasons;

RECOGNISING the importance of securing increased resilience of digital supply chains and delivering global solutions for the Parties;

CONSIDERING the common goals, values and strong links of the Parties in the field of digital technologies, and recognising the common desire of the Parties to further develop, strengthen, stimulate and extend their relations and cooperation therein;

HAVE AGREED AS FOLLOWS:

***Article 1***

**Scope of the association**

1. Serbia shall participate as an associated country in and contribute to Specific Objectives (SO) 1 (High Performance Computing (HPC)), 2 (Artificial Intelligence), 4 (Advanced Digital Skills) and 5 (Deployment and Best Use of Digital Capacities and Interoperability) of the Digital Europe Programme referred to in Article 3 of Regulation (EU) 2021/694, in its most up to date version.

***Article 2***

**Terms and conditions of participation in the Digital Europe Programme**

1. Serbia shall participate in the Digital Europe Programme in accordance with the conditions laid down in the Framework Agreement and under the terms and conditions set forth in this Agreement, in the legal act referred to in Article 1 of this Agreement, as well as in any other rules pertaining to the implementation of the Digital Europe Programme, in their most up to date versions.
2. Unless otherwise provided for in the terms and conditions referred to in paragraph 1 of this Article, including in implementation of Article 12(6) of Regulation (EU) 2021/694, legal entities established in Serbia may participate in actions of the Digital Europe Programme under conditions equivalent to those applicable to legal entities established in the European Union, including respect for the European Union restrictive measures[[4]](#footnote-4).
3. Before deciding on whether legal entities established in Serbia are eligible to participate in an action related to European Union’s security under Article 12(6) of Regulation (EU) 2021/694, the Commission may request specific information or assurances, such as:
4. information whether reciprocal access has been or will be granted to legal entities established in the European Union to existing and planned programmes, projects, actions or activities of Serbia equivalent to the Digital Europe action concerned,
5. information whether Serbia has in place a national investment screening mechanism. And assurances that authorities of Serbia will report on and consult the Commission on any possible cases where, in application of such a mechanism, they have become aware of planned foreign investment/takeover by an entity established or controlled from outside Serbia of a Serbian legal entity, which has received Digital Europe funding in actions

related to European Union’s security provided that the Commission supplies Serbia with the list of the relevant legal entities established in Serbia following the signature of grant agreements with these entities, and

1. assurances that none of the results, technologies, services, and products developed under the concerned actions by entities established in Serbia shall be subject to restrictions on their export to EU Member States during the action and for four years after the end of the action. Serbia will share an up-to-date list of subjects of national export restrictions on annual basis, during the action and for four years after the end of the action.
2. Where the call conditions restricts participation in an action due to considerations related to Union’s security under Article 12(6) of Regulation (EU) 2021/694, the Commission may request specific information or assurance to Serbia in order to assess the adequacy of the guarantees provided by the relevant entities that their participation to the action would not negatively impact the Union’s security.
3. Where the European Union implements the Digital Europe Programme through the application of Articles 185 and 187 of the Treaty on the Functioning of the European Union, Serbia and Serbian legal entities may participate in the legal structures created under those provisions, in conformity with the European Union legal acts that have been or will be adopted for the establishment of those legal structures.
4. Serbia shall take all necessary measures, as appropriate, to ensure that goods and services, purchased in Serbia or imported into Serbia, which are partially or entirely financed pursuant to the grant agreements and/or contracts concluded for the realisation of the activities in accordance with this Agreement, are exempted from customs duties, import duties and other fiscal charges, including the VAT, that are applicable in Serbia.
5. Representatives of Serbia shall have the right to participate as observers in the committee referred to in Article 31 of Regulation (EU) 2021/694, without voting rights and for points which concern Serbia. They will not have the right to participate in activities under Specific Objectives (SO) they are not associated to.
6. Travel costs and subsistence expenses incurred by representatives and experts of ***Serbia*** for the purposes of taking part as observers in the work of the committee referred to in Article 31 of Regulation 2021/694, or in other meetings related to the implementation of the Digital Europe Programme, shall be reimbursed by the European Union on the same basis as and in accordance with the procedures in force for representatives of the Member States of the European Union.

***Article 3***

**Financial contribution**

1. Participation of Serbia or Serbian legal entities in the Digital Europe Programme shall be subject to Serbia contributing financially to the Programme and the related management, execution and operation costs under the general budget of the European Union (hereinafter referred to as the ‘Union budget’).
2. The financial contribution shall take the form of the sum of:
3. an operational contribution; and
4. a participation fee.
5. The financial contribution shall take the form of an annual payment made in one instalment and shall be due at the latest in July.
6. The operational contribution shall cover operational and support expenditure of the Programme and be additional both in commitment and payment appropriations to the amounts entered in the Union budget definitively adopted for the Digital Europe Programme.
7. The initial operational contribution shall be based on a contribution key defined as the ratio of the Gross Domestic Product (GDP) of Serbiaat market prices to the GDP of the European Union at market prices. The GDPs at market prices to be applied shall be determined by the dedicated Commission services based on the most recent statistical data available for budget calculations in the year prior to the year in which the annual payment is due.

Adjustments to this contribution key are laid down in Annex I.

1. The initial operational contribution shall be calculated applying the contribution key, as adjusted, to the commitment appropriations entered in the Union budget definitively adopted for the applicable year for financing the Digital Europe Programme,
2. The participation fee shall be 4% of the annual initial operational contribution as calculated in accordance with paragraph 5 and 6 of this Article and shall be phased in as set out in Annex I. The participation fee shall not be subject to retrospective adjustments or corrections.
3. The European Union shall provide Serbia with information in relation to its financial participation as included in the budgetary, accounting, performance and evaluation related information provided to the European Union budgetary and discharge authorities concerning the Digital Europe Programme. That information shall be provided having due regard to the European Union’s and Serbia’s confidentiality and data protection rules and shall be without prejudice to the information which Serbia is entitled to receive under Annex III.
4. All contributions of Serbiaor payments from the European Union, and the calculation of amounts due or to be received shall be made in euro.

***Article 4***

**Reciprocity**

1. Legal entities established in the European Union may participate in programmes, projects, and activities of Serbia equivalent to the Digital Europe Programme, in accordance with Serbian legislation.
2. The non-exhaustive list of the equivalent programmes, projects and activities of Serbiais provided in Annex II.
3. Funding of legal entities established in the European Union by Serbia shall be subject to Serbia’s legislation governing the operation of deployment programmes, projects and activities. Where funding is not provided, legal entities established in the European Union may participate with their own means.

***Article 5***

**Monitoring, Evaluation and Reporting**

1. Without prejudice to the responsibilities of the Commission, the European Anti-Fraud Office (OLAF) and the Court of Auditors of the European Union in relation to monitoring and evaluation of the Digital Europe Programme, the participation of Serbia in that Programme shall be continuously monitored on a partnership basis involving the Commission and Serbia.
2. The rules concerning sound financial management, including the financial control, recovery and other antifraud measures in relation to European Union funding under this Agreement are laid down in Annex III.

***Article 6***

**Final provisions**

1. This Agreement shall enter into force on the date on which the Parties have notified each other of the completion of their internal procedures necessary for that purpose.
2. This Agreement shall apply from 1 January 2023. It shall remain in force for as long as is necessary for all the projects, actions and activities financed from the Digital Europe Programme, all the actions necessary to protect the financial interests of the European Union and all the financial obligations stemming from the implementation of this Agreement between the Parties to be completed.
3. The European Union and Serbia may apply this Agreement provisionally in accordance with their respective internal procedures and legislation. The provisional application shall begin on the date on which the Parties have notified each other of the completion of their internal procedures necessary for that purpose.
4. Should Serbia notify the Commission acting on behalf of the European Union that it will not

complete its internal procedures necessary for the entry into force of this Agreement, this Agreement shall cease to apply provisionally on the date of receipt of this notification by the Commission, which shall constitute the cessation date for the purposes of this Agreement.

1. The application of this Agreement may be suspended by the European Union in case of non-payment of the financial or operational contribution due by Serbia in accordance with paragraph 3 of point II of Annex I.

Suspension of the application of this Agreement shall be notified by the European Commission to Serbia by a formal letter of notification which shall take effect 15 days following the receipt of this notification by Serbia.

In case the application of this Agreement is suspended, legal entities established in Serbia shall not be eligible to participate in award procedures not yet completed when the suspension takes effect. An award procedure shall be considered completed when legal commitments have been entered into as a result of that procedure.

The suspension does not affect the legal commitments entered into with the legal entities established in Serbia before the suspension took effect. This Agreement shall continue to apply to such legal commitments.

The European Union shall immediately notify Serbia once the entire amount of the financial contribution due has been received by the European Union. The suspension shall be lifted with an immediate effect upon this notification.

As of the date when the suspension is lifted, legal entities of Serbia shall be again eligible in award procedures launched after this date and in award procedures launched before this date, for which the deadlines for submission of applications has not expired.

1. Either Party may terminate this Agreement at any time by a written notification informing of the intent to terminate it. The termination shall take effect three calendar months after the date on which the written notification reaches its addressee. The date on which the termination takes effect shall constitute the termination date for the purposes of this Agreement.
2. Where this Agreement ceases to apply provisionally in accordance with paragraph 4 of this Article or is terminated in accordance with paragraph 6 of this Article, the Parties agree that:

(a) projects, actions and in respect of which legal commitments have been entered into during the provisional application and/or after the entry into force of this Agreement, and before this Agreement ceases to apply or is terminated shall continue until their completions under the conditions laid down in this Agreement;

(b) the annual financial contribution of the year N during which this Agreement ceases to apply provisionally or is terminated shall be paid entirely in accordance with Article 3.

The Parties shall settle by common consent any other consequences of termination or cessation

of provisional application of this Agreement.

1. This Agreement may only be amended in writing by common consent of the Parties. The entry into force of the amendments will follow the same procedure as that applicable for the entry into force of this Agreement.
2. The Annexes to this Agreement shall form an integral part of this Agreement.

This Agreement shall be drawn up in duplicate in English and Serbian. In case of divergence of interpretation, the English text shall prevail.

Done at Brussels on 12 July 2023.

|  |  |  |
| --- | --- | --- |
| **For THE REPUBLIC OF SERBIA** |  | **FOR THE EUROPEAN UNION** |
| **MIHAILO JovanoviĆ**  Minister of Information and Telecommunications |  | **Thierry BRETON**  Commissioner for Internal Market |

*ANNEX I: Rules governing the financial contribution of Serbia to the Digital Europe Programme (2021-2027)*

*ANNEX II: Non-exhaustive list of the equivalent programmes, projects and actions of Serbia*

*ANNEX III: Sound Financial Management*

**ANNEX I**

**Rules governing the financial contribution of Serbia to the Digital Europe Programme (2021-2027)**

1. **Calculation of Serbia’s financial contribution**
2. The financial contribution of Serbia to the Digital Europe Programme shall be established on a yearly basis in proportion to, and in addition to, the amount available each year in the Union budget for commitment appropriations needed for the management, execution and operation of the Digital Europe Programme.
3. The participation fee referred to in Article 3(7) of this Agreement shall be phased in as follows:

* 2023: 1,5%;
* 2024: 2%;
* 2025: 2,5%;
* 2026: 3%;
* 2027: 4%.

1. In accordance with Article 3(5) of this Agreement, the initial operational contribution to be paid by Serbia for its participation in the Digital Europe Programme will be calculated for the respective financial years by applying an adjustment to the contribution key.

The adjustment to the contribution key shall be:

The coefficient used for the above calculation to adjust the contribution key shall be 0.5.

1. **Payment of Serbia’s financial contribution**
2. The Commission shall communicate to Serbia, as soon as possible and at the latest when issuing the first call for funds of the financial year, the following information:
   1. the amounts in commitment appropriations in the Union budget definitively adopted for the year in question for the budget lines covering participation of Serbia, in Digital Europe Programme;
   2. the amount of the participation fee referred to in Article 3(7) of this Agreement;

On the basis of its Draft Budget, the Commission shall provide an estimate of information for the following year under points (a) and (b) as soon as possible, and, at the latest, by 1 September of the financial year.

1. The Commission shall issue, at the latest in May of each financial year, a call for funds to Serbiacorresponding to its contribution under this Agreement.

The call for funds shall provide for the payment of Serbia’s contribution not later than 60 days after the call for funds is issued.

1. Serbiashall pay its financial contribution under this Agreement in accordance with point (II) of this Annex. In the absence of payment by Serbia by the due date, the Commission shall send a formal letter of reminder.

Any delay in the payment of the financial contribution shall give rise to the payment of default interest by Serbiaon the outstanding amount from the due date.

The interest rate for amounts receivable not paid on the due date shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union, in force on the first calendar day of the month in which the due date falls, increased by three and a half percentage points.

In case the delay in the payment of the contribution is such that it may significantly jeopardise the implementation and management of the Digital Europe Programme, participation of Serbia in the Digital Europe Programme will be suspended by the Commission following the absence of payment 20 working days after a formal letter of reminder, without prejudice to the Union's obligations according to grant agreements and/or contracts already concluded pertaining to the implementation of the indirect actions for which Serbia was selected.

**ANNEX II**

**List of the equivalent programmes, projects, actions and activities  
of Serbia**

The following non-exhaustive list shall be regarded as Serbian programmes, projects, actions and activities equivalent to Digital Europe Programme:

* Public calls for the allocation of funds for programs of public interest in the field of information society (implemented by non-governmental organizations) (Ministry of Information and Telecommunications);
* Program for Development of Projects in the Field of Artificial Intelligence (Science Fund of the Republic of Serbia);
* Program PRISMA (Science Fund of the Republic of Serbia);
* PRE-QUALIFICATIONS FOR IT FOR EMPLOYED AND UNEMPLOYED (Ministry of Labour, Employment, Veterans and Social Affairs and National Employment Service);
* Program Katapult - Acceleration program intended for startups (Republic of Serbia Innovation Fund);
* Technology Transfer Program (TT Program) / (Republic of Serbia Innovation Fund);
* Matching Grants Program for enterprises looking for significant financial resources for the commercialization of research and development. (Republic of Serbia Innovation Fund).

**ANNEX III**

**Sound Financial Management**

Section 1. Protection of financial interests and recovery

***Article 1*Reviews and audits**

1. The European Union shall have the right to conduct, in accordance with the applicable acts of one or more Union institutions or bodies and as provided in relevant agreements and/or contracts, technical, scientific, financial, or other types of reviews and audits on the premises of any natural person residing in or any legal entity established in Serbia and receiving European Union funding, as well as any third party involved in the implementation of Union funds residing or established in Serbia. Such review and audits may be carried out by the agents of the institutions and bodies of the European Union, in particular of the European Commission and the European Court of Auditors, or by other persons mandated by the European Commission.

2. The agents of the institutions and bodies of the European Union, in particular of the European Commission and the European Court of Auditors, and the other persons mandated by the European Commission, shall have appropriate access to sites, works and documents (both in electronic and paper versions) and to all the information required in order to carry out such audits, including the right of obtaining a physical/electronic copy of, and extracts from, any document or the contents of any data medium held by the audited natural or legal person , or by the audited third party.

3. Serbia shall not prevent or raise any particular obstacle to the right of entrance in Serbia and to the access to the premises of the agents and other persons referred to in paragraph 2 on the grounds of the exercise of their duties referred to in this Article.

4. The reviews and audits may be carried out, also after the suspension of application of this Agreement pursuant to its Article 6(5), the cessation of provisional application or its termination, on the terms laid down in the applicable acts of one or more European Union institutions or bodies and as provided in relevant agreements and/or contracts in relation to any legal commitment implementing the European Union budget entered into by the European Union before the date on which the suspension of application of this Agreement pursuant to its Article 6(5), the cessation of provisional application or termination of this Agreement takes effect.

***Article 2*  
Fight against irregularities, fraud and other criminal offences  
affecting the financial interests of the Union**

1. The European Commission and the European Anti-Fraud Office (OLAF) shall be authorised to carry out administrative investigations, including on-the-spot checks and inspections, on the territory of Serbia. These investigations shall be carried out in accordance with the terms and conditions established by applicable acts of one or more Union institutions.

2. The competent Serbian authorities shall inform the European Commission or OLAF within reasonable time of any fact or suspicion which has come to their notice relating to an irregularity, fraud or other illegal activity affecting the financial interests of the Union.

3. On-the-spot checks and inspections may be carried out on the premises of any natural person residing in or legal entity established in Serbia and receiving Union funds, as well as of any third party involved in the implementation of Union funds residing or established in Serbia.

4. On-the-spot checks and inspections shall be prepared and conducted by the European Commission or OLAF in close collaboration with the competent Serbian authority designated by the Serbian government. The designated authority shall be notified a reasonable time in advance of the object, purpose and legal basis of the checks and inspections, so that it can provide assistance. To that end, the officials of the competent Serbian authorities may participate in the on-the-spot checks and inspections.

5. Upon request by Serbian authorities, the on-the-spot checks and inspections may be carried out jointly with the European Commission or OLAF.

6. Commission agents and OLAF staff shall have access to all the information and documentation, including computer data, on the operations concerned, which are required for the proper conduct of the on-the-spot checks and inspections. They may, in particular, copy relevant documents.

7. Where the person, entity or another third party resists an on-the-spot check or inspection, Serbian authorities, acting in accordance with national rules and regulations, shall assist the European Commission or OLAF, to allow them to fulfil their duty in carrying out an on-the-spot check or inspection. This assistance shall include taking the appropriate precautionary measures under national law, in particular in order to safeguard evidence.

8. The European Commission or OLAF shall inform Serbian authorities of the result of such checks and inspections. In particular, the European Commission or OLAF shall report as soon as possible to the competent Serbian authority any fact or suspicion relating to an irregularity which has come to their notice in the course of the on-the-spot check or inspection.

9. Without prejudice to application of Serbian criminal law, the European Commission may impose administrative measures and penalties on legal or natural persons of Serbia participating in the implementation of a programme or activity in accordance with European Union legislation.

10. For the purposes of proper implementation of this Article, the European Commission or OLAF and Serbian competent authorities shall regularly exchange information and, at the request of one of the parties to this Agreement, consult each other.

11. In order to facilitate effective cooperation and exchange of information with OLAF, Serbia shall designate a contact point.

12. Information exchanged between the European Commission or OLAF and Serbian competent authorities shall take place having due regard to the confidentiality requirements. Personal data included in the exchange of information shall be protected in accordance with applicable rules.

13. Serbian authorities shall cooperate with the European Public Prosecutor’s Office to allow it to fulfil its duty to investigate, prosecute and bring to judgment the perpetrators of, and accomplices to, criminal offences affecting the financial interests of the European Union in accordance with the applicable legislation.

***Article 3*  
Recovery and enforcement**

1. Decisions adopted by the European Commission imposing a pecuniary obligation on legal or natural persons other than States in relation to any claims stemming from the Digital Europe Programme shall be enforceable in Serbia. The order for enforcement shall be appended to the decision, without any other formality than a verification of the authenticity of the decision by the national authority designated for this purpose by the government of Serbia. The government of Serbia shall make known its designated national authority to the Commission and the Court of Justice of the European Union. In accordance with Article 4 of this Annex, the European Commission shall be entitled to notify such enforceable decisions directly to persons residing and legal entities established in Serbia. Enforcement shall take place in accordance with Serbian law and rules of procedure.

2. Judgments and orders of the Court of Justice of the European Union delivered in application of an arbitration clause contained in a contract or agreement in relation to Union programmes, activities, actions or projects shall be enforceable in Serbia in the same manner as European Commission decisions referred to in paragraph 1.

3. The Court of Justice of the European Union shall have jurisdiction to review the legality of the decision of the Commission referred to in paragraph 1 and to suspend its enforcement. However, the Courts of Serbia shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.

***Article 4***

**Communication and exchange of information**

The European Union institutions and bodies involved in the implementation of Digital Europe Programme, or in controls over that programme, shall be entitled to communicate directly, including through electronic exchange systems, with any natural person residing in or legal entity established in Serbia and receiving Union funds, as well as any third party involved in the implementation of Union funds residing or established in Serbia. Such persons, entities and parties may submit directly to the European Union institutions and bodies all relevant information and documentation which they are required to submit on the basis of the European Union legislation applicable to the Union programme and of the contracts or agreements concluded to implement that programme.

1. OJ L 192, 22.7.2005, p. 29. [↑](#footnote-ref-1)
2. This International Agreement constitutes and has the same legal effects as a Memorandum of Understanding stated under the Framework Agreement on terms and conditions on participation in Community programmes. [↑](#footnote-ref-2)
3. Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (Text with EEA relevance) (OJ L 166, 11.5.2021, p. 1–34) [↑](#footnote-ref-3)
4. The EU restrictive measures are adopted pursuant to the Treaty on the European Union or the Treaty on the Functioning of the European Union. [↑](#footnote-ref-4)