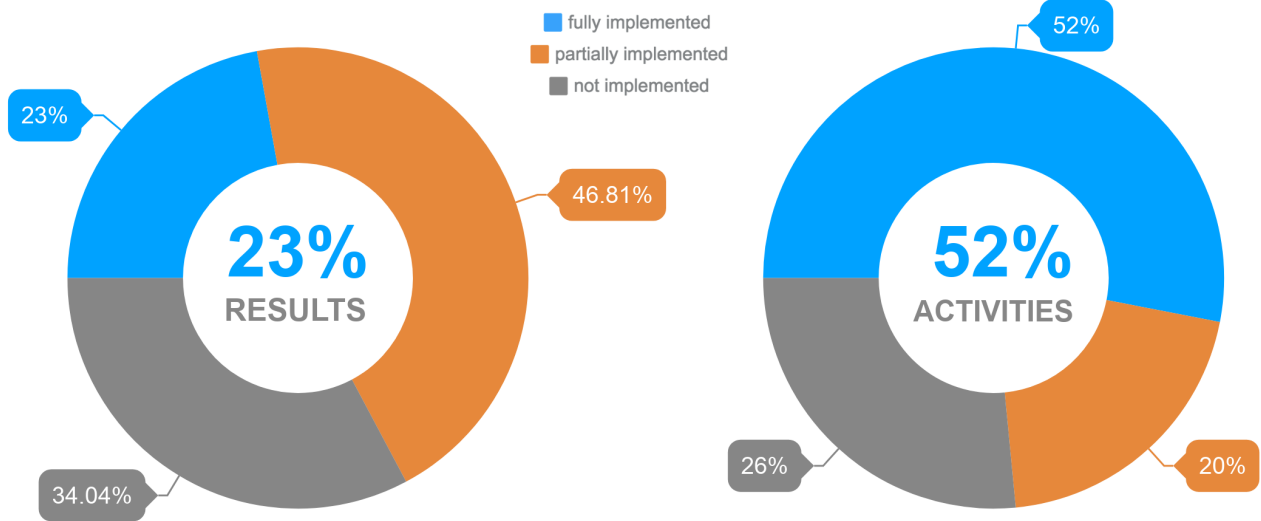
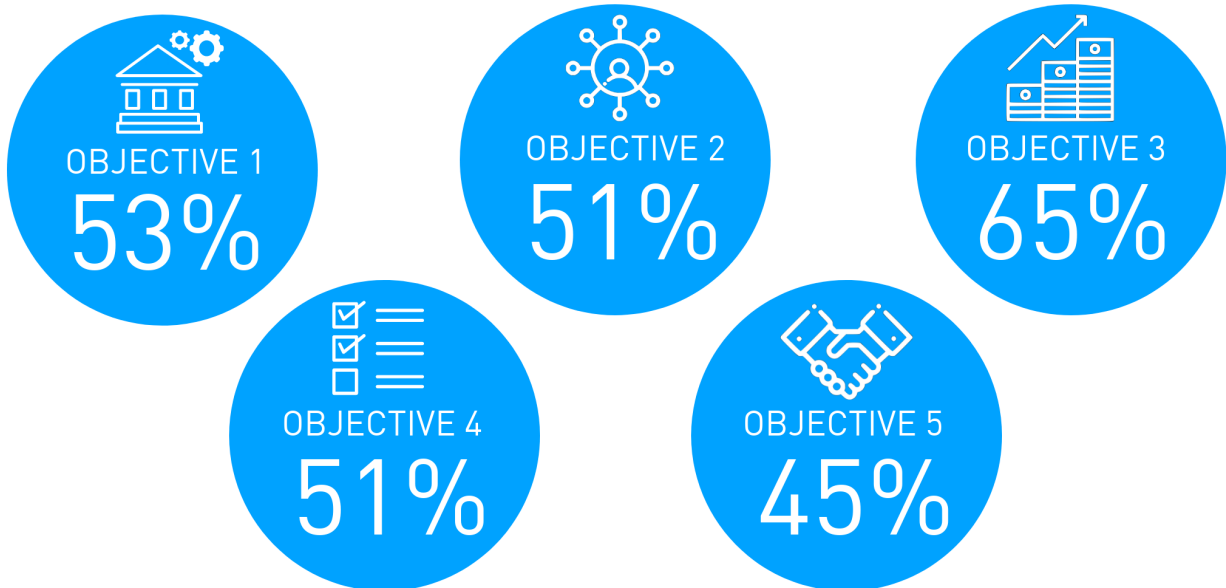


**PUBLIC  
ADMINISTRATION  
REFORM  
2015-2017**

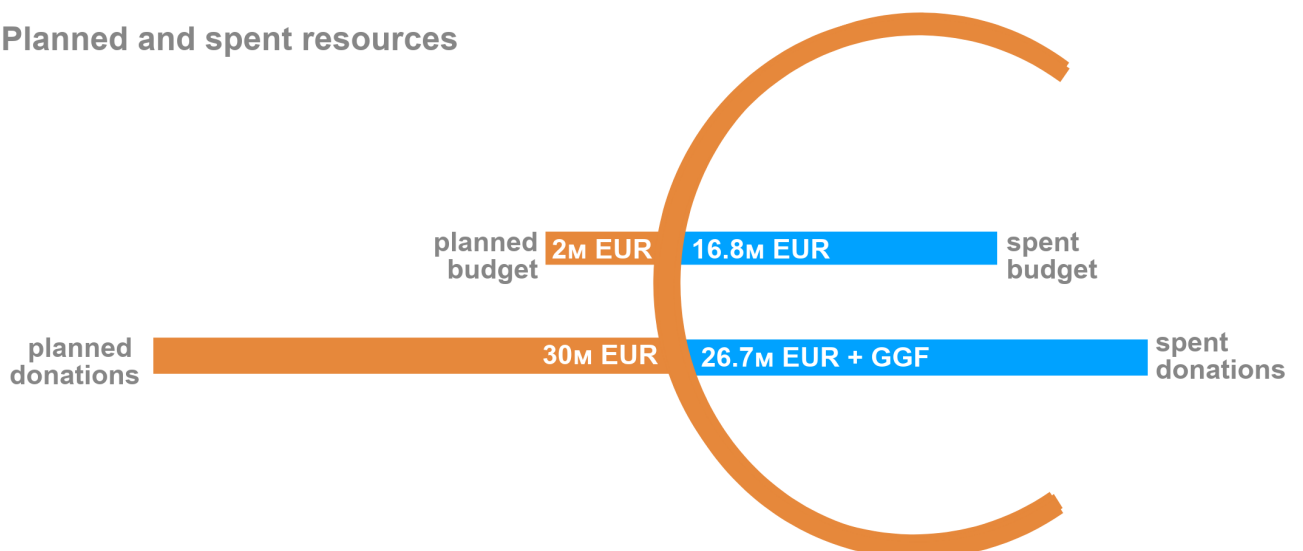




### Implementation of activities according to objectives



### Planned and spent resources





# ACHIEVEMENTS OF PUBLIC ADMINISTRATION REFORM



OBJECTIVE 1

So far, more than  
**90%**  
parents  
chose  
the e-baby  
registration



Open  
Data  
Portal

**PRIORITIES  
2018-2020:**

- Registers and register interoperability
- Managerial accountability

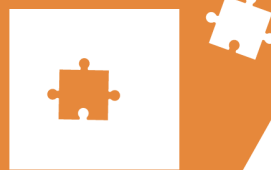


OBJECTIVE 2



Academy for  
public  
administration

Civil servant  
system in  
LSG



**PRIORITIES  
2018-2020:**

- Competencies
- Salary reform

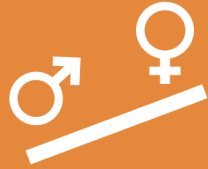


OBJECTIVE 3

At the end of 2017, the  
budget sufficit was  
**33,9  
billion  
RSD**



Gender  
responsive  
budgeting



**PRIORITIES  
2018-2020:**

- Revision of PFM
- Green and e-public procurement



OBJECTIVE 4

Korean-RS  
IT centre



Inspection  
reform

**PRIORITIES  
2018-2020:**

- E inspector
- One stop shop



OBJECTIVE 5



Citizens'  
budget

Whistleblower  
protection



**PRIORITIES  
2018-2020:**

- Amending the laws on independent state bodies
- e Application for Information Booklets

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Appendix for the Annual Report 2015-2017 on the implementation of the Action Plan for implementing the Public Administration Reform Strategy for RS for the period 2015–2017 is available [here](#).

# INTRODUCTION

The recently published **EU-Western Balkans Enlargement Strategy** underlines that “**public administration reform is paramount** to strengthening governance at all levels” emphasizing that “these reforms remain **at the heart of the region's EU path**”. The Republic of Serbia shared the same position on the priority of implementing the public administration reform as a fundamental reform already back in 2014 when the Strategy of Public Administration Reform and the first Action Plan for 2015 - 2017 was adopted.

Today it makes me a great pleasure that the Ministry of Public Administration and Local Self-Government, together with other ministries, institutions and organizations involved in the implementation of mentioned planning documents, and with the active support of the Delegation of the European Union in Serbia and the OECD/ SIGMA, can present a Final Report on the results achieved in the three year period from January 1, 2015 to December 31, 2017.

” *It is important to emphasize that many actions of the 2015-2017 PAR Action Plan had been a **catalyst for change** in many areas of public administration, on **issues that previously had never been addressed, as open data, developing gender responsive budgeting, paperless e-government.*** ”

*I would also like to use this opportunity to sincerely thank all the employees in the public administration, all the institutions within the public administration, as well as all the NGOs, the companies and the citizens, on the joint efforts taken in the past three years in implementing such a demanding structural reform. We had tried to involve all stakeholders in the preparation, implementation and monitoring of the PAR Action Plan in the period from 2015 to 2017: to make NGOs integral part of our co-ordination structures and working groups for preparation and monitoring the reforms, to directly ask the citizens and the companies about their perception and satisfaction with the reforms, so that we can feed their responses into possible reform solutions.*

*Of course, there is still much to do, but I remain confident that the processes started will continue through the full implementation of the new Action Plan for the period 2018-2020, which is currently in the final stage of preparation, and that this will lead Serbian public administration to better compliance with the Principles of Public Administration as expected from the future EU Member States.*



In Belgrade, March 2018

Branko Ružić, Minister for Public Administration and Local Self Government

# AGGREGATE OVERVIEW

„Serbia is moderately prepared in the area of public administration reform. Good progress was achieved with the adoption of the public financial management reform programme, strategies on e-government and on regulatory reform and policy-making, and of new laws on administrative procedures, public salaries and local and provincial civil servants. Serbia needs to implement its reform targets, professionalise and depoliticise the administration and make recruitment and dismissal procedures more transparent, especially for senior management positions.“[1]

The Public Administration Reform Strategy (hereinafter: **PAR Strategy**) was adopted in 2014 and implied a change of focus from the state administration reform to the reform of the broader public administration – the scope has changed **from 28,000 to half a million employees**.

The Action Plan for implementation of the PAR Strategy for the period 2015-2017 (hereinafter: **AP PAR**) was adopted in March 2015 and it attempted to integrate all reforms planned by the Strategy and finalise them in the planned two years. In the course of implementation, priority was assigned to the implementation of certain measures, fiscal consolidation was given great priority, and the implementation of certain measures slowed down due to the announced parliamentary and presidential elections in 2016 and 2017 but, despite challenges, **progress was made in the reform implementation**, with certain delays and rescheduling of deadlines for the next mid-term period.

Looking at the whole implementation period, most outcome-level indicators show stability of the system despite the reduced capacities due to rightsizing, and there are a number of significant improvements compared to 2014, such as the Strength Index for the mid-term budget framework and planning (Objective 3), or the degree to which good governance legal framework is in place and is being implemented (Objective 4) which have increased more than expected. "The last OECD/SIGMA Report for Serbia published in 2017 states: Attention to PAR has increased in Serbia in recent years, with more systematic information available about the situation and greater awareness of PAR. During 2015 and 2016, the coverage of the PAR framework was improved by the adoption of several planning documents, most importantly the Public Financial Management Reform Program (PFMRP) and the Electronic Governance Development Strategy and Action Plan. Serbia now covers the full scope of PAR. This is an improvement and increases the value of the relevant indicator compared to the 2015 Baseline Measurement Report."[2]

Excellent results have been achieved through improved services in selected areas, **e-participation and e-services, the beginning of exchange of official records, inspection services coordination, introduction of programme budgeting, mid-term planning, improved public procurement system, and the fiscal position of Serbia.**

Equally, in the field of coordinating, managing and monitoring the implementation of AP PAR, in recent period a four-level structure has been established: the Council for Public Administration Reform headed by the Prime Minister and ministers in charge, the Collegium of State Secretaries, the Inter-Ministerial Project Group, and the Monitoring Unit within the Ministry of Public Administration and Local Self-Government. In the course of 2015 and 2016 four monitoring reports have been prepared, two semi-annual and two annual.[3]

The reports which have been developed indicate that during the reporting period there are more process-oriented results than end results of the planned reform, which is also linked to how the public administration operates, but also with the changes in the sequence of priorities of the Government. The fiscal consolidation process has become the priority in order to ensure in the future sufficient fiscal room for reforms in different sectors, while the process of optimisation and overall reorganisation of public administration has continued in parallel as much as possible, with the mid-term objective for it to continue during the next planning period. The implementation of a great number of results was planned to unfold in parallel with reducing and rationalising the capacities of the public administration. The lessons learned from the implementation of AP PAR 2015-2017 indicate the need for better prioritisation and clearer linking of available financial resources and the necessary capacity of staff (number, knowledge, skills) in the process of planning the new AP PAR for the period 2018-2020, the implementation of which will be intensified at the end of the third and the beginning of the fourth quarter of 2017.

The new Government headed by the Prime-Minister Ana Brnabić has committed to additional support for further and more focused implementation of public administration reform through the implementation of the Public Finance Management Reform Programme, digitalisation of state administration, electronic services, more efficient and affordable services to citizens, flexible salary system, establishment of the National Public Administration Academy for Professional Training in the public administration...[4]



## Reporting Timeframe

MPALSG sends templates and instructions to contact persons

Contact persons enter data online and submit completed tables and the report to MPALSG

MPALSG finalises and publishes the report

The report is submitted to all coordination levels

Semi-annual report

5 July

20 July

15 August

In accordance with the time schedule of the meetings

Annual report

10 January

1 February

1 March

In accordance with the time schedule of the meetings

[1] European Commission Report for Serbia, 9 November 2016, p. 4, link to page: [http://seio.gov.rs/upload/documents/eu\\_dokumenta/godisnji\\_izvestaji\\_ek\\_o\\_napretku/godisnji\\_izvestaj\\_16\\_eng.pdf](http://seio.gov.rs/upload/documents/eu_dokumenta/godisnji_izvestaji_ek_o_napretku/godisnji_izvestaj_16_eng.pdf)

[2] SIGMA Monitoring Report 2017 Serbia, p. 8-9: <http://www.sigmaxweb.org/publications/Monitoring-Report-2017-Serbia.pdf>.

[3] All reports are available at the following links in the Serbian language, <http://www.mduls.gov.rs/reforma-javne-uprave-sprovođenje-strategije.php> or in English, <http://www.mduls.gov.rs/english/reforma-javne-uprave.php>

[4] Programme of the Government of the RS by candidate for Prime-Minister Ana Brnabić – Presented Programme of Prime-Minister, the National Assembly of the Republic of Serbia, 28 June 2017, pages 17-19, 30-31, 60, 82-87, link to document: [http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspeze---brnabic280617\\_cyr.pdf](http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspeze---brnabic280617_cyr.pdf)





## OBJECTIVE 1

# Improving organisational and functional public administration sub-systems

### RESULTS

14.3%  
fully implemented

Four functional reviews have been conducted (covering 94 institutions of central Government level and the sectors of education, social protection, health, agriculture, environmental protection, public finance).

The public administration has been downsized: 45,131 employees less in the PA ~ savings of 180m EUR

The strategic framework for e-government has been finalised – the Strategy for e-Government Development in the RS 2015-2018 with the accompanying AP for the period 2015-2016.

The key new e-services include:

- e-Baby (registration of new-borns in maternity hospitals)
- Filing of applications for electronic health insurance cards
- e-kinder garden (enrolment of children in pre-school institutions)
- Replacement of old driver's licences with new ones (in card format)



The National Open Data Portal (<https://data.gov.rs/sr/>) includes 48 datasets

E-Government Portal (<https://www.euprava.gov.rs/>) has more than 760.000 registered users

As of December 2017 electronic payments service was initiated (ePayment+), eBanking and payment by payment cards at the Portal.



The Portal offers a total of 653 services published by 141 state administration bodies.

\*\* In other measures (downsizing, decentralisation, policy management), there are more process-oriented results (50% of completed activities compared to the plan), than end results and impacts of planned reform.

### ACTIVITIES

53%  
fully implemented

#### PRIORITIES FOR THE NEXT AP 2018-2020:

- Implementation of the AP for implementation of recommendations from conducted functional reviews;
- Amendments to the Law on state administration and the Decree on internal organisation related to managerial accountability;
- Establishing a central register of citizens and improving existing registers;
- Adopting the package of regulations on the planning system of the RS.
- Establishing the uniform IT system for policy planning and monitoring.



## OBJECTIVE 2

# Establishing a coherent public civil service system which is merit-based and improved human resources management

### RESULTS

30%  
fully implemented

A strategic and normative framework has been established for human resources management in the AP and units of LSG whereby the coverage of the civil service system more than doubled with more than 23,000 civil servants in bodies of state administration and services of the Government to additional 29,000 employees in the AP and units of LSG.

- ✓ Strategy of Professional Training of Employees in Units of LSG and the Law on the National Academy for Public Administration
- ✓ Law on Employees in the AP and Units of LSG with six bylaws whereby for the first time there would be a comprehensive regulation in place for labour relations in the AP and units of LSG.



The umbrella Law on Salaries of Public Sector Employees has been adopted, along with the Law on salaries in AP and LGS, as well as the Catalogue of posts in public services and other public sector organisations representing 70% of the total number of posts in the public administration, which should serve as the basis for further assessment of posts in the public sector in order to determine their inter-relations.

### ACTIVITIES

51%  
fully implemented

#### PRIORITIES FOR THE NEXT AP 2018-2020:

- Introducing competencies into employment and selection, assessment and advancement in state administration bodies;
- Establishing spatial and other technical capacities for the performance of the National Academy for public administration;
- Adoption of:
  - The Law on Changes and Amendments to the Law on Employees in AP and Units of LSG and the law regulating salaries and other remunerations for employees in AP and Units of LSG;
  - Other laws which regulate the equal status, salaries and other forms of remuneration in agencies and other bodies and organisations formed by RS,
- Continuing the work on the Catalogue of posts in public services.



## OBJECTIVE 3 Improvement of public finances and procurement management

### RESULTS

The fiscal position of the RS has improved. The total general government deficit – 1.3% GDP. Public debt – reducing trend: 62.6% GDP in 2017.

The Public Financial Management Programme 2016-2020 and the Strategy of Public Internal Financial Control Development in RS 2017-2020 have been adopted.

**Negotiating Chapter 32 – Financial Control** has been opened.

Mid-term planning has been improved by the adoption of:

- ✓ Economic Reform Programme (ERP),
- ✓ Fiscal Strategy for the current year with projections for two years,
- ✓ Programme budget with projections for the next two years,
- ✓ Mid-term expenditures framework (MTEF) for sectors Public Administration Reform and Education.



Changes have been made to the Budget System Law – clear distinction between the work of Budget Inspection and Internal Audit. Possibility electronically to report suspicion of irregularity to the Budget Inspection.



Public procurement system is improved. **Negotiating Chapter 5 – Public Procurement** has been opened.

50%  
fully implemented

### ACTIVITIES

#### PRIORITIES FOR THE NEXT AP 2018-2020:

- Review of the Public Finance Reform Programme;
- Adopting 5 rulebooks on planning and implementing capital projects;
- Procurement and customisation of software for public investments management which is to be functional during 2018;
- Adopt Methodology of work and Decree on work, competences, and insignia of the budget inspection;
- Develop the future e-procurement system in the RS.

64.7%  
fully implemented



## OBJECTIVE 4 Increasing legal certainty and improving the business environment and the quality of service provision

### RESULTS

Achievement of results in this specific objective is planned quite ambitiously, so that although actual results exist and are successfully implemented as planned, there is no end result. 51% of all activities are fully implemented.

The Government has achieved visible results through:

- ✓ The one-stop shop system and improvement in providing services in selected areas (e.g. e-Baby)
- ✓ Exchanges of **14 biggest data bases** including about **80% of data** from official records (**e-ZUP**)



0%  
fully implemented

**Coordination of 41 inspection services** has been established.



This coordination has positive impacts on reducing grey economy (in the field of registration of entrepreneurs). The procedure, types and form of inspection supervision has been standardised. Check lists are published → PREVENTION: companies can learn in advance about the type, scope and manner of control.

The extent to which the good governance legal framework is in place and is implemented has increased more than expected – a number of laws have been adopted and are implemented: the new Law on General Administrative Procedure, the Law on Inspection Supervision, as well as strategies of regulatory reform, e-government, and Stop Red Tape.

**Serbian-Korean IT Center** has been established.

### ACTIVITIES

#### PRIORITIES FOR THE NEXT AP 2018-2020:

- Proposed Decree regulating one stop administrative space, so that the first next one for the specific service would become operational by the end of 2018.
- IT platform for all inspections - eInspector.
- Harmonizing 78 special laws with the Law on Inspection Supervision and around 270 special laws with ZUP.

51.2%  
fully implemented



## OBJECTIVE 5 Increasing citizen participation and accountability in performing the tasks of public administration

### RESULTS

33.3%

fully implemented

Publish the so-called Civic Budget at central level and the level of units of LSG.

The Second Action Plan for implementation of the Open Government Partnership (OGP) – improved cooperation with the civil society, obligations defined in partnership with representatives of civil society.



Additional guarantee for inclusion of citizens in local government – 2017 accession to the Council of Europe Second Protocol to the European Charter on Local Governments.



Strengthening integrity of public sector employees and preventing corruption through:

- ✓ Introducing the institute of whistle-blowers, or protection of persons who report suspicion of corruption (the Law on Whistle-Blower Protection);
- ✓ Developing the second cycle of integrity plans of institutions, in the PA, in order to recognise risks and act preventively at the institution level in the field of integrity, ethical standards, and prevention of corruption;
- ✓ Implementation of Codes of Conduct for Civil Servants, specifically integrity and ethical conduct by employees in state administration bodies.

### ACTIVITIES

44.8%

fully implemented

### PRIORITIES FOR THE NEXT AP 2018-2020:

- Further enhancing the open data initiative and the transparency of the public administration;
- Adopt the following:
  - Strategy for creating an incentive environment for civil society development
  - The Law on Changes and Amendments to the Civil Service Law.
  - Changes and amendments to the Law on Free Access to Information of Public Importance.
  - The new Law on the Anti-Corruption Agency.
  - Changes and amendments to the Law on Ombudsman.

### RISKS, CHALLENGES AND MEASURES TAKEN

(Horizontally for the implementation of the overall AP PAR):

*In 2014, when the specific measures were planned through the Action Plan, the Public Administration Reform took a very prominent place in the Programme of the new Government, however it was placed in the specific context of very limited resources and the need to reduce and optimize the whole public sector (the three-year Stand-by Arrangement with the IMF). It was necessary on the one hand to accelerate the reform processes within the EU integrations process, undertake new commitments, competences and tasks, and on the other hand to reduce costs and the number of employees in the public administration.*

#### The most important envisaged risks:

#### Appearance of risk / Mitigation measures:

- Slowdown of the pace of the reforms as a result of a different allocation of the competencies of the ministries and the redistribution of jobs between different organizational units due to early elections
- Lack of political support for the reform initiatives
- Resistance to the reform initiatives within the public administration
- Limited financial and human resources to implement the reform initiatives
- Reform initiatives narrowed down to downsizing
- Untimely adoption of the regulatory framework as one of the preconditions of the reform

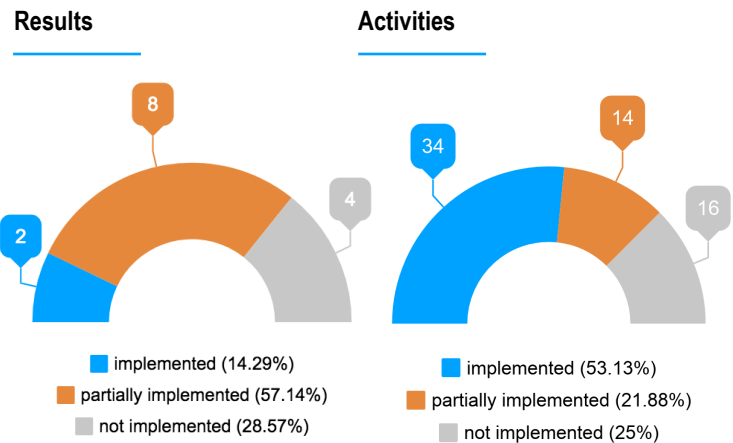
- **Risk materialized to certain extent.** Institutions have taken all the necessary steps to achieve the end outcome in time, regardless of the delay in certain outputs/activities in the meantime.
- **Risk did not materialize.** Despite the changes of the Government, the Expose of the Prime Minister (and other key strategic documents) emphasizes the PAR as one of the priority areas specifically listing the specific PAR goals and results to be achieved.
- **Risk materialized to minor extent.** Throughout the entire period, activities were undertaken for the full involvement of all stakeholders in all processes of the Reform (see detail Report on the Measures). Additionally the Complementary Support to SBS EU was agreed in the upcoming period in order better to communicate inside and outside of the public administration.
- **Risk materialized.** During the implementation period, part of the missing funds has been provided, but part has not been agreed or is late in starting with the implementation. Also, due to the significant downsizing of the public administration, the outsourcing was used for the insufficient capacity and reduced number of employees in the administration. Alternatively in certain areas the emphasis was placed on e government and the digitization of the process.
- **Risk did not materialize.** Despite the downsizing process, steps have been taken to streamline the above mentioned process within the process of optimization and functional analysis, i.e. to prepare analytical base and not to allow the downsizing to be done on the linear principle (for e.g. Every institution to be downsized by 10%). Significant results have been achieved in the area of e services, the inspection reform, the GAPA process, the open data, the improvement of specific services in order to establish good practices which in the future will become the standard of public administration functioning.
- **Risk materialized to certain extent.** The state administration timely prepared all of the draft regulations, and in spite the delays in the consultation process and the final adoption process, the state administration is already applying some of the drafted solutions from the draft regulations before being adopted by the competent bodies.

## OBJECTIVE 1 Improving organisational and functional public administration sub-systems

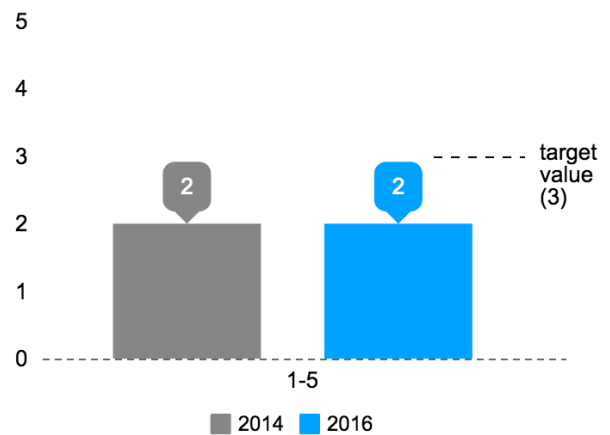
The PAR Strategy in 2014 extended the coverage of the initiated reform activities from the state administration system to the public administration system. The goal was to establish the foundations of a uniform legal regime and standards for performing public administration tasks with the starting basis being the competences and functions of administration bodies, to increase the use of ICT across the public administration, to resolve the problems of vertical and horizontal coordination and accountability at all levels of public administration, and to find solutions for insufficiently regulated administration and insufficient capacities for the establishment of strategic planning and policy coordination system. The indicators show the stability of the system which has been established, but no reform progress which was planned in 2014 and 2015.<sup>1</sup> Numerous processes were initiated in the period 2015-2017, the results of which may be visible in the forthcoming years.

These findings are supported by the reports of OECD/SIGMA of 2017:

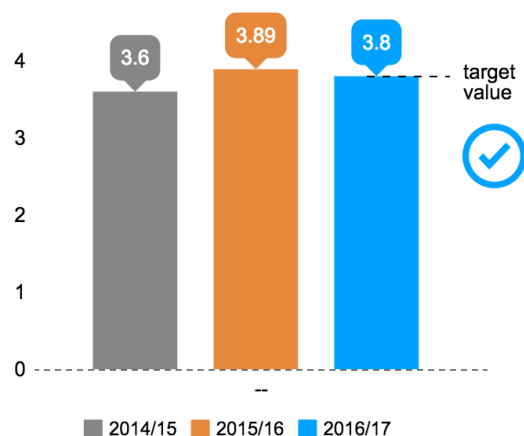
*„The legal framework for the organisation of central government is stable. No progress has been made in the dissemination of results-oriented and decentralised governance culture among state administration bodies. However, it is worth mentioning that a functional review of 94 government bodies has been conducted, providing clearly structured information on the functions, staffing and internal organisation of central government bodies. (...) While the legal framework for the organisation of state administration is comprehensive, the distinction between different forms of organisations and agencies is not based on clear criteria..“<sup>2</sup>*



Extent to which the overall structure of ministries and other bodies subordinated to central government is rational and coherent (PPA 4)



Transparency of government policy making (PPA 2)



<sup>1</sup> The value of indicators marked as PPA (indicators taken from the Principles of Public Administration – SIGMA), published in 2014: <http://sigmaweb.org/publications/Principles-Public-Administration-Serbian.pdf> Values of indicators presented for year 2017 were taken from SIGMA Monitorign Report for Serbia: <http://www.sigmaweb.org/publications/Monitoring-Report-2017-Serbia.pdf>. Indicator Transparency of government policy making measures how easy it is for companies to get information on changes in Government policies and regulations regulations which have an impact on their activity, on the scale from from 1 – impossible, to 7 – extremely easy. The source is the Global Competitiveness Report 2016–2017, World Economic Forum, Page 331, link: [http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017\\_FINAL.pdf](http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf)

<sup>2</sup> The quotes are taken from SIGMA reports after measurements conducted in 2017 for the Principle Accountability, pages 1, 2. NOTE: by the time when they are officially published the stated values can be used only indicatively since they are subject to possible changes.



**measure**  
**1.1**

**Organisational and functional restructuring of the PA by implementing by 2017 evidence-based measures for optimisation of the PA in terms of the number and effectiveness of institutions, the number of staff, working processes, and organisational structures along with creating a strong analytical bases for such processes**

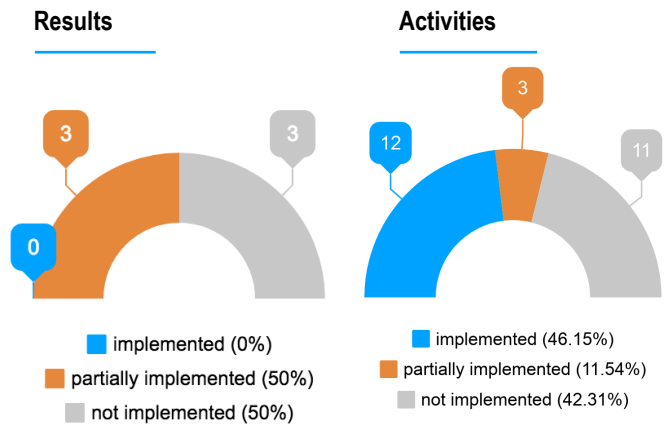
**RESULTS**

Within this measure, despite the fact that there were in place all the time the parallel processes of optimisation and restructuring of the public administration and rationalisation of public administration employees, priority was given to optimising the number of staff in the context of fiscal consolidation, as the basis for the continued process of PA restructuring. The goal was to build foundations for sustainable development and increased employment in the mid-term, by implementing ambitious fiscal consolidation and structural reforms, focused on curbing the growth of public debt and its reduction by 2017.

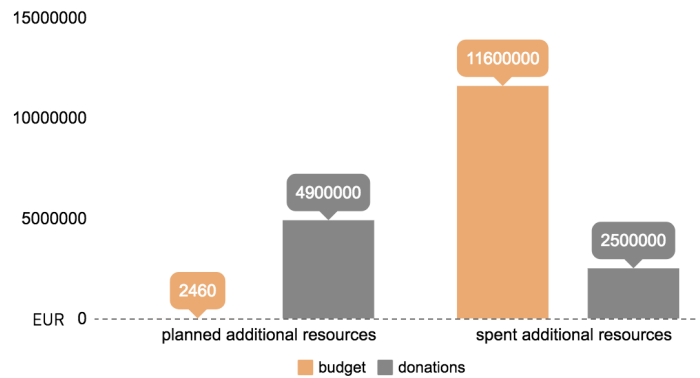
This process yielded significant results. Budget savings have been achieved – since the end of 2013, when the ban on new employment came into effect, the headcount of the PA has been reduced by 45,131 and cumulative savings for the budget during the whole process since rationalisation started (December 2013) until December 2017 amount to EUR 180 million. In terms of the number of public administration employees per 100 inhabitants, Serbia is currently among the countries with the least public sector employees in Europe, while the average in the EU is 8.5<sup>3</sup> In the course of rightsizing care was taken to look for excess staff only where there actually is excess, in order not to jeopardise the quality of work of the public administration and the functionality of the system while at the same time preserving and strengthening the key functions and tasks of the state. There is a ban on reducing the number of medical staff, staff employed in social protection institutions, the tasks and capacities relevant for EU integrations, staff in inspection services, while the excess number was sought in tasks which can be transferred to the private sector and network institutions.

Simultaneously, the changed sequence of priorities did not result in achieving the initially planned performance indicators. For the above reasons, performance indicators do not show the achievement of objectives identified within this measure.

Greatest progress has been made in conducting functional reviews (FR) within the project Restructuring and Optimising the PA in the Republic of Serbia, funded from EU IPA 2014, and implemented with the support of the World Bank. The reviews analysed the system from the point of view of the most efficient optimisation and distribution of functions and resources in selected sectors which served as the basis for the initiation of the consultative process with specific sectors and



**OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES**



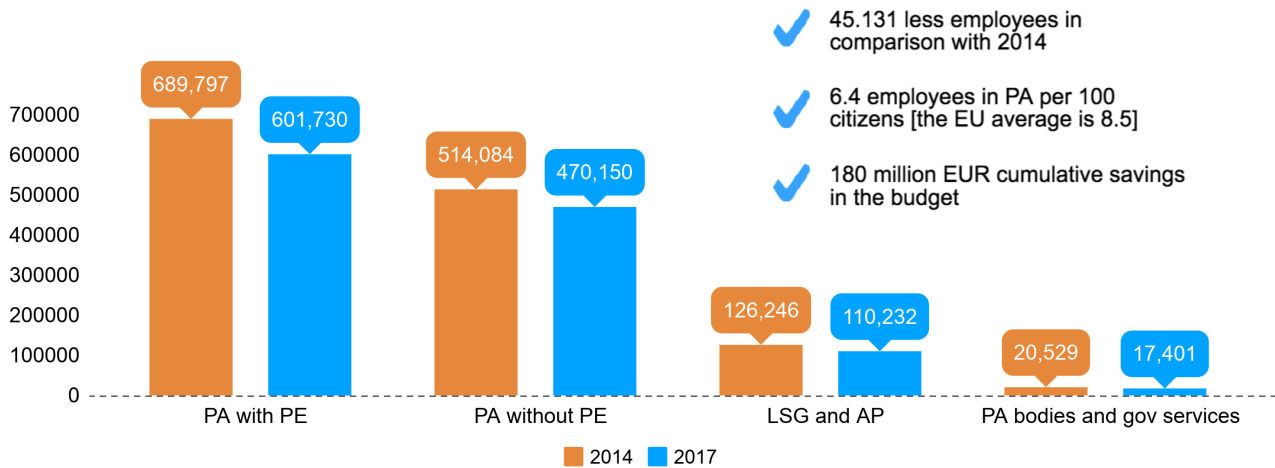
The number of bodies reporting to the Government, the Prime Minister, or the National Assembly (PPA 4)



The number of organisations which have been abolished, merged, or whose organisational form has been changed



<sup>3</sup> „Modern State, Rational State”, analysis of the Ministry of Public Administration and Local Self-Government, May 2015, link to website: [http://www.mduls.gov.rs/doc/Brosura%20CIR\\_bleed%203%20mm.pdf](http://www.mduls.gov.rs/doc/Brosura%20CIR_bleed%203%20mm.pdf) and the study: “Creation of conditions for organizational and functional restructuring within the public administration system in the Republic of Serbia, Integrated report on benchmarking staffing levels”, European Development Fund, 3 April 2015, link to webpage: <http://bit.ly/1GGuLAI>



- ✓ 45.131 less employees in comparison with 2014
- ✓ 6.4 employees in PA per 100 citizens [the EU average is 8.5]
- ✓ 180 million EUR cumulative savings in the budget

drafting of action plans for implementation of recommendations resulting from the FR.

Key achievements in the reporting period:

- ✓ Horizontal FR of 94 institutions of central government – the draft Action Plan for implementation of FR recommendations is finalised and adopted by the PAR Council.
- ✓ Vertical FR of the portfolio of the Ministry of Finance – draft Action Plan for implementation of FR recommendations is finalised and adopted by the PAR Council; by the end of 2017 about 90% of the measures has been implemented.
- ✓ FR has been conducted of services in the sectors of health, education, social protection, agriculture, and environment protection. Action Plans have been developed for these areas, and consultations are underway concerning their implementation and adoption by the PAR Council.

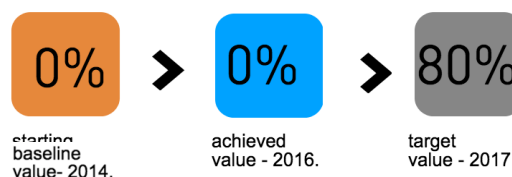
### NEXT STEPS

The optimisation and modernisation process (Stage II of the PA Optimisation Programme) implies the following steps:

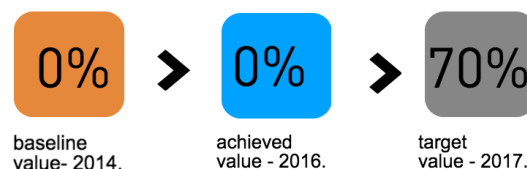
- Implementing the functional reviews,
- Defining recommendations for reorganisation and modernisation in order to increase efficiency and quality of services,
- Drafting AP for implementation of recommendations,
- Implementation and monitoring of implementation of the AP for implementation of recommendations.

The first three activities are almost fully finalised, and only the adoption of action plans for sectors of education, health, social protection and agriculture with measurable and achievable activities along with clear objectives and deadlines for reorganisation will be finalised in the course of 2018, after which the focus in the subsequent period will be on implementation and planned reorganisation.

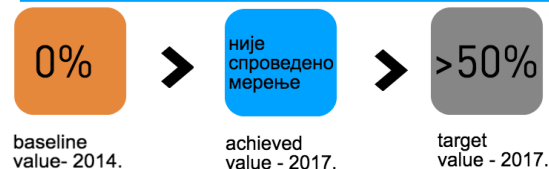
Percentage of recommendations from conducted functional reviews adopted by the Council for PAR



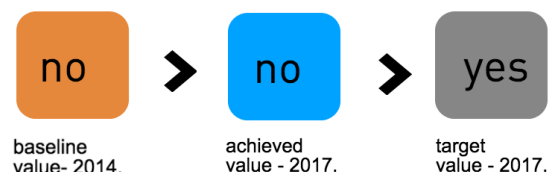
Percentage of implemented recommendations from reports on undertaken functional reviews (FR)



Percentage of public support to the process of optimizing the PA



Extent to which the plan for implementation of recommendations includes coherent linking of existing elements of performance management systems with the upgrading



Percentage of the number of employees whose data is recorded in the registry



Percentage of the total number of PA organisations and bodies for which data is maintained in the registry



## CHALLENGES

In 2014, when the specific measures were planned through the AP PAR, public administration reform had a prominent place in the Government programme, but it was placed in the specific context of very limited resources and the need to reduce and rationalise the overall public sector. In November 2014 negotiations started on the economic programme to support the three-year stand-by arrangement with the IMF. The goal was to build foundations for sustainable development and increased employment in the mid-term, implement the ambitious fiscal consolidation and structural reforms, focused on stopping the increase of public debt and its reduction by 2017. Fiscal consolidation was partly planned through reducing the high public sector payroll and pensions, as well as reducing budget support to public enterprises. Simultaneously, in line with the fundamentals first 4 of accession requirements, during the second half of 2014 announcement was made of a much more prominent role of PAR in the process of accession of the Republic of Serbia to the EU:

- Dialogue was intensified between the European Commission and the RS through meetings of structures in charge of implementing the Stabilisation and Association Agreement (Special Group for PAR<sup>5</sup>)
- For the first time in 2014 joint principles were put together for the European Administrative Area and a framework was designed to monitor progress towards their achievement through the document: „Principles of Public Administration“<sup>6</sup> developed and published by the EC in cooperation with SIGMA/OECD.

In other words, there was need on the one hand to accelerate reforms, take over new obligations, competences and tasks, and on the other hand to reduce costs and the number of public administration employees. For this reason, the Optimisation programme covered both processes – the process of rationalisation as the function of fiscal consolidation as the first step of optimisation, and the process of optimisation and modernisation as the second stage. After two years of implementation of the AP PAR, it is clear that the plan included too ambitiously the two parallel undertakings, thus in the process of implementation the first process (rationalisation of the number of employees) will be successfully completed at the beginning of 2018, while the second process (optimisation and modernisation) continues to be in the implementation stage.

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<sup>4</sup> Three pillars of reforms on the way to the EU: rule of law, economic governance, and public administration reform.

<sup>5</sup> Four meetings were held of the Special Group for PAR, the first on 23-24 October 2014, the second on 12 June 2015, the third 10 March 2016, and the fourth on 5-6 April 2017.

<sup>6</sup> Principles of Public Administration, SIGMA, 2014, link to translated document in the Serbian language: <http://www.sigmaweb.org/publications/Principles-Public-Administration-Overview-MNE.pdf>, и <http://www.sigmaweb.org/publications/Principles-Public-Administration-Serbian.pdf>

RESULTS

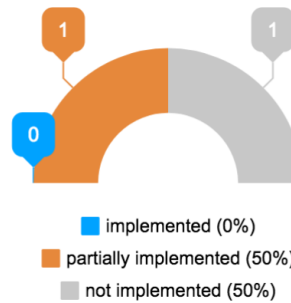
In performing the tasks from the original and delegated scope of tasks, the PAR Strategy underlined certain weaknesses which were identified in practice, specifically that certain sector-specific laws do not clearly define whether certain tasks fall within the original (source) or delegated scope of work and consequently there are problems in clearly defining the manner of financing the tasks and clearly establishing vertical and horizontal coordination and oversight (accountability).

In order to reduce administration costs, and achieve a more rational and efficient performance of tasks and improving services which the administration provides to citizens most frequently first at local level, the Strategy underlines the need to conduct a detailed analysis of the status of deconcentrated and decentralised tasks based on which it would be possible to determine the key directions of decentralisation and deconcentration of tasks of PA. In this respect, although the strategic framework was not established in the preceding period as was the ultimate goal, nevertheless a comprehensive analytical basis has been prepared, specifically:

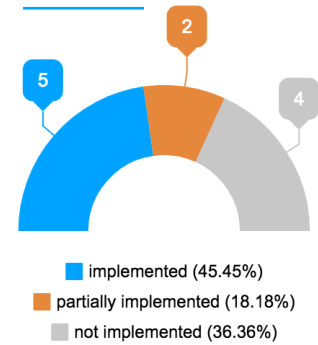
- ✓ Situational analysis of the state of local self-government in the RS;
- ✓ Study on models of decentralisation in order to achieve functional distribution of competences among individual levels of government in the RS;
- ✓ *Cost-benefit* analysis of two possible decentralisation models;
- ✓ Inventory of competences and tasks in 32 areas at all levels of government;
- ✓ Functional review in pilot units of LSG and institutions founded by LSG;
- ✓ Analysis of competences in six priority areas relevant to decentralisation (education, health, social protection, environmental protection, agriculture, utilities);
- ✓ Analysis of the best mechanisms for establishing inter-municipal cooperation;
- ✓ Information for members of the Council for PAR.

Due to the need for fiscal consolidation, the revenues of local governments from taxes on salaries were reduced in line with the amendments to the Law on Financing of Local Self-Government („The Official Gazette of RS“ No. 83/2016, 91/2016 – adjusted RSD amount, 104/2016 – other laws). In the course of 2016 the Law was amended three times, and the amendments changed the redistribution of salary tax revenues from local to national level.

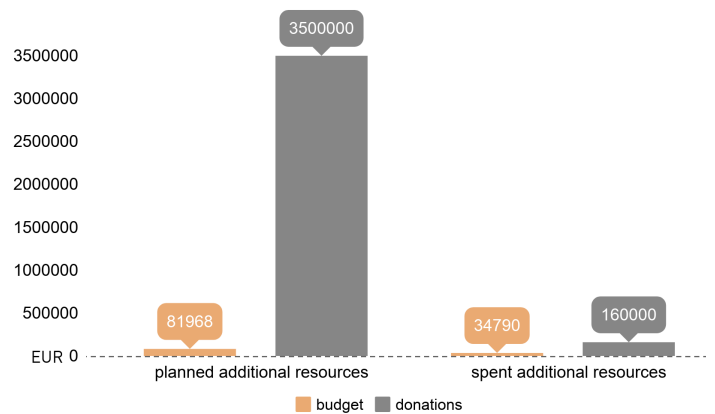
Results



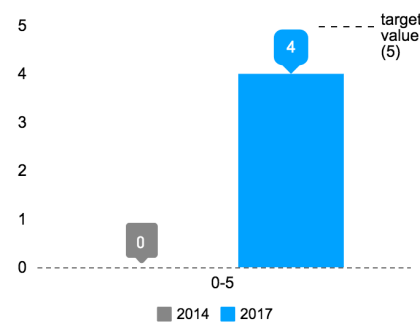
Activities



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Action Plan for implementation of the Decentralisation Strategy adopted by the Government of RS



The number of units of local self-government (LSG) in which support has started through the grant scheme and municipal packages for property management



## NEXT STEPS

During 2017 the MPALG started developing the new Action Plan for implementation of the Public Administration reform Strategy 2018-2020 which recognises the need of strategic planning of further reform of the local self-government system and the process of decentralisation.

- In the forthcoming period the MPALG will, in cooperation with the Standing Conference of Towns and Municipalities and other actors, work on reforming the system of local self-government as well as on adopting the Decentralisation Strategy or a programme of reform of local self-government (programme document).
- After developing the concept of the Decentralisation Strategy (or the programme document for reform of local self-government) which is planned for 2018 (in line with the draft AP for PAR for the period 2018-2020), it is planned that by the end of 2019 this strategic (or programme) document will be finalised.
- All the said analyses (the analytical basis) will serve as the basis during the development of the draft strategic/programme document.

## CHALLENGES

In the recent past the priority was on fiscal consolidation and rationalisation, and it was assumed that the Decentralisation Strategy should propose a different organisation of tasks of all levels of government, which would require additional funds.

**measure**  
**1.3**

**Improved Government policy management system (planning, analysis, policy-making, monitoring and evaluation, and coordination) established by the end of 2017 and the legal and institutional framework for integrated strategic management and adoption of mid-term plans of work for state administration bodies harmonised with the Government strategic objectives and programme budget**

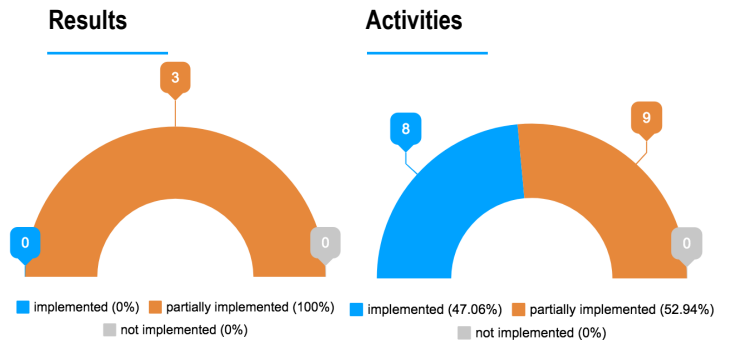
**RESULTS**

Republic Public Policy Secretariat (hereinafter: RPPS) was established in 2014 with the goal of improving the policy management process – planning, impact assessment, adoption, monitoring, and implementation, evaluation and coordination of policies. The objective was to improve both the system of setting priorities and the mutual harmonisation of strategic plans with the cost estimates and fitting into the available resources.

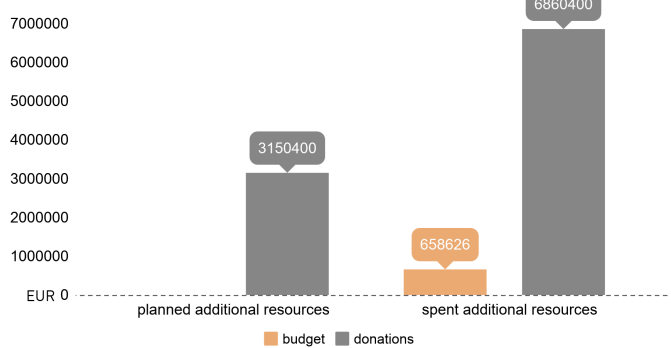
Within the PAR Strategy „the reform implemented by the RPPS should ensure mechanisms for the Government policy-making process to be founded on evidence-based decisions and instruments whose purpose is to make policies oriented to desired results and impacts based on reliable data. This, also, implies that policies are coherent and in line with the budget framework“<sup>7</sup>.

During the reporting period there are more results that are process-oriented (8 activities are implemented of 17 planned ones) than end results and effects of planned reforms (all three results have been partly achieved). Thus, the activities implemented in order to establish a single policy management system are as follows:

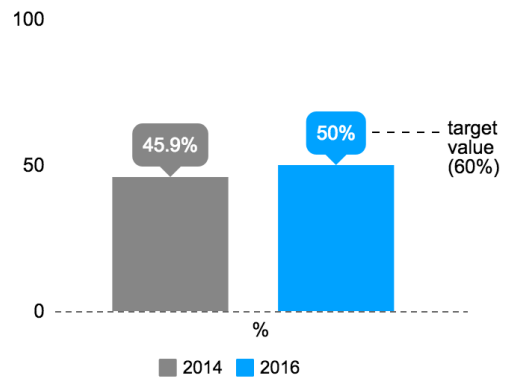
- ✓ The Strategy and the AP for Regulatory Reform and Improved Policy Management System for the period 2016-2020 was adopted on 23 January 2016.
- ✓ The inventory of administrative procedures and other requirements of operation for businesses and companies has been finalised. Almost 2,450 administrative procedures have been identified.
- ✓ The following has been prepared: the pilot AP for implementation of the Government Programme for 2015, AP for implementation of Programme (APSBV) after the formation of the new Government in August 2016 for implementation of Programme (APSBV) after the formation of the new Government in August 2016, and the for implementation of Programme of the Government established on 29 June 2017, established mechanisms for priorities management in the work of the Government. In order to implement the APSBV a Coordinating Body was established / Group 6 chaired by the Prime-Minister, along with implementation and ministerial groups which meet regularly and report on achieved results.



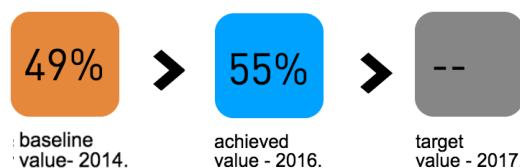
**OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES**



Share of number of draft laws for which public debate was conducted in the course of preparation relative to the total number of laws adopted, annually



Percentage deviation of the total number of implemented activities relative to the total number of activities included in the Government annual work plan (PPA 2)



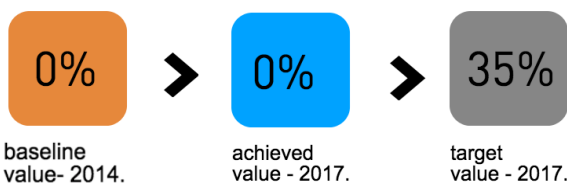
<sup>7</sup> The quote is taken from the webpage of the RPPS: <http://www.rsjp.gov.rs/nadleznosti-obaveze-i-ovlascenja>



## NEXT STEPS

- Adoption of the prepared packages of regulations on the planning system of the RS: Proposed Law on the Planning System and two accompanying decrees with methodologies (Decree on policy management, regulatory and policy impact assessment, and the content of individual policy documents and the Decree on mid-term planning).
- Adoption of the Inventory of administrative procedures with the objective to establish the Single administrative register of administrative procedures and other requirements of operation for businesses and companies started on 5 June and will last until 11 August 2017, which will significantly reduce the costs of doing business for companies and citizens.
- Adoption of the Action Plan for simplification of administrative procedures relevant to doing business in the republic of Serbia
- Adoption of the Action Plan for implementation of the Strategy of Regulatory Reform and Improving the Policy Management System for the period 2018-2020.
- Monitor the implementation of AP for implementation of the Government Programme and reporting by the Government on extent of implementation of priority objectives.
- Establish the uniform IT system for policy planning and monitoring (by the end of 2018).

The share of proposed strategic documents harmonized with the adopted methodology relative to the total number of proposed strategic documents submitted to the Republic Public Policy Secretariat (hereinafter: RPPS) for its opinion, annually



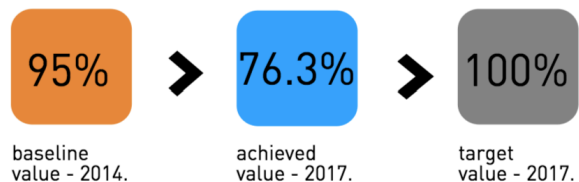
Complete financial assessment in sector strategies (PPA 2)



Extent to which reporting provides information on achieved results (PPA 2)



Share of the number of requests for opinion regarding proposed strategic documents that are received by the RPPS in the total number of proposed strategic documents, annually



RESULTS

The key objective of reform in this area is developing e-services with maximum possible completeness (www.euprava.gov.rs), the linking of existing systems by connection to the single data service bus and legal and technical establishment of a number of key registries (population registry, address registry, institutions registry, registry of employees in state administration).

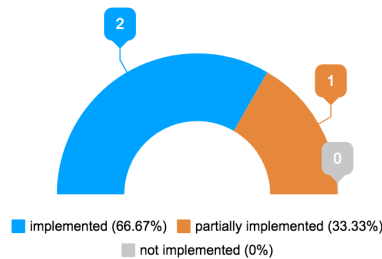
According to the methodology used by the UN, progress has been made in e-government reform: the ranking of the Republic of Serbia has improved by 30 positions on the ranking list according to the E-Government Development Index – EGDI, which is the best improvement relative to other European countries (UN, 2016). According to the EGDI index Serbia is ranked 39 of the total of 193 countries. According to the OSI index (on-line services) Serbia is ranked 24th, and according to the e-participation index it is 17th in the world. With respect to the e-participation index, together with Montenegro, Serbia is number 1 in the region.<sup>8</sup>

In the past period the strategic framework has been finalised for implementation of activities in the area of e-government in the RS. In December 2015 the Strategy for e-Government Development for the RS was adopted for the period 2015-2018 with the AP for 2015-2016 („The Official Gazette of RS“, No. 107/15). The Law on e-Government has been proposed for adoption.

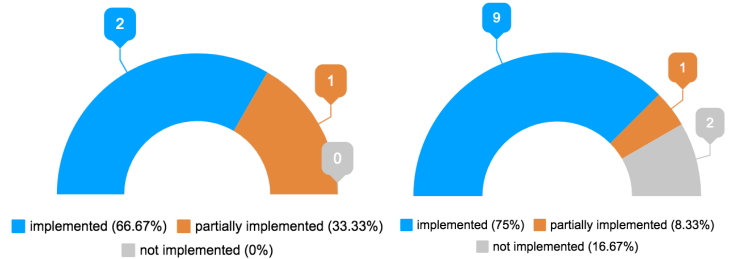
The Government Office for IT and e-Government has been established as a step forward compared to the Directorate for e-Government within the MPALG.

In the course of ensuring interoperability of ICT systems, **the service bus has been established for exchange of 6 major data bases possessing about 80% of all data from official records**, as support to the implementation of the Law on General Administrative Procedure (e-ZUP).<sup>9</sup> The objective is to ensure fast and efficient exchange of data among state institutions, without the need for citizens to collect documents. the first stage the e-ZUP connected 6 major institutions in Serbia – the registry books maintained by the MPALSG, the data base of the Mol, the Tax Administration, the National Pension Insurance Fund, the National Employment Service, and the Central Registry of Mandatory Social Insurance with 14 data bases (registry books – births, deaths, marriages, civic status documents, residence permits, unemployment records, tax debt records, records of beneficiaries of the Pension Insurance Fund, data from the Central Registry of Mandatory Social Insurance).

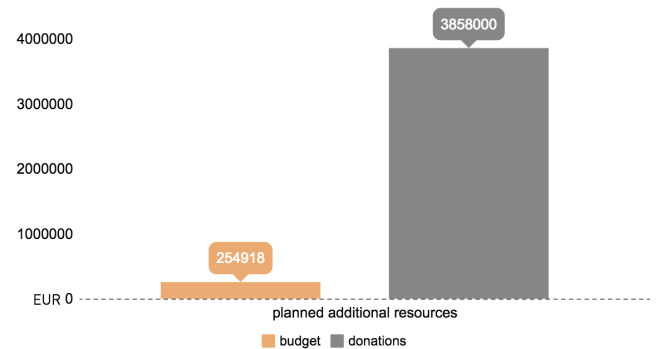
Results



Activities



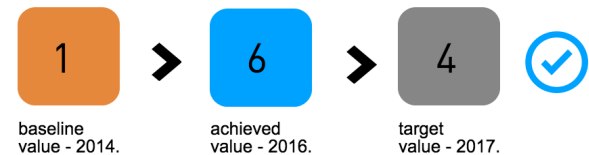
OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Number of PA bodies and units of local self-government using the service x-road



The number of basic e-government registers linked with other information systems of PA bodies



Number of PA bodies which apply interoperability standards



<sup>8</sup> The UN survey looks at three dimensions through which citizens and companies can benefit from on-line services and information: adequacy of ICT infrastructure, ability of HR to promote and use IT, availability of on-line services and contents, link to page: <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/151-Serbia>

<sup>9</sup> Report on implementation of AP for the period 2015-2016 for implementation of the Strategy of e-government development in the RS 2015-2018. Link to page: <http://www.deu.gov.rs/doc/IZVESTAJ%20Akcion%20Plan%202015-2016%20e-uprava%20-11.04.2017.pdf>



It is estimated that the implementation of e-ZUP will achieve savings for citizens of Serbia exceeding five million hours which they would spend in queues as well as about one million working hours of civil servants. Thanks to this service offered by the e-portal citizens will be exempted from payment of many fees and this will result in savings of about RSD 750 million.<sup>10</sup> In the reporting period the key newly established e-services are:

- ✓ e-Baby (Registration of new-borns in maternity hospitals),
- ✓ filing of applications for e-health care cards,
- ✓ e-preschool (enrolment of children in pre-school institutions),
- ✓ replacement of old driver's licences with new ones (in card format).

The **National Open Data Portal** (<https://data.gov.rs/sr/>) has been established with migration conducted for 45 so far opened data sets to the Portal.

The number of users of the **National e-Government Portal** (<https://www.euprava.gov.rs/>) is 764,547 registered users. The portal currently offers a total of 635 services by 141 bodies (85 state bodies and organisations and 56 units of local self-government).

As of December 2017 electronic payments service was initiated (**ePayment+**), eBanking and payment by payment cards at the Portal.

Since the second half of 2016 until mid-2017 the number of users has doubled, by almost 370,000.

## NEXT STEPS

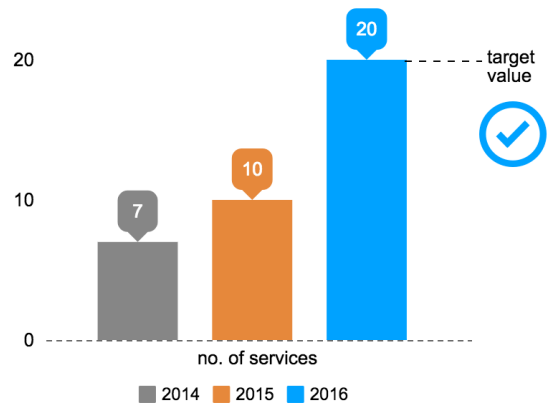
During 2018:

- Adoption of the AP for the period 2017 –2018 for Strategy implementation;
- Adopting the Law on e-Government;
- Adopting the Law on Population registry.

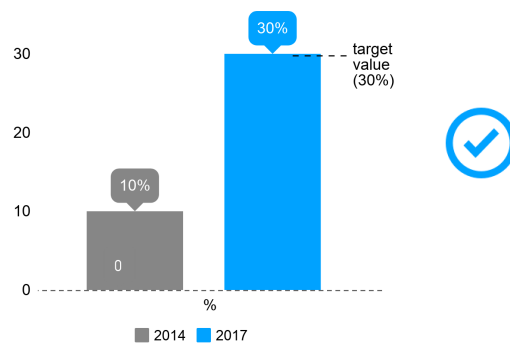
Implementing activities for priority projects:

- Developing the single IT for inspection services – e-Inspector;
- Functional redesign of e-Government Portal – improving existing Portal functionalities in order to adjust to the user needs and improving complex procedures: driving schools, e-Baby in the lifecycle event “birth of baby” (parents’ allowances, allowance for maternity leave);
- Improving e-services for electronic exchange of data from official records – eZUP Second Stage;
- „Implementing the registry of state administration bodies and organisations” (register of holders of public competences);
- „Open Data – Open Opportunities” with the support of UNDP and World Bank.
- Support to establishing the National Interoperable Framework from EU IPA 2014 (FWC) – unallocated funds.

Number of services provided via the e-Government portal (one-stop-shop) (PPA 5)



Percentage of citizens satisfied with the services provided by and interaction with public administration through the e-government portal



Average time needed to have the personal ID document issued after filing the application (PPA 5)



Number of meetings held by the e-government Working Group and sub-groups, annually



Number of meetings held by the sub-groups to the E-Government Working Group, annually



<sup>10</sup> News published at e-Government portal on 10 June 2017, link to page: [https://www.euprava.gov.rs/vesti/2517\\_godina\\_Portala\\_eUprava\\_Hvala\\_Na\\_Poverenju.html](https://www.euprava.gov.rs/vesti/2517_godina_Portala_eUprava_Hvala_Na_Poverenju.html)



*Signing of the agreement between the Regulatory agency for electronic communication and postal services (RATEL) and the Office for information technologies and e-government, which enabled electronic payments and following all transactions related to this service. 22 September 2017. Source: <http://www.deu.gov.rs/aktuelnosti.php>*

## **CHALLENGES**

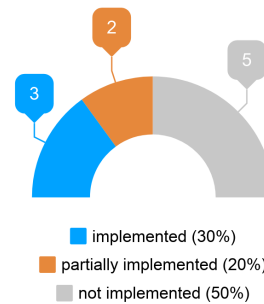
A certain number of activities from the Action Plan has not been finalised within the given deadline, the reason most often being the slowdown of activities during 2016 due to elections and changes of Government.

## OBJECTIVE 2 Establishing a coherent public civil service system which is merit-based and improved human resources management

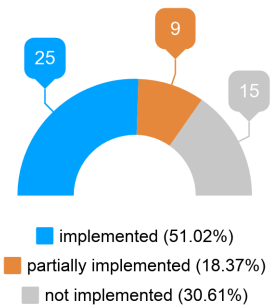
The PAR Strategy of 2014 planned for the regulation of human resources management (hereinafter: HRM) across the whole public administration and improvement of the existing system at the level of the narrower state administration. Apart from consistent implementation of professionalization, depolitisation, the merit-based system, the principle „same pay for the same job”, special emphasis was made on improving the professional training system, and modernisation and linking of the Central HR Registry with the Payroll records of the Treasury Administration.

Of the 10 planned results of the AP PAR within Objective 2, three results have been achieved in the preceding period which are relevant to the establishment of the legal framework for development of the HRM function in AP (autonomous province) and LSG, especially the function of professional training and strengthening of the overall human resources management. Normative activity, as the legal precondition, has been at the forefront, and the special challenge was how to offset the effects of rationalisation of the number of employees while not jeopardizing the existing quality of work of the public administration and the functioning of the system. SIGMA indicators demonstrate stable values over the past three years, which is an indicator that despite indicating that, despite the freezing of employment and reduction of the number of employees in the same time period, the system managed to preserve the same level of functionality. At the same time efforts were made to initiate the reform in the area of HRM, but the achievements in the reporting period remained within the scope and analytical and normative activities.

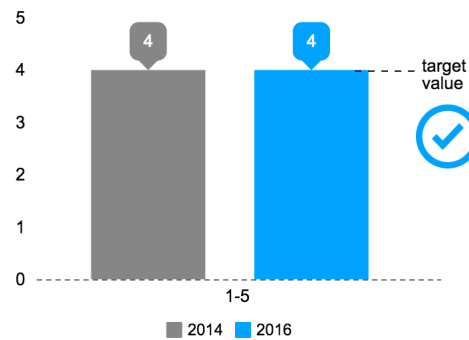
### Results



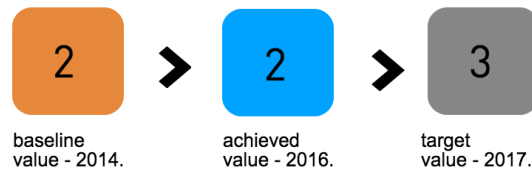
### Activities



Extent to which the policy and legal framework for professional and coherent public service is established and implemented (PPA 3)



Extent to which the institutional setup enables consistent HRM practices across the public service (PPA 3)



Extent to which the remuneration system of civil service is fair and transparent and applied in practice (PPA 3)



**measure  
2.1**

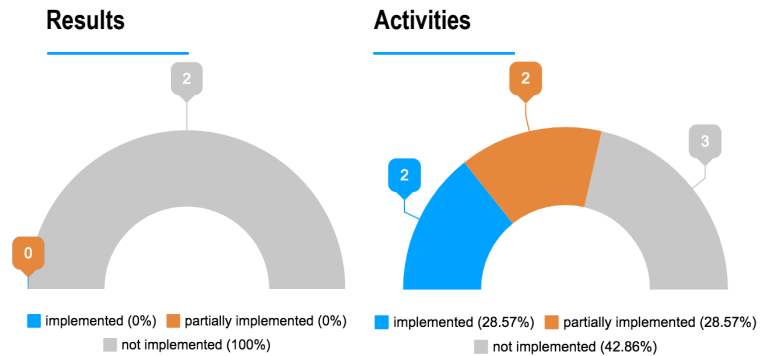
**Establishing a coherent system of labour relations and salaries in the public administration based on transparency and fairness**

**RESULTS**

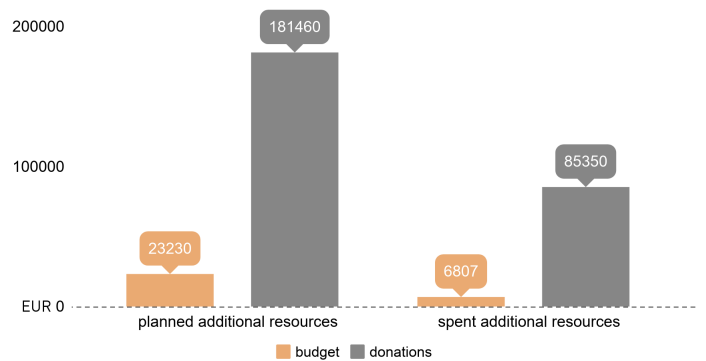
Regulation of the civil service, labour relations and salaries, across the whole public administration is a demanding process implying involvement of great many actors in the consultations process, preparation and implementation of reform. Also, macroeconomic indicators show that the structure of employees is a much greater challenge that the number of employees, and that the public administration is expensive but not too cumbersome (the payroll share in the GDP in 2015 was 11.8%<sup>11</sup>, while in new EU member states it is 9.5%). During the whole reporting period there was active work on establishing the normative framework for regulating the salaries in the public administration based on the principle „same pay for work of the same value“, which requires the inventory of all work posts in the public sector, its valuation and assigning the same pay for all work posts of the same value.

In order to establish the system of recruitment, performance appraisal, motivation, merit based promotion, it was required as a precondition to improve job descriptions and expected results for work posts (developing the Catalogue), followed by amending (simplifying) a great number of regulations, with the necessary improvement of managerial capacities of PA. Within this measure reforms have not been finalised but normative and analytical basis is prepared:

- ✓ The document „Policy framework for human resources management“ has been adopted by the PAR Council. This document provides key guidelines and HRM policy framework in state administration with proposed future directions for the development of the civil service system. The document includes guidelines for attraction and retention of human resources through improving the career and professional development based on competences, through inception training, performance appraisal, promotion and horizontal mobility, salary system, professional training and development, career management and special policy measures for HR retention.
- ✓ The umbrella Law on Salary System in the Public Sector has been adopted („The Official Gazette of RS“ No. 18/16 and 108/16). The Law has deferred implementation as of 1 January 2019.
- ✓ The Law on Public Services Employees was adopted („The Official Gazette of RS“ No. 113/17) which came into effect on 25 December 2017 and will be implemented as of 1 January 2019.
- ✓ The law on Salaries of Civil Servants and Employees of AP and Units of LSG was adopted („The Official Gazette of RS“ No. 113/17) ) which came into effect on 25 December 2017 and will be implemented as of 1 January 2019.



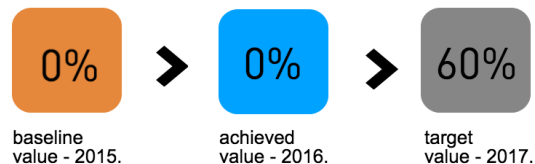
**OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES**



The share of employees in the PA system who are not subject to the provisions on mandatory conducted competitions when being recruited relative to the total number of PA employees



The share of PA employees covered by the new Law on Salaries relative to the total number of PA employees (about 500,000 employees)



<sup>11</sup> The current macroeconomic trends, Ministry of Finance, December 2015, page 54, link to page: [http://www.mfin.gov.rs/UserFiles/File/tabele/2015%20decembar/\(SRP\)%20Tekuca%20makroekonomska%20kretanja.pdf](http://www.mfin.gov.rs/UserFiles/File/tabele/2015%20decembar/(SRP)%20Tekuca%20makroekonomska%20kretanja.pdf)

- ✓ The Catalogues of Work Posts in public services and other public sector organisations has been adopted, representing 70% of all work posts in the PA (on 27 July 2017 the Decree was adopted on the Catalogue of Work Posts in public services and other public sector organisations as part of the general Catalogue, and the Catalogue (as an appendix and integral part of the Decree). Also, The Decree amending the Decree on the Catalogue of Work Posts in public services and other public sector organisations was adopted at the Government session on 28 December 2017.
- ✓ The Decree on Codes for work posts has been adopted („The Official Gazette of RS“ No 12/16), determining the codes for work posts based on which users of public funds enter data on the work post in which they are employed, elected, or appointed into the HR Registry of persons who are employed, elected, or appointed in users of public funds.

## NEXT STEPS

Drafting and proposing the law (amending the Law on Public Agencies, regulating the labour-legal status of employees, the proposed law on salaries in public agencies, the Law amending the Law on Salaries of Civil Servants and Employees) which regulate the system of labour relations in order to establish a harmonised merit-based civil service.

The drafting and proposing of amendments to the Civil Service Law in order to improve the process of recruitment and depolitisation, performance appraisal, integrity and strengthen accountability.

Continued work on developing the General Catalogue of work posts in the public administration.

## CHALLENGES

A special challenge were the extremely long consultations within state administration bodies, but also with trade unions and other stakeholders in the context of regulating the salary system.<sup>12</sup>

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<sup>12</sup> An example of this is the work on the Catalogue of work posts and ranks in the public sector which is to serve as the basis for valuation of all posts in the public sector in order to determine their inter-relations. The scope and length of consultations can be seen at the webpage: <http://www.mduls.gov.rs/katalozi-radnih-mesta.php>

**measure  
2.2**

**Improvement of the HRM function in state administration by the end of 2017 through a strategic approach, along with introduction of new instruments and strengthening of capacities for HRM**

**RESULTS**

The measure which referred to the reform of the narrower civil service system (ministries, special organisations, and services of the Government), it is important to note that the system is already well adjusted to the EU principles for the formal-legal level of institutionalisation and that the Civil Service Law (hereinafter: CSL) and other relevant regulations are a good basis for professionalization of the civil service. The report by SIGMA in 2016 confirms this:

„The CSL establishes a solid foundation for a merit-based, coherent and transparent system for civil service recruitment, promotion and termination of employment.“<sup>13</sup>

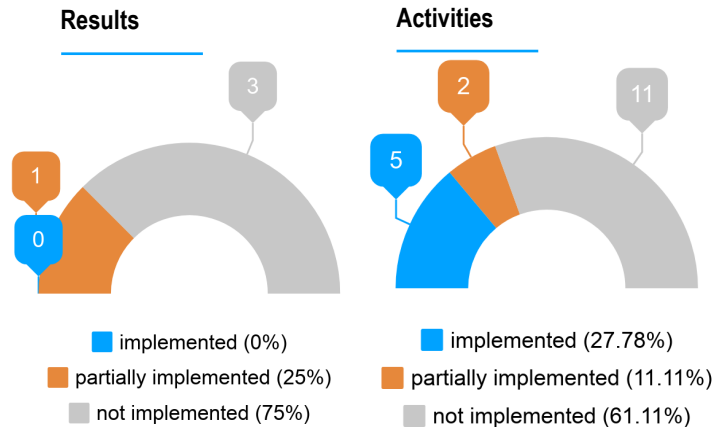
The essence of reform plans for 2015 was focused on defining the competences framework necessary for work in the civil service, as a strategic instrument for integrated HR management and development. This change required a change in job analysis, the recruitment system, performance appraisal, development and management of training quality, and amendments to the Law on Public Administration and accompanying bylaws. Although the planned results are not achieved, the analytical and normative basis is developed:

- ✓ The analysis was conducted of mandatory legal regulations defining the labour-legal status of employees in all parts of the public administration of the RS with recommendations for establishing a coherent labour-legal status for public administration employees.
- ✓ The document „Reform of the civil service system – policy paper“ has been developed proposing the directions for future amendments to the Law on State Administration.
- ✓ The document mentioned in the above measure 2.1 has been adopted: „Policy framework for HRM“ with the key guidelines and a policy framework for HRM in state administration. The text and the amendments of the text „Policy Framework for HRM“ were adopted by the PAR Council.
- ✓ The Competences Framework for Civil Servants in the Republic of Serbia has been developed.

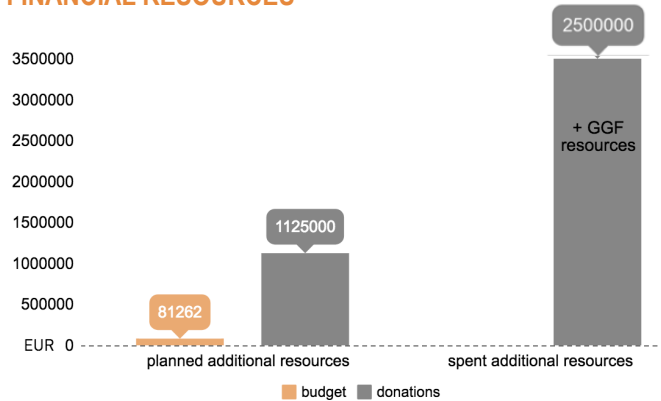
**HRMS - Centre for development of basic competences**

was established in June 2015.

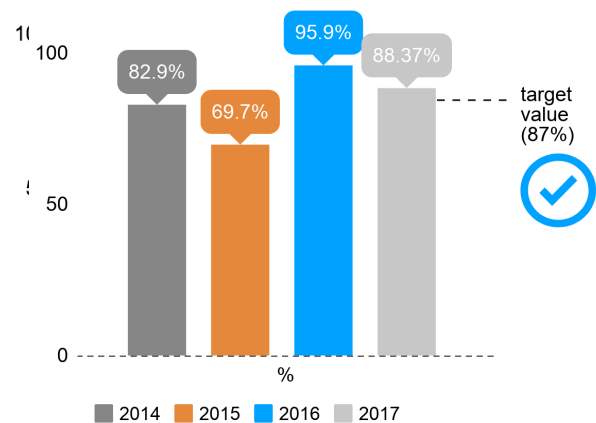
suk.gov.rs/sr/centar-za-razvoj-bazicnih-kompetencija



**OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES**



Percentage of vacant positions filled by public competitions in the civil service at level of the central administration (PPA 3)



Annual turnover of civil servants at the level of central administration (PPA 3)



<sup>13</sup> Report for Serbia, Principles of Public Administration, SIGMA, May 2016, p. 6, link: <http://www.sigmaweb.org/publications/Monitoring-Report-2016-Serbia.pdf>





Strengthening the capacities of managers in the public administration - practices and challenges, March 2017.

## NEXT STEPS

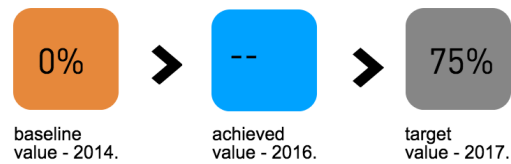
By the end of 2018:

- Amendments to the Civil Service Law and bylaws to support the changes in the law and enable implementation of all legal solutions, especially use of HRM instruments;
- Drafting and proposing acts for adoption of the Competences Framework and their integration in the recruitment and selection, performance appraisal and promotion in state administration bodies.

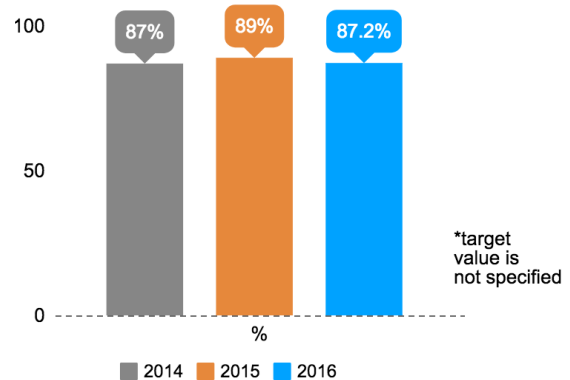
## CHALLENGES

Insufficient HR capacities of the MPALG, as the ministry in charge of the above issues, as well as the prioritised fiscal consolidation have resulted in directing all efforts towards coordinating the process of rationalisation, severance payments, and mitigating the negative effects of rationalisation.

Percentage of managers and employees in HRM units in PA bodies who confirm that they use new knowledge and instruments



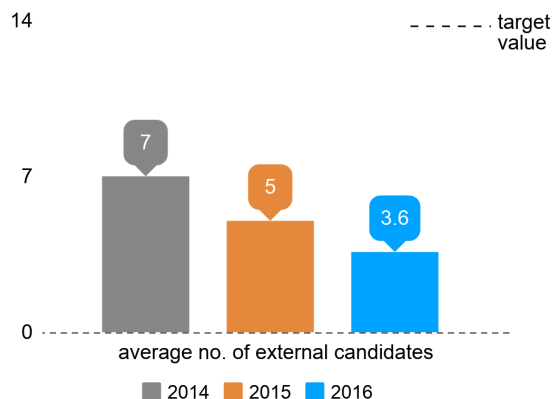
Share of performance appraisal results of 4 and 5 during the annual performance appraisal of civil servants



Extent to which the institutional framework for HRM implies clear division lines of responsibilities between HRM policy making and policy implementation



Increase of the average number of external candidates in competitions for appointed positions



**measure  
2.3**

**Development and harmonisation of basic HRM functions for the wider PA system by the end of 2017 with sustainable professional development system for PA employees**

**RESULTS**

The objective of the measure 2.3 was to establish a merit-based HRM system also in other parts of the PA, not just bodies of state administration, and to bridge the differences between the existing and the desired state of professional capacities of employees and the coverage of professional training for all public servants. Three out of four results have been fully achieved. The achieved results refer to the establishment of the legislative framework for the development of the HRM function in AO and LSG, especially strengthening the function of professional development and strengthening of the overall capacity of employees in LSG to manage human resources.

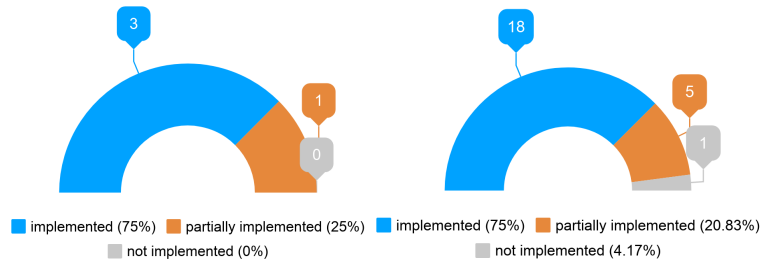
The Law on the Public Administration Academy was adopted („Official Gazette RS“, No. 94/17), whereby the **National PA Academy was established** as the central institution for professional development of PA in the Republic of Serbia.

The **Strategy was adopted on 12 March 2015 for professional training of employees in LSG** of the RS. The Strategy provides key guidelines and for the first time defines the concept of establishing a coherent, lasting and sustainable system of professional training for employees in units of LSG. It elaborated the types of professional training, the coordination between state and local bodies in this field, the model of financing the preparation and delivery of professional training programmes. The **AP for the Strategy** for the period 2015-2016 has been **fully implemented**.

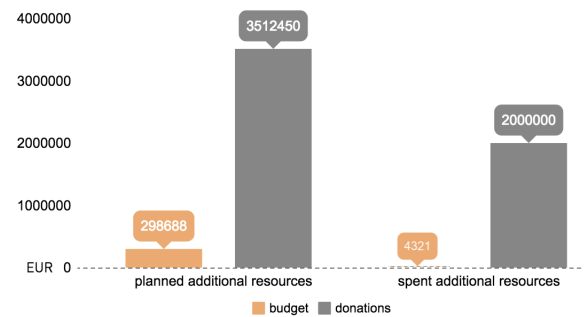
In March 2016 the **Law on Employees in AP and Units of LSG** was adopted („Official Gazette RS“, No. 21/16) doubling the coverage of the civil service system from 23,237 civil servants in state administration bodies and services of the Government by additional 29,818 employees in AP and LSG. This Law for the first time in a comprehensive manner regulated the labour status in AP and LSG. In order to implement the Law, in the course of 2016 the following was adopted:

- ✓ Decree on criteria for classification of job posts and criteria for job descriptions *public servants* in AP and LSG,
- ✓ Decree on criteria for classification of job posts and criteria for job descriptions for *employees* in AP and LSG,
- ✓ Decree on conducting internal and open competitions for filling of posts in AP and LSG,
- ✓ Decision establishing the Council for professional training in units of LSG („Official Gazette RS“ No. 105/16) (the Council has already held 15 sessions),
- ✓ Rulebook on criteria and requirements for accreditation of professional training providers for public servants in LSG („Official Gazette RS“ No. 49/17).
- ✓ Rulebook determining the List of programmes of general professional training of employees in units of local self-government („Official Gazette RS“ No. 95/17).

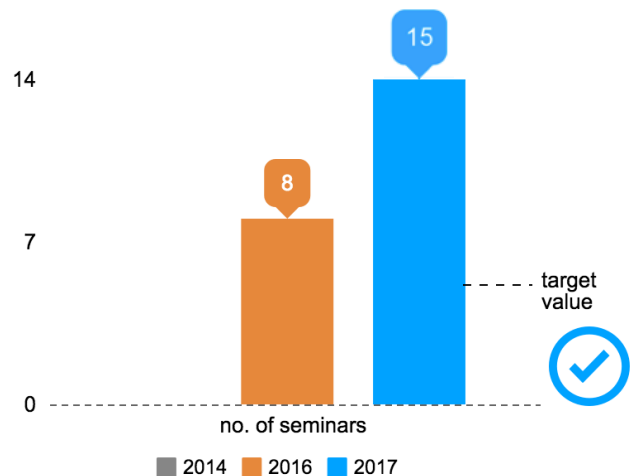
**Results**



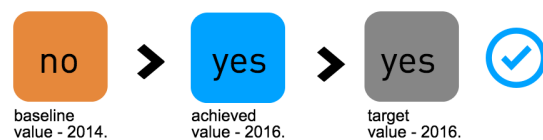
**OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES**



**The number of regional seminars delivered**



Council for professional training is established in line with the act regulating its composition and tasks





Simultaneously, intensive work is going on to strengthen capacities of employees in units of LSG for HRM (Result 2.3.3.) and in the period 2016-2017 a total of 33 regional training courses have been delivered, one e-training, and three meetings of the SCTM Network for HRM. This Network was established within the SCTM in 2016 and it consists primarily of heads of local HRM units or staff from such units. It is a mechanism of communication and exchange of information and experiences related to HRM in order to improve the work in this area (the Network has 185 members from 130 units of LSG). Advisory support has also been provided to units of LSG in implementing the Law on Employees in AP and LSG, the programme of Municipal Support Packages has been successfully finalised for 20 towns and municipalities and the programme of Municipal Support Packages has been successfully finalised for 20 towns and municipalities and numerous model acts have been developed for their use<sup>14</sup>. The project has also supported the establishment of the professional development system, by organising 65 regional trainings within the programme of general training. The general programme – 35 regional trainings in implementation of the General Administrative Procedure Law and 30 trainings on Project development and implementation were delivered on the basis of the Rulebook determining the List of programmes of general professional training of employees in units of local self-government („Official Gazette RS“ No. 95/17).

The data and information received from training courses and communication through the SCTM Network for HRM and through informal communication with units of LSG indicate that the majority of LSG units have to a greater or lesser degree harmonised their organisation and functioning with the new legal framework and have established their capacities for HRM.

## NEXT STEPS

Adoption of bylaws for implementation of the Law on National PA Academy and other special laws regulating professional development in certain parts of public administration;

Introducing the system of accreditation of professional training providers in public administration;

Establishing the Centralised records of Programmes of professional development in public administration;

Ensuring premises and other capacities for the exercise of the mandate of the national PA Academy;

Providing support to further development of the system for professional development of employees in LSG by strengthening the capacities of LSG to perform the function of professional development falling within their competences and by developing and implementing a programme of professional development.

The number of units of LSG included in the Network, the number of meetings and consultations with the Network



Percentage of achievement of the plan for staged development of the Central Professional Training Institution



Number of units of LSG which have adopted the necessary documents and developed adequate procedures in line with identified support packages



Extent to which the normative framework is complete for the development of the HRM functions in AP and LSG bodies



Extent to which the training system of public servants is in place and applied in practice (PPA3)



Number of conducted priority general training courses for employees in units of LSG



## CHALLENGES

The number and professional capacity of staff to simultaneously and coherently implement the whole set of reform processes in the field of professional development in public administration.

<sup>14</sup> Model local acts are available at the SCTM website: <http://skgo.org/pages/display/402/Modeli+akata+u+oblasti+upravljanja+i+judskim+resursima>

## OBJECTIVE 3 Improvement of public finances and procurement management

The PAR Strategy includes the improved budget planning and preparation process through introduction of programme budgeting in place of the conventional „line” budgets, improved selection and prioritisation of capital infrastructure projects, linking the budgeting process with strategic planning and policy implementation; improved management and control of public revenues and internal audit, through the establishment of internal financial control and mechanisms for monitoring of implementation of recommendations of PIKC, increasing of capacities of staff of the Central Harmonisation Unit, improving the public procurement system through cooperation of all relevant institutions, improving the functionalities and transparency of the public procurement portal, and increasing capacities of the Public Procurement Office.

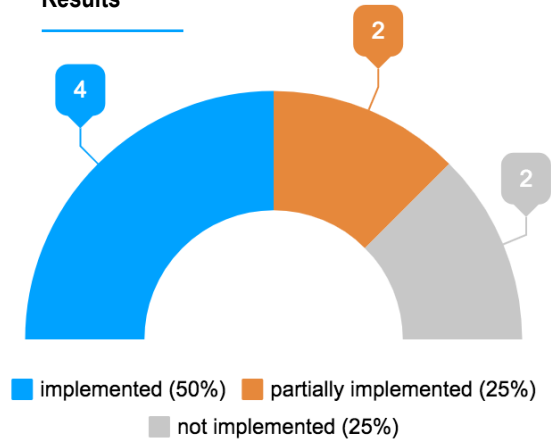
During the recent period improvement has been achieved in the strategic framework and mid-term planning, programme budgeting has been introduced, public procurement improved, the fiscal position of the RS improved, negotiation chapters have been opened relevant to this objective: Chapter 32 – Financial Control, in December 2015, and Chapter 5 – Public Procurement in December 2016 (of the total 12 chapters in the period 2015-2017).

The Government adopted the Public Finance Reform Programme 2016-2020 (PFM) and the Strategy for Development of Public Internal Financial Control in the Republic of Serbia 2017–2020 (PIFC).

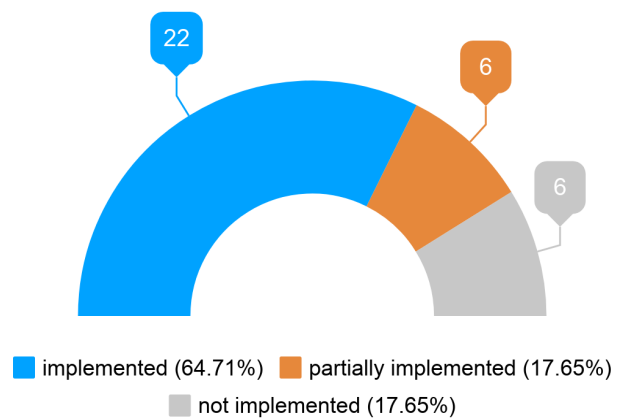
Mid-term planning is improved by the adoption of the Economic Reform Programme (ERP), the Fiscal Strategy for the current year with three-year projections, programme budgeting with projections for the two subsequent years, the Medium-term Expenditure Framework – MTEF for individual sectors „Public Administration Reform” and the area of „Education “ within the planning of Sector Budget Support, as a new instrument of the EU.

Since 2015 the Government is adopting the mid-term **Economic Reform Programme (ERP)**, including a mid-term macroeconomic and fiscal policy framework, as well as specific prioritised structural reforms, directly supporting the macroeconomic framework, removing obstacles to economic growth and increasing competitiveness of the national economy. There have so far been four cycles of ERP adoption, and the most recent one was adopted for the period 2018-2020. ERP must be harmonised with the Fiscal Strategy which is also adopted for the mid-term and the last adopted Fiscal Strategy for 2018 includes projections for 2019 and 2020).

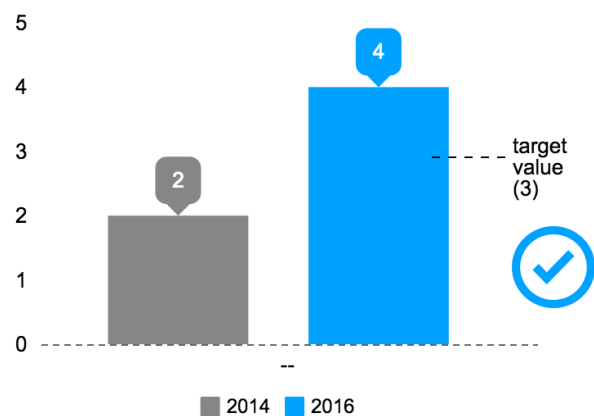
### Results



### Activities



### MTBF strength index (PPA 6)





Second meeting of the Platform for PAR policy dialogue in context of EU Sector budget support (SBS) for the area of reform or public administration and public finances.

*„The fiscal position of the Republic of Serbia has clearly improved... The Government's main priority remains the stabilisation of public finances, on which some progress is noticeable. The medium-term fiscal policy objective is to reduce the deficit to 1% of GDP in 2019. This would reduce the public debt to 67% of GDP, restoring public finance sustainability. Yet the successful consolidation of the fiscal position and the further reduction of public debt will depend on the implementation of several public sector structural reforms (e.g. modernisation of the tax administration, rationalisation of the salary system, improvement of the capital investment system and management reform of underperforming state-owned enterprises [SOEs]), some of which may prove challenging. The Budget is presented on a programme budget basis but still lacks emphasis on results or performance... The operational framework for financial management and control (FMC) and internal audit (IA) is only partially complete. Neither the IA nor the FMC system is implemented fully in line with the legal framework, and information on actual implementation is not always available.“<sup>15</sup>*

For the first time since 2005, in 2017 at the general state level, a total fiscal deficit is recorded amounting to RSD 52.3 billion (1.2% GDP) and the primary fiscal surplus amounting to RSD 173 billion (3.9% GDP).<sup>16</sup> Fiscal policy objectives for the coming mid-term period include achieving a relatively low fiscal deficit of about 0.5%GDP, which would additionally accelerate the downward trend of public debt. The key objective of fiscal consolidation, curbing further growth of public debt and its gradual reduction has been achieved already during the second year of implementation of the Precautionary Arrangement. The general state debt, after reaching its peak of 76% GDP in 2015, started to drop, and already in 2016 primary fiscal surplus was achieved and reduction of debt by three percentage points of GDP. The planned deficit of 0.5% GDP annually in the coming period and the primary fiscal surplus will sustain the achieved fiscal stability and debt reduction to 56.3% GDP in 2020. The public debt of central government at the end of September 2017 was EUR 23.4 billion, or 62.6% GDP.<sup>17</sup>

<sup>15</sup> From the SIGMA Monitoring report for Serbia, Principles of Public Administration, Principle 6: Public Financial Management. 2017, p. 127, <http://www.sigmaweb.org/publications/Monitoring-Report-2017-Serbia.pdf>

<sup>16</sup> Current macroeconomic and fiscal trends of 6 February 2018, website of the Ministry of Finance: <http://www.mfin.gov.rs/UserFiles/File/tabele/2018%20januar/Saopstenje%20decembar%202017.pdf>

<sup>17</sup> Current macroeconomic and fiscal trends, December 2017, website of the Ministry of Finance: <http://www.mfin.gov.rs/pages/article.php?id=13526>

## RESULTS

„Although great efforts were invested in reforming the public finance in the Republic of Serbia over the past decade in different sub-systems of public financial management, the harmonisation and sequence of implementation of reform activities were not fully adequate, resulting in uneven progress in the field of public financial management. Having in mind the existing gaps in this field, it has been decided to prepare a comprehensive Public Financial Management Reform Programme 2016 – 2020 (Programme), which will serve as the key direction for reforms in the period 2016 - 2020, in order to strengthen the legal and institutional framework for public financial management according to EU and international standards.“<sup>18</sup>

The result is fully achieved. The Public Financial Management Reform Programme 2016-2020 was adopted by the Government on 28 November 2015 and amended on 25 December 2015, and it followed to the maximum extent possible the recommendations of the Serbia Public Expenditure and Financial Accountability (PEFA) Performance Report (PEFA Serbia Report<sup>19</sup>). The programme includes six broader areas of action (pillars):

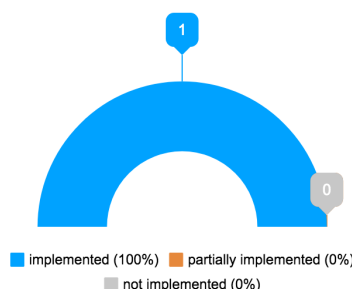
- Sustainable mid-term macro-fiscal and budget framework,
- Public expenditures planning and budgeting
- Efficient and effective budget execution,
- Effective financial control,
- Accounting, monitoring and financial reporting,
- External public finance oversight.

The achievement of Programme objectives is monitored at six-months and annual intervals. Since the adoption, two PEFA Performance Reports have been made.<sup>20</sup> Significant progress has been made in improving the coverage and quality of reporting on budget execution, continued implementation of multi-annual programme budgeting at all levels of government, and through improvement of laws, regulations and public procurement procedures.

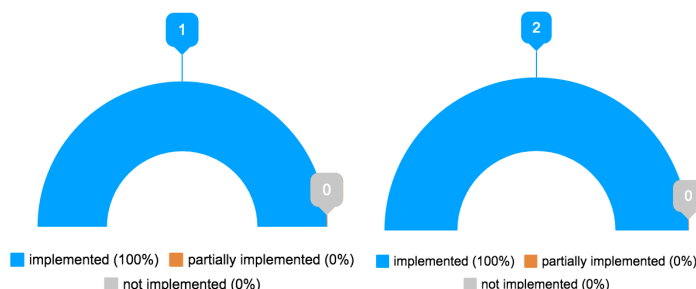
## NEXT STEPS

The review of the Programme is planned by the end of the year in the field of costs and performance indicators, and also in order to harmonise planned activities with improved monitoring.

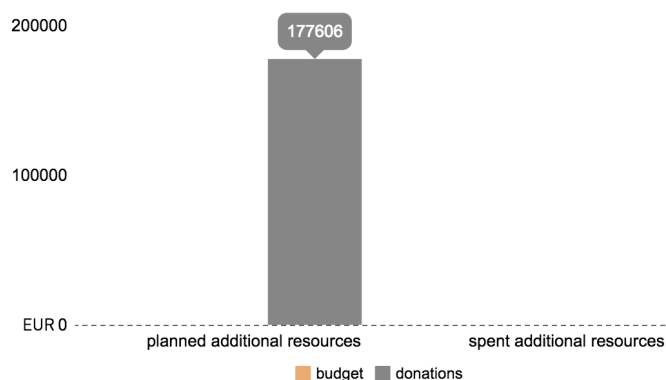
### Results



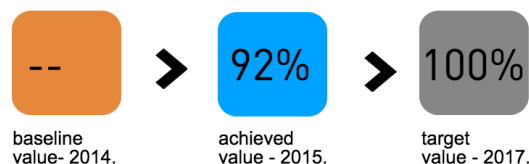
### Activities



## OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Total percentage of covered findings/recommendations from the preliminary report on assessment of public expenditures and financial accountability in the Public Financial Management Reform Programme



## CHALLENGES

Challenges in the course of preparation of the PFM were related to the following:

- short deadline, having in mind that the European Commission recommended that the preparation of PFM should be based on the PEFA assessment, which was provided with major delay;
- Limited capacity of relevant national institutions, especially with respect to formulating indicators and costing of activities.

<sup>18</sup> Public Financial Management Reform Programme 2016-2020, the Ministry of Finance, page 4, link to page: <http://www.mfin.gov.rs/UserFiles/File/dokumenti/2016/Program%20reform%20upravljanja%20javnim%20finansijama%202016-2020%20SR.PDF>

<sup>19</sup> Serbia Public Expenditure and Financial Accountability (PEFA) Performance Report: Repeat Assessment June 29, 2015, page link: <https://pefa.org/sites/default/files/RS-Jun15-PFMPR-Public.pdf>

<sup>20</sup> At its session held on 3 November 2016 the Government of the republic of Serbia made the Decision No.: 40-9496/2016-1 adopting the first report on implementation of the Public Financial Management Reform Programme 2016-2020 for the period December 2015 – June 2016. The first annual report on implementation of the Programme covering the period December 2015 – December 2016 was adopted by the Government on 30 March 2017.



RESULTS

Serbia started reforms for introduction of programme budgeting in 2005. Through the Budget Law of the RS for 2008, five pilot ministries presented their financial plans according to the programme budget model. Compared to the traditional line budgeting which allocates funds based on inputs, programme budgeting requires budget beneficiaries, along with such inputs, to provide also information on their programmes, activities and objectives which are used for decision-making on allocation of budget funds. Programme budgeting is allocation of budget funds according to performance or results of institutions. The budget thus becomes a more efficient instrument of public finance management.

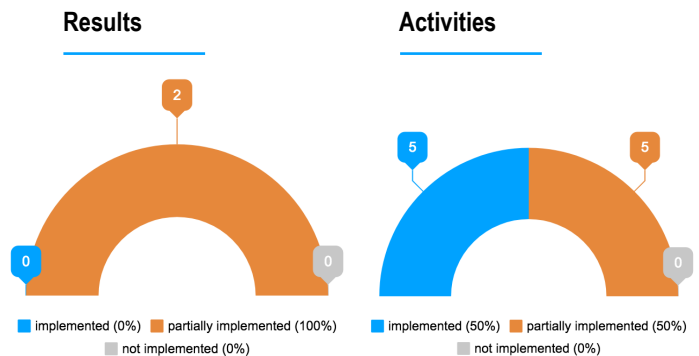
The obligation to shift from line to programme budgets for budget beneficiaries at all levels of government was formalised by the Budget System Law starting with the budget for 2015 and it is successfully being implemented.

The coverage of planning budgets with the structure of programme budget is increasing: there is 100% coverage at the level of budget beneficiaries, and an increase percentage coverage among units of LSG which have prepared budgets for 2017 based on the programme budgeting methodology (for the first half of 2017 the coverage is 60.69%). There is also an increase in the harmonisation of programme structures of budget beneficiaries with the Instructions for preparation of programme budgets (82% in 2016).

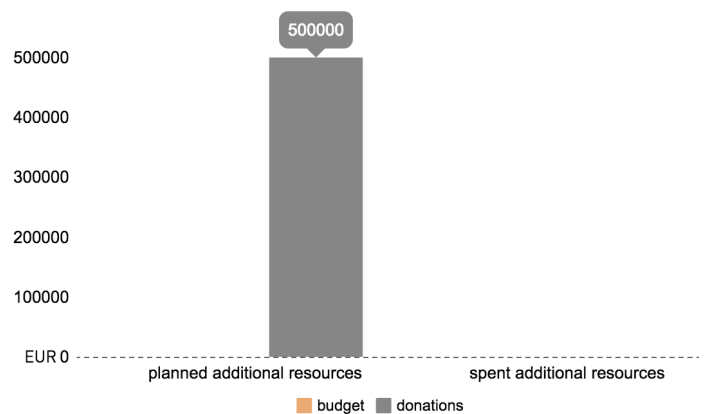
From 2015 to 2017 significant progress has been made through the:

- Improved harmonisation of budget structures of budget beneficiaries<sup>21</sup>,
- Improved programme information,
- Gender sensitive indicators have been introduced,
- Training courses have been delivered for budget preparation and reporting, and,
- Performance-based reporting started in 2017.

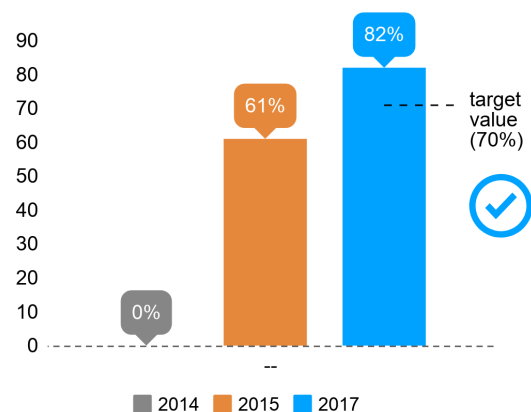
With respect to the procurement and customisation of the software for public finance management which links planning, reporting, and control, the Budget Information System (BIS) for budgeting was developed in 2016 and it enables easier and more efficient entry of financial plans of budget beneficiaries. Easier access has been enabled to financial plans of budget beneficiaries, along with better analysis process and aggregation of financial plans of budget beneficiaries.



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Percentage of harmonization of programme structures of budget beneficiaries with the Instructions for preparation of programme budgets



<sup>21</sup> Achievement criteria are as follows: every programme to include at least one programme activity or result; every programme, project, or project activity to include at least one defined objective; every defined objective to include at least one indicator; every indicator to have the set baseline and target values for the next three years. Calculation of indicators is done by dividing the total number of programmes, projects and project activities which comply with the criteria and the total number of programmes, projects and activities defined in the Budget Law of the Republic of Serbia. (From the technical specifications of indicator – Indicator Passports – prepared for indicators for the AP PAR 2015-2017, for indicator for Percentage of harmonisation of programme budget structures of budget beneficiaries with the Instructions for preparation of programme budgets).

The AP PAR was overly ambitious in planning the time needed to introduce planning and implementation of capital projects based on priorities in order to strengthen predictability in implementation (Result 3.2.2). On the basis of Article 54a, para 3, of the Budget System Law the Decree was adopted on the content, method of preparation and evaluation, as well as monitoring and reporting on implementation of capital projects („Official Gazette of RS”, No. 63/07) of 28 June 2017 to improve mechanisms for more systematic control of readiness of capital projects for implementation and their more efficient planning through a comprehensive costs/benefit analysis, selection and prioritisation, in order to identify economically viable and strategically relevant project; however the deadline for preparation of bylaws is very short (120 days for 5 rulebooks). Another special challenge is adjusting the activities in this field with other state administration bodies because after the consideration of Annual Report for 2016 on implementation of AP PAR 2015-2017 at the Council for PAR on 27 March 2017, the Ministry of Construction, Transport and Infrastructure presented comments that it is not in agreement with the situation that in the course of budget planning and preparation the Decree is to be adopted on the content, method of preparation and assessment, as well as monitoring and reporting on implementation of capital projects.

### NEXT STEPS

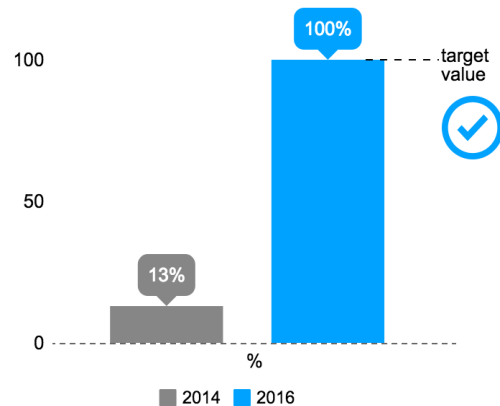
In the field of capital projects planning and implementation it is expected in the first half of the year 2018 the adoption of 5 bylaws is expected (120 d(120 days after the coming of the Decree into effect) as follows: Rulebook on requirements, manner and procedures of capital maintenance, depending on type of capital project; Rulebook on content of integrated data base of capital projects; Rulebook on contents, deadlines and procedure for submission of investment documentation; Rulebook on detailed requirements, manner, criteria and benchmarks for capital projects evaluation and selection; the Rulebook on detailed requirements, manner, criteria and benchmarks for ranking of capital projects.

Acquisition and customisation of software for public investments management which is to be established during 2018.

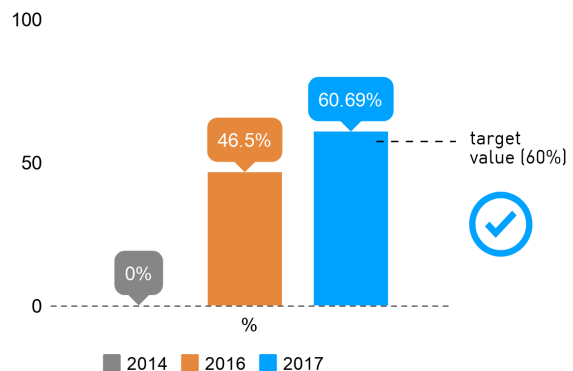
### CHALLENGES

During 2017 and 2018 there is the challenge of integrating and improving the existing budget execution software with the new BIS system for budget preparation, and additionally with the IT system for policy planning and reporting system under the competences of the Republic Public Policy Secretariat for which a public procurement procedure has started (the requirement for the IT system of RPPS is not fulfilled – the adoption of the Law on the Planning System).

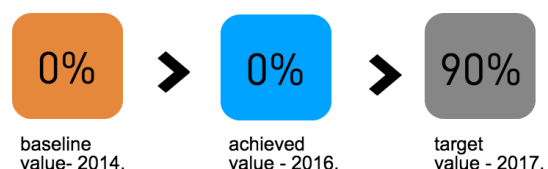
Percentage of budget beneficiaries which have shifted to programme budgeting



Percentage of units of LSG which have a prepared the budget for 2017 according to the programme budgeting methodology



Percentage of executed expenditures from capital projects which are approved according to the methodology for assessment of capital projects



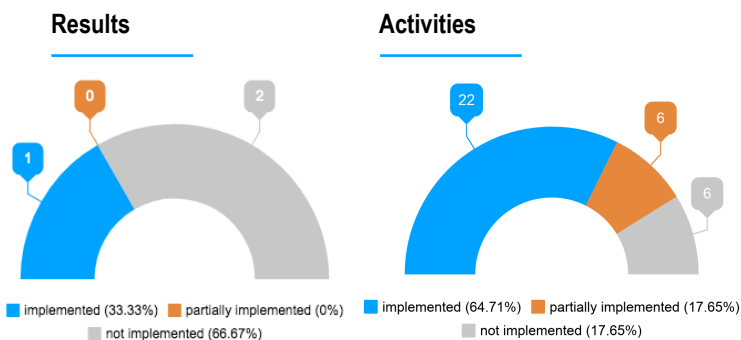
RESULTS

The strategic framework (*Result 3.3.1.*) has been established by adopting the Strategy of Development of Public Internal Financial Control in the RS for the period 2017–2020 ("Official Gazette of RS", No. 51) of 25 May 2017, but the other two planned results have not been achieved (which refer to the Improved system of financial management and control – FMC and Improved capacities and functionality of internal audit system).

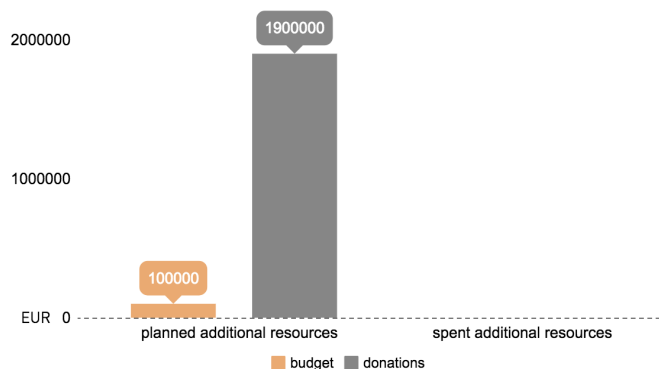
The percentage of public funds beneficiaries which have established the internal audit function is decreasing<sup>22</sup>, and the newly adopted Strategy on Internal Audit and Financial Management and Control underlines that „the achieved level of financial management and control in budget beneficiaries is of uneven quality, and the constant increase in the number of public sector internal auditors and the number of established internal audit units has not contributed sufficiently to mitigating the weaknesses of internal control and raising managerial accountability to optimum levels “.<sup>23</sup>

Nevertheless, the SIGMA reports<sup>24</sup> indicate that there are activities which were not included in the strategies, but which indicate modest report in this field, specifically:

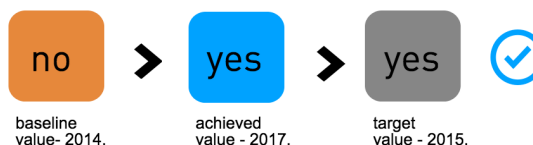
- ✓ the new Strategy of Public Internal Financial Control (PIFC) was adopted on 13 May 2017 with one of the objectives being a fully functional internal audit (IA);
- ✓ increased number of units of IA and conducted audits;
- ✓ number of certified auditors increased from 189 in 2013 to 377 in 2017;
- ✓ the Central Harmonisation Unit (CHU) initiated its website and started publishing relevant reports;
- ✓ the CHU has conducted oversight of work of IA units in all ministries and in all three organisations of mandatory social insurance after 3-4 years;
- ✓ the software for reporting on PIFC is being upgraded.



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



By end of 1 quarter of 2015 the Strategy is adopted for development of public internal financial control (PIFC) for the period 2015 – 2019



<sup>22</sup> „Although the IA units are established in the major budget beneficiaries, these units in 90% of cases are not fully staffed according to legal provisions. However, there has been a percentage improvement of number of internal auditors with relevant qualifications ... Although the total number of internal auditors has increased, the number of staff in individual IA units has decreased which resulted in only 23% of IA units being aligned with the minimum number of staff of three persons“. The quotes are taken from the draft Sigma report after measurements in 2017 for the PPA 6: Public Financial management. NOTE: until the measurements are finalised and the reports officially published, this quote can only be used as indication since it is subject to subsequent changes.

<sup>23</sup> The Strategy of development of PIFC in the RS for the period 2017–2020, page 2, link to page of MoF: <http://www.mfin.gov.rs/UserFiles/File/strategije/Strategija%20IFK%202017%202020.pdf>

<sup>24</sup> The results are taken from the draft Sigma report after measurements in 2017 for the PPA 6: Public Financial management. NOTE: until the measurements are finalised and the reports officially published, this quote can only be used as indication since it is subject to subsequent changes.

## NEXT STEPS

Consistent implementation and monitoring of the Strategy of PIFC development in RS for the period 2017–2020.

Short term engagement of expert from the Twinning Project *Support to Further Development of Public Internal Financial Control – PIFC*, in order to conduct the assessment of professional, administrative and institutional capacities of the Ministry of Finance to ensure full functionality of Measure 3.3: *Improving the financial management and control of public spending and internal audit of the Department for Internal Control and Internal Audit*.

## CHALLENGES

The delays in the planned deadline for the adoption of the Strategy of Development of PIFC were due to the need to harmonise it with other strategic documents, primarily the Public Finance Reform Programme, the PAR Strategy, and the negotiating position for Chapter 32 which was opened on 14 December 2015.

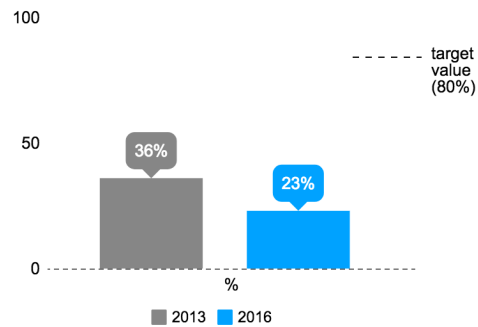
Challenges identified by the Strategy of development of PIFC are as follows:

- The Budget System Law prescribes that functionally independent and decentralised internal audit is the obligation of all beneficiaries of public funds. The Law does not prescribe any deadlines for establishment thereof, with the assumption that the deadline for establishment of IA is a matter of conscience and understanding of this function by senior management in the public funds beneficiaries. The introduction and development of this function requires relevant training, certification, and other necessary resources.
- Certain issues relevant to the independence and status of IA, the quality of strategic and annual plans of IA, the number of audits conducted and the quality of audit reports, remains unsolved. Until that time, internal auditors are focused on lower rank audit objectives. Audits of complex systems in priority areas, such as strategic planning, programming, functioning of IT systems and achieving best value for money, have been neglected.
- There is lack of broad cooperation between IA and managerial structures as a precondition for improving the quality and status of IA. In 63% beneficiaries of public funds which have established IA units have units with only one internal auditor, 14% have units with two internal auditors, and 23% have units with three or more internal auditors. A great percentage of established IA units with two or less auditors raises concerns and doubts as to whether they can fully respect the IA standards. The existing systematised posts are

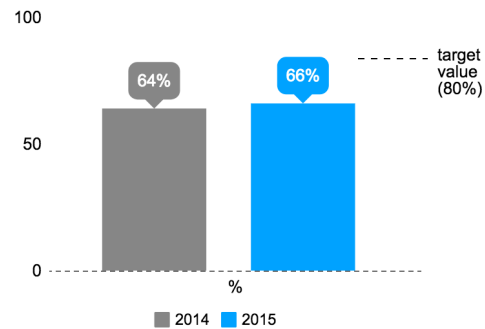
Percentage of public budget beneficiaries at central level in which the managers of basic/special organizational units and directorates report on monthly basis on financial commitments and expenditures in the relevant part of the budget of the institution



Percentage of budget beneficiaries which have established the internal audit function in compliance with the applicable national legislation and have ensured the minimum number of internal auditors to perform this function in their institutions (PPA 6)



Percentage of budget beneficiaries which have prepared Internal Audit annual plans in line with the applicable national regulations (PPA 6)



not fully filled, due to legal limitations on maximum number of staff, lack of highly qualified HR, low salaries, inadequately systematised ranks relative to the scope and complexity of the work, and private sector competition.

- The Central Harmonisation Unit was facing capacities related challenges, mostly due to reduced number of staff and the fact that most of the existing staff was engaged on organising training and internal auditors' certification programme. Also, the post of assistant minister in charge of the CHU within the Ministry of Finance was vacant for months.<sup>25</sup>

<sup>25</sup> Strategy of development of PIFC in the Republic of Serbia for the period 2017–2020, pages 11-13, link to webpages of the MoF: <http://www.mfin.gov.rs/UserFiles/File/strategije/Strategija%20IFK%202017%202020.pdf>



RESULTS

The function of the Budget Inspection is to enforce the law in the field of material-financial operation and earmarked and legal use of funds by budget beneficiaries. In the year 2015 in one of the reports<sup>26</sup> recommendations were made related to the strengthening of the inspection, some of which refer to increasing the number of inspectors, the need to develop methodology with standards and methods of operation of the budget inspectorate, ensure transparency in its work through its web-page, etc. Also, in accordance with the remarks made in the screening report for Chapter 32, and in order to strengthen *Effective Financial Controls* as part of pillar 4 of the Public Finance Reform Programme, it was necessary in the course of simultaneous development of the internal control and internal audit and budget inspectorate to reduce the risk of ending up with unclear differentiation of their purposes and roles.

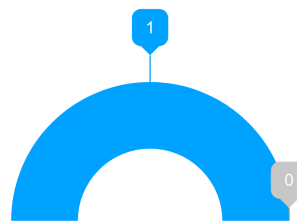
In the reporting period amendments have been made to the Budget System Law relevant to the work of the Budget Inspection in order to clearly differentiate the work of the budget inspection and that of internal audit. The change was primarily aimed at having the Budget Inspection no longer performing its tasks on the basis of a work plan defined in advance, but only act on the basis of work programme based exclusively on received reports, complaints, and requests for inspection from state administration bodies, organisations, legal and physical persons (it does not act ex ante – preventively, but only ex post, based on report /complaints).

Additionally, in October 2017 a decree was adopted on the work, competences and insignia of the budget inspectorate prescribing in more detail the manner of operation of the budget inspectorate in view of the frequent changes of the Budget System Law.

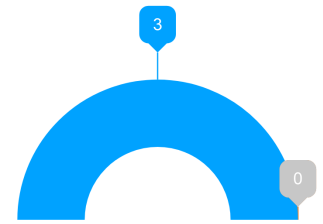
The check-list of the Budget Inspection, and the annual reports are regularly published on the website of the Ministry of Finance in the section Control of Public Funds, including information on how to file electronic reports/complaints, which is a novelty introduced in 2017, to enable citizens, institutions and associations better access and easier reporting of suspicions or knowledge of irregularities and illegal conduct in disposing of and using budget and other public funds: <http://www.mfin.gov.rs/pages/issue.php?id=12884>

The number of reports that the Budget Inspection acted on has increased by more than 14 times relative to the baseline value, since the number of acting on reports also includes acting on data received from the Treasury Administration in line with Article 14 of the Budget Law of the Republic of Serbia for the year 2016, where the Budget Inspection makes decisions temporarily freezing the transfer of the relevant share of salary tax in units of LSG in case of their failure to settle their obligations.

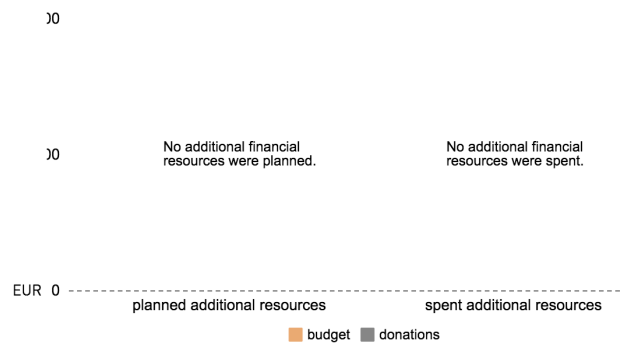
Results



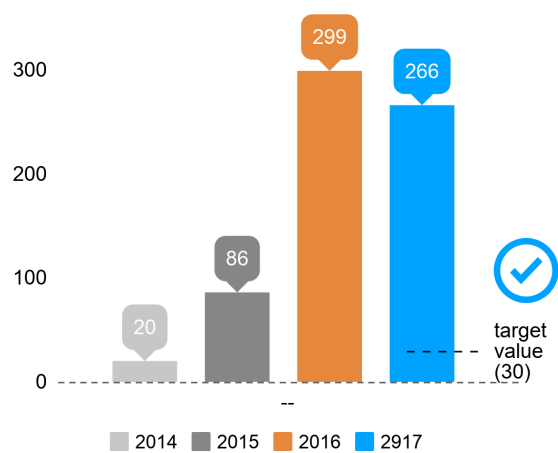
Activities



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Number of reports that the budget inspectorate acted on relative to the baseline



<sup>26</sup> Report of the Anti-Corruption Council on the capacities of the Budget Inspection, 2016, page at the following link: <http://bit.ly/2uH4Kmc>.

The Rulebook on internal organisation and systematisation of posts in the Ministry of Finance was adopted in August 2017, increasing the number of systematised posts in the budget inspectorate (from 10 to 23), which is the initial action to fulfil conditions for full functionality of the budget inspectorate. The increased number of systematised posts resulted from considering the number of received reports, complaints, and requests to conduct control received from state administration bodies, organisations, legal and physical persons, the which of which is several hundred annually (about 300). In order to save resources, it has been proposed that budget inspectors working outside of the HQ in Belgrade and in other towns in Serbia should use the available capacities and premises of the Ministry of Finance (specifically of the Tax Administration, as a body within the Ministry of Finance).

### **NEXT STEPS**

During the first half of 2018 adopt the methodology of work of the budget inspectorate, elaborating in more detail and more clearly the uniform standards and procedures for conducting budget inspection control.

### **CHALLENGES**

Since 2017 the Budget Inspection has enabled submitting reports online (apart from regular post)<sup>27</sup>, which gives better access to citizens to present their suspicions and knowledge of irregularities and illegal actions in the use of budget funds and other public funds, but this has also led to greater work load, which is a specific challenge in view of the low number of budget inspectors (12).

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<sup>27</sup> For more information, follow the link: <http://www.mfin.gov.rs/pages/article.php?id=12886>

RESULTS

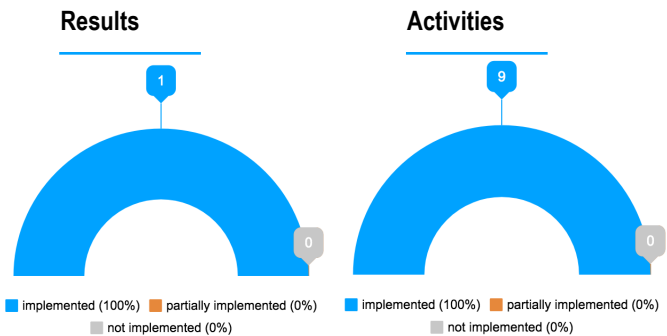
The adopted Strategy for Development of Public Procurement in the Republic of Serbia for the period 2014 – 2018 (the Strategy) defined priority areas for reform, including: improvement of the regulatory framework, strengthening institutional cooperation, improving efficiency and sustainability of the public procurement system, and fighting irregularities in the public procurement system. By implementing annual AP for implementation of the Strategy, results have been achieved in all priority areas and this resulted in the opening of negotiating Chapter 5 – Public Procurement, on 13 December 2016. The first stage of harmonisation with the EU *Acquis* has been implemented within defined deadlines and in the manner specified in the Strategy, which contributed to further improvement of the public procurement system.

The public procurement system has been operationally and methodologically improved which is demonstrated by indicators of efficiency and effectiveness. The average duration of the open procurement procedure has been reduced (counting from the day of publishing of the call on the web portal to the day of contract signature. Less time is used for procurement procedures in two aspects: a) the procedure lasts less (in 2014 the average duration of the open procedure was 77 days, and in 2016 it is 61 days, while procurements of small value in 2014 lasted on average 37 days and in 2016 they take 29 days); and b) lower number of procedures that need to be repeated because the preceding one was terminated (reduced share of terminated procedures in the total number of public procurement procedures).

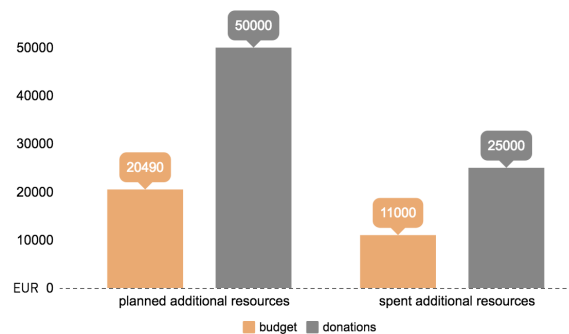
Another key performance indicator for public procurement is the average number of bids per public procurement procedure. The trend of reducing average number of bids which was observed during 2012-2014 (in 2016 the average number of bids received was 2.9 which is the same as it was in 2015 – Table 28 below) has been stopped.

The indicator of conditions for free competition is the presence of transparent and competitive procedures (open and restricted procedure) in contrast to non-competitive procedure (negotiated procedure without publication of the invitation for bids). The negotiated procedure without the published invitation for bids represents in terms of value 3% per type of procedure, while the open procedure represents 93%.

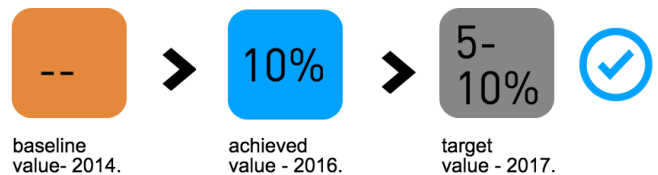
An important factor which led to reducing the number of procurements at the web portal was the introduction of framework agreements. One of the effects of using framework agreements which



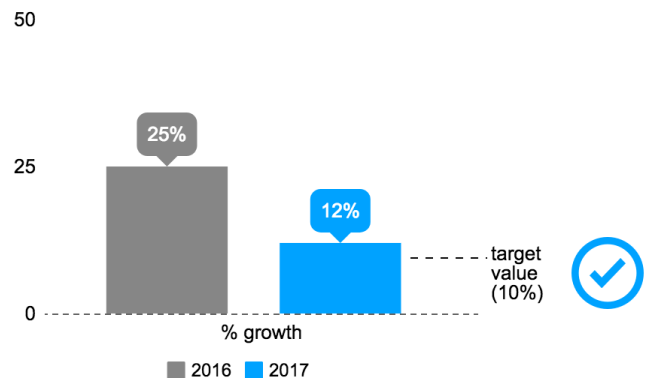
OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Number of visits to the portal relative to the baseline value



Number of certified public procurement officers relative to the baseline value



<sup>28</sup> The table and other data were taken from the report of the Public Procurement Office published at the website of the Office: [http://www.ujn.gov.rs/ci/izvestaji/izvestaji\\_ujn](http://www.ujn.gov.rs/ci/izvestaji/izvestaji_ujn). This specific table was taken from the most recent Report on Public Procurement in the Republic of Serbia for the period 1 January 2016 – 31 December 2016, published on 22 March 2017.

enable the signing of a number of contracts under one public procurement procedure and enable more purchasing entities to sign such contracts, along with the possibility of the framework agreement to be in effect for an number of years – was the reduced number of public procurement procedures.

The share of foreign bidders in 2016 increased significantly relative to 2015, from 2% to 5% of the total value of signed contracts.

Under centralised public procurement procedures in 2016 a total of 18,880 contracts were signed, which is 85% more than in the preceding year, with the simultaneous increase of their share in the total value of all contracts from 10.7% in 2015 to 15% in 2016.

The Public Procurement Portal is characterised by continued increase in the number of visits since 2014. The average daily number of visits to the Portal in 2014 was 4,586; in 2015 it was 6,225; and in 2016 it was 7,058.

### NEXT STEPS

The implementation of activities defined in this AP, which included the conducting of the assessment of technical solutions being implemented or being developed in the EU in the field of e-procurements (submitting e-bids, e-auctions, e-dynamic procurement system, e-catalogues, etc.) has created a new basis and new directions have been identified for future development of e-procurements in the Republic of Serbia.

### CHALLENGES

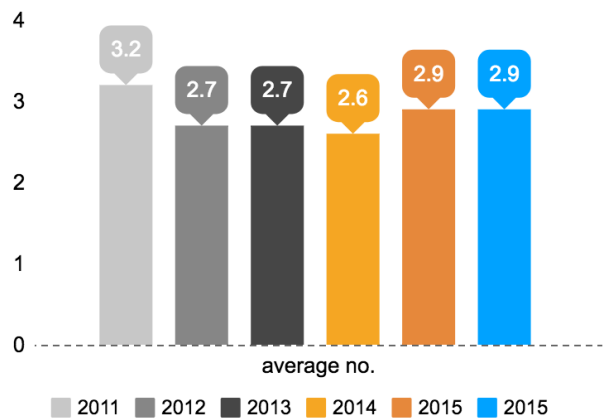
The greatest challenges in implementing this measure included:

- Preventing and suppressing corruption in public procurement procedures;
- Improving legislation (full harmonisation with the EU directives).



Awarding certificates to 178 civil servants, 9th June 2017.

### Average number of bids per closed PP contract, annually



## OBJECTIVE 4 Increasing legal certainty and improving the business environment and the quality of service provision

The PAR Strategy in the RS and the accompanying Action Plan for its implementation identified three measures for the achievement of this objective:

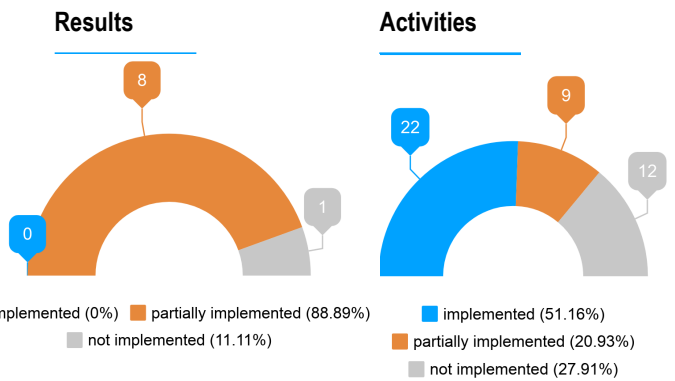
- Improving the regulation drafting process (coordinated policy making and selection of optimal regulatory instruments);
- Improving administrative procedures (adoption/ implementation of the new Law regulating general administrative procedures in order to increase legal predictability and protection of legitimate expectations of parties in procedures, reducing the number of special administrative procedures, harmonising decision-making in administrative procedures with the principles of the European Administrative Area and other contemporary trends in administrative law);
- Reform of inspection supervision (adoption/ implementation a single, system-wide, and reform-oriented Law in Inspection Service, in order to better protect public interest and strengthen competitiveness of the economy through reduced administrative costs of inspection supervision and at the same time reduced room for competition from grey economy which undermines economic sustainability of businesses operating according to the law).

The Government has achieved visible results in improving service provision in selected areas. One example of this is the project “**Baby, Welcome!**” (e-Baby), thanks to which parents can in just 15 minutes register their new-born baby in all maternity hospitals across Serbia. By the end of the first half of 2017 more than 16,000 newborn babies were registered in this way, and about 7 different papers were abolished, and this service is an example of *no-stop shop*, where services are provided in the place where the lifecycle event happens and the citizens need not go to a special *one-stop shop*.

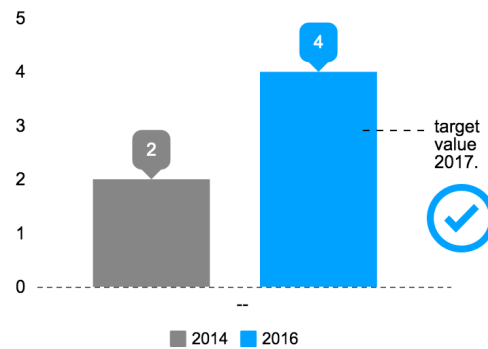
Serbia is making similar improvements in the field of issuing electronic building permits, reducing the time needed for registering a business, simplifying procedures for transfer of property, based on which Serbia improved its ranking on the World Bank Doing Business list (in 2016 it was ranked 47th



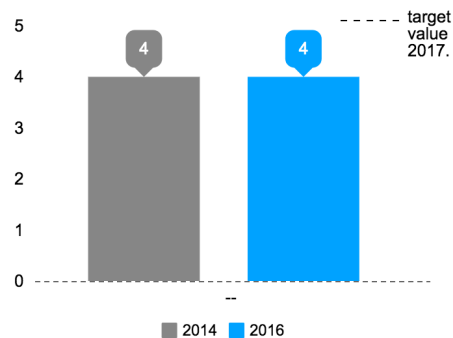
Serbian-Korean IT Centre, Dobrinjska 11, Belgrade



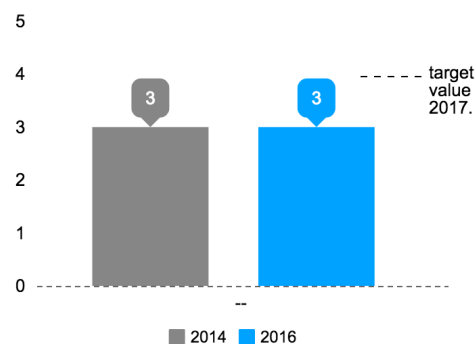
Extent to which legal framework for good administration is in place and applied (PPA 5)



Extent to which citizens-oriented policy for service delivery is in place and is applied (PPA 5)



Extent to which policy development processes make best use of analytical tools (PPA 2)







(1-190), which is an additional improvement compared to 2015 (in 2015 Serbia was ranked 54th, which was an upgrade by 32 positions relative to the list of the year before).<sup>29</sup>

Exchange of official records between bodies, the ability to provide for citizens *one-stop shops*, in the form of either electronic administrative spots or counters in any institution, as well as requirement for bodies to exchange data and not documents – all of these processes started in recent years. The service road has been established for exchange of 6 major data bases holding about 80% of data from all official records, as support to the implementation of the Law on General Administrative Procedure (e-ZUP).

The extent to which there is a legal framework for good governance which is being implemented has increased more than expected.

The following has been adopted.

- ✓ The new Law on General Administrative Procedure;<sup>30</sup>
- ✓ The new Law on Inspection Supervision<sup>31</sup> with a set of accompanying acts.
- ✓ The Strategy of Regulatory Reform and Policy Management System for the period 2016-2020 with the AP for its implementation<sup>32</sup>,
- ✓ The Strategy for Development of e-Government in the RS for the period 2015-2018, with the AP for 2015-2016<sup>33</sup>,
- ✓ The operational activities plan for establishment of a single public registry of administrative procedures and other requirements for doing business<sup>34</sup>,
- ✓ The plan of priority activities to reduced administrative burden in RS 2016–2018 (Stop Red Tape<sup>35</sup>) including 13 priority activities to be implemented by the Government, selected on the basis of impacts for citizens and businesses

and the readiness of institutions and IT systems for their implementation<sup>35</sup>,

- ✓ The Economic Reform Programme – ERP (the most recent one for 2017-2019)<sup>36</sup>.

Within the plan „Stop Red Tape“ 188 standardised administrative procedures<sup>37</sup> have been adopted in 9 areas, based on which units of LSG will act in a uniform manner to requests by citizens and the economy across the country.

Coordination has been established among 41 services which is yielding positive results on reducing grey economy (in the field of registration of entrepreneurs). The procedure, type and form of inspection supervision is standardised and check lists are published so that businesses can know in advance about the type, scope and manner of inspection.

<sup>29</sup> More details on the „Doing Business“ List at: <http://www.doingbusiness.org/rankings> <http://www.doingbusiness.org/data/exploreeconomies/serbia>

<sup>30</sup> The Law on general Administrative Procedure, („Official Gazette RS“, No.: 18/2016), link: [http://www.paragraf.rs/propisi/zakon\\_o\\_opstem\\_upravnom\\_postupku-2016.html](http://www.paragraf.rs/propisi/zakon_o_opstem_upravnom_postupku-2016.html)

<sup>31</sup> The Law on Inspection Supervision („Official Gazette RS“, No: 36/2015), link: [http://www.paragraf.rs/propisi/zakon\\_o\\_inspekcijskom\\_nadzoru.html](http://www.paragraf.rs/propisi/zakon_o_inspekcijskom_nadzoru.html)

<sup>32</sup> Strategy of Regulatory Reform and Improvement of the Policy Management System for the period 2016-2020 with AP for Strategy implementation, website RPPS, <http://www.rsjp.gov.rs/strategija-razvoja-upravljanja-javnim-politikama>

<sup>33</sup> Strategy of Development of e-Government in the RS for the period 2015-2018 with AP for 2015-2016, link to website: <http://www.mduls.gov.rs/doc/Strategija%20razvoja%20eUprave%20sa%20AP%202015-2018.pdf>

<sup>34</sup> Operational plan of activities for the establishment of one unified register of administrative procedures and other requirements for doing business at the website of the Republic Public Policy Secretariate <http://www.rsjp.gov.rs/registar-administrativni-postupci>

<sup>35</sup> Stop Red Tape at the website of the MPALG, Activities - Explanation, 9 March 2017 <http://www.mduls.gov.rs/aktivnosti-obavestjenja.php>

<sup>36</sup> ERP, website of the Ministry of Finance, [http://www.mfin.gov.rs/UserFiles/File/strategije/ERP%202017-2019\(1\).pdf](http://www.mfin.gov.rs/UserFiles/File/strategije/ERP%202017-2019(1).pdf)

<sup>37</sup> Models of standardised administrative procedures are published at the website of the Standign COncference of Towns and Municipalities (SCTM) and the Ministry of Public Administration and Local Self-Government: <http://www.skgo.org/pages/display/405>

RESULTS

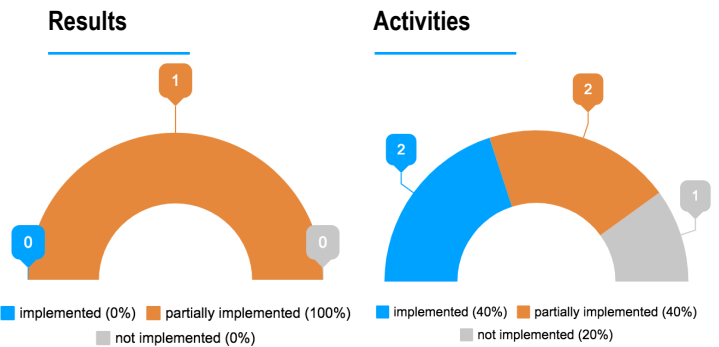
Regulatory Reform in RS has been implemented continually since 2003, when for the first time the legislative technique Regulatory Impact Assessment was introduced (RIA), and the Regulatory Reform Strategy for 2008 – 2011 was the first public policy of the republic of Serbia in the field of regulatory framework reform, and it was aimed at creating a favourable economic environment, reduction of legal uncertainty and increasing competitiveness of the national economy in the global and European market. The development of the new Strategy was to ensure continued strategic approach to regulatory reform. In April 2014 the Law on Ministries established the Republic Public Policy Secretariat, as a special organisation which took over the competences of the Office for Regulatory Reform and Regulatory Impact Assessment. Apart from issuing opinions on draft laws and appendices to the Regulatory Impact Assessment, the RPPS was mandated to issue opinions of proposed strategic documents of the Government in order to assess harmonisation of proposed strategic documents with the already adopted strategic framework of the Government.

Although the obligation to conduct RIA was introduced into the legal system of the Republic of Serbia back in 2004, impact assessment varies in quality and content and the level of assessment conducted. This has been recognised by the new Strategy of Regulatory Reform and Improvement of the Policy Management System with AP for 2016-2017, adopted in January 2016, which established a new strategic framework for improved planning, better quality of regulations and strategic documents, the legislative process, reduction of administrative procedures for citizens and businesses, and improving the business environment.

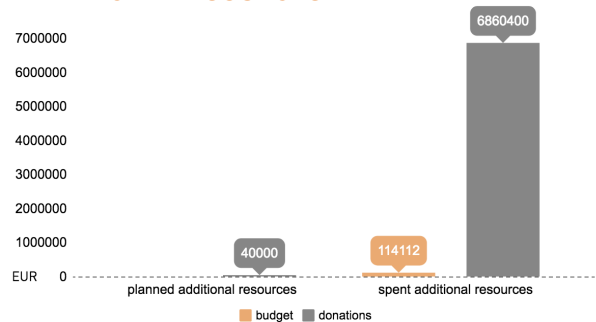
Also, in cooperation with the HRMS and GIZ, the RPPS is continually investing efforts in strengthening the administrative capacities of state administration bodies – in 2015 a special Training Programme for civil servants was developed in the field of policy management (techniques for planning, regulatory impact assessment, monitoring, reporting and evaluation of policies). So far 6 training courses have been delivered for 353 civil servants.

NEXT STEPS

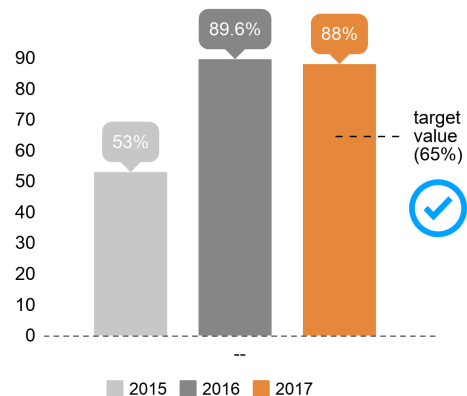
A package of regulations on the planning system has been developed and finalised – the proposed Law on the Planning System and two accompanying decrees with methodologies (Decree on policy management, regulatory and policy impact assessment, and content of individual policy documents, and the Decree on mid-term planning). These are planned to be adopted by the end of the second quarter 2018.



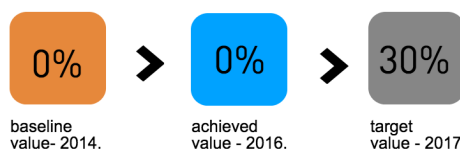
OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Share of number of draft laws complying with the adopted methodology for regulatory impact assessment (RIA) in the total number of draft laws submitted for opinion to the RPPS for which RIA is required, annually



Share of proposed strategic documents harmonized with the adopted methodology for impact assessment of policies in the total number of proposed strategic documents submitted for opinion to the RPPS, annually



CHALLENGES

Possible non adoption of the Law on the Planning system by the National Assembly would be a challenge for further successful implementation of the public administration reform in the field of policy management and coordination and their linking with the budget framework and thus the legislative process as a whole.

**measure**  
**4.2**

**Improving administrative procedures and ensuring that, when deciding on rights, obligations and legal interests of citizens and other entities, state administration bodies and organisations act in accordance with principles of good administration**

**RESULTS**

In order to strengthen good government where the state is the partner and the service to citizens, during the reporting period work was done on improving specific services, and also strengthening systemic approach to administrative acting. **The legal framework on administrative procedures has been improved and exchange of data from official records has begun.**

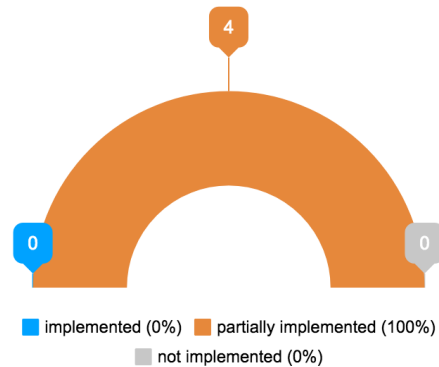
- ✓ The following was adopted:
- ✓ The new Law on General Administrative Procedures (LGAP) („The Official Gazette of RS“ No. 18/16) on 1 March 2016;
- ✓ The decree on acquiring and providing data on facts recorded in official records („The Official Gazette of RS“ No. 56/17);
- ✓ The working version of the Decree on single administrative point.

The results and challenges in the implementation of the LGAP can now best be demonstrated through the exchange of data from official records. State administration bodies are obliged *ex officio* in legally prescribed deadlines, for free, to exchange, exercise insight into, process and acquire data on facts contained in official records. These provisions are not a novelty in our legal system, since the same obligation was prescribed by the preceding LGAP and since it is also included in the Law on State Administration. However, since it has been recognised that these provisions were not fully enforced in practice, the new LGAP raised the obligation of PA bodies with respect to exchange of data to a higher level, the level of principles, and introduced misdemeanour sanctions for authorised civil servants in case of failure to act accordingly. Exchange of data from official records is binding for all bodies irrespective of their technical equipment. This means at the same time that they are obliged to exchange data in conventional ways if they cannot do so electronically.

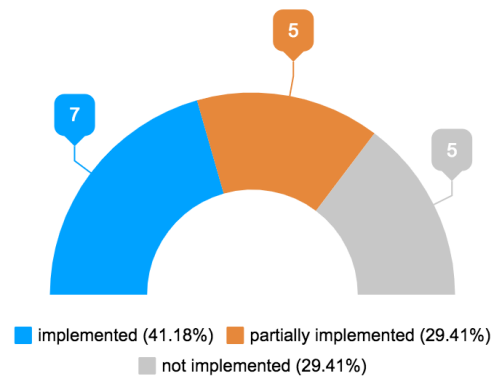
The LGAP has for the first time regulated the single administrative point enabling the party to receive in one place all relevant information, to file one application only, to communicate with one body only, and to finally at that place receive the relevant act. In order to ensure better communication with citizens, the website [www.dobrauprava.rs](http://www.dobrauprava.rs) has been put in place.

So far in the administrative system of the RS, thanks to the project „Baby, Welcome!“ a single administrative point has been established which is in accordance with the provision of Article 42 of LGAP. The Project has been functional since May 2016 and all health care institutions are implementing it since 1 June 2016. Parents can, within about 15 minutes, instead of previously using at least 7 hours, with the assistance of authorised person in the health care institution who are in charge of this service as a one-point service receive for free and by filing only one initial application complete all necessary procedures

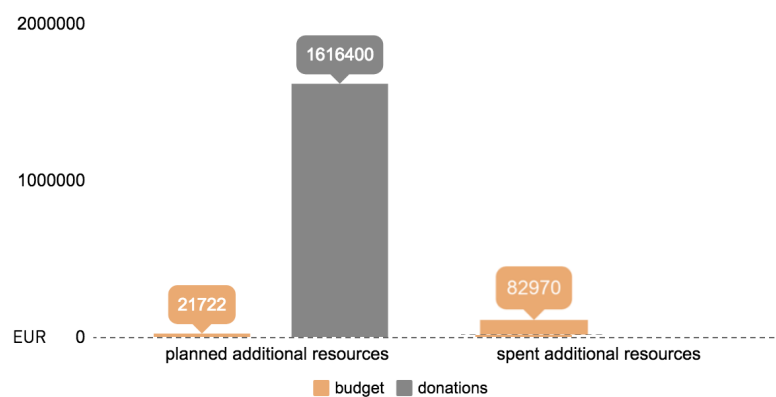
**Results**



**Activities**



**OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES**



**Extent to which legal framework for good administration is in place and applied (PPA 5)**



(filing of the electronic form at the e-Government Portal based on data from personal ID documents of parents, taking over of data from official registers and statements made by parents). The IT system in the *back office* sends sets of data to relevant institutions which receive the received applications, and the parents are notified by a text message (SMS) of the procedure being completed while the documents are sent to the home address. Parents can still register the birth of the child, the name of the child and health insurance in the conventional manner. So far, more than 90% of all parents has opted for the one-stop service, which also indicates their satisfaction with the service. From 9 January 2017 babies in all maternity hospitals in Serbia can be registered electronically.

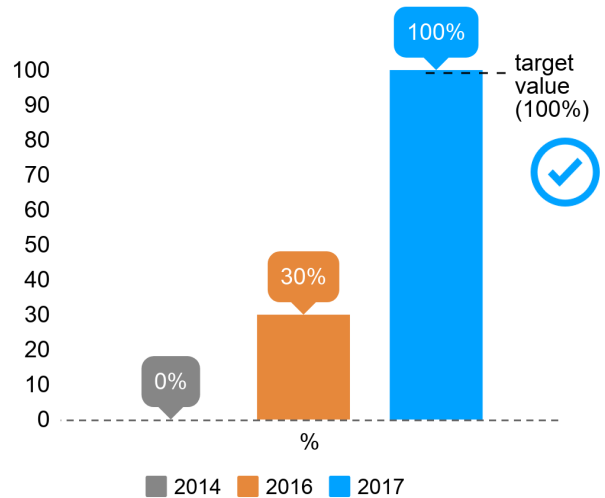
Statistics as of 8 January 2018 of the MPALS indicate that a total of 80,142 e-applications have been filed from hospitals, and parents of 72,060 babies wanted to complete the whole registration procedure from the hospital. The annual number of children born in Serbia being about 60,000 the total annual savings of parents' time is about 400,000 and the savings for civil servants are between 15,000 – 30,000 working hours annually.

Apart from the above, the good example of the functioning of a single administrative point is the integrated procedure under the Law on Planning and Construction, the registration of new companies with the Company Registration Agency, and services provided to citizens through the e-Government Portal, which is a single electronic administrative point. One-stop administrative point has been introduced before the adoption of the new LGAP in certain units of LSG, and thus in October 2014 the one-stop shop became functional in the city administration of Šabac, in form of registry office of the Service Centre.

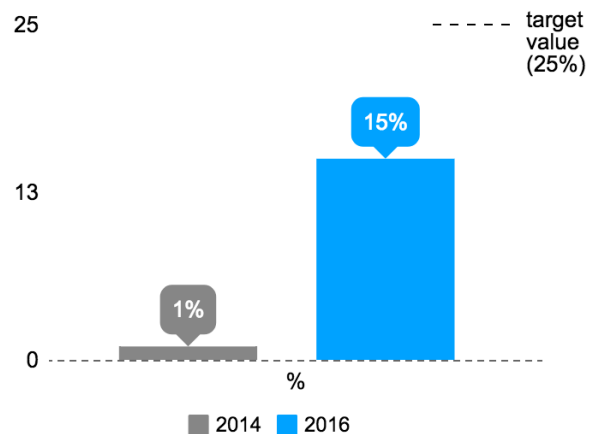
Within this measure there has been an increase achieved in the use of modern IT technologies in conducting the administrative procedure – the Decree has been adopted on the acquiring and providing data on facts of which official records are maintained („The Official Gazette of RS“ No. 56/17) on 7 June 2017. This decree is the legal basis for establishment of the IT for the E-Government Portal of RS (hereinafter: IT system for LGAP), ensuring exchange of data from official records, by means of e-services for acquiring and providing data. Currently the e-LGAP includes data from registry books of life events; registry of residence and temporary residence abroad, and records on biometric documents, registry of tax payers, registry of beneficiaries of pension and disability insurance, registry of unemployed persons and the registry of mandatory social insurance.

A Coordinating Body has been established for harmonisation of special laws with the LGAP on the basis of the decision on the establishment of the coordinating body („The Official Gazette of RS“ No. 82/16 of 7 October 2016) – and it has so far held 7 meetings.

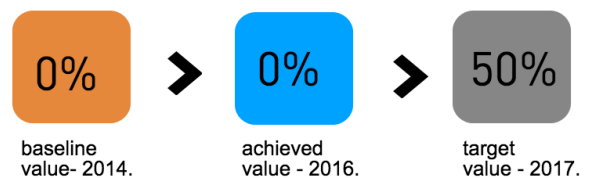
Percentage of conducted professional training courses for the implementation of the General Administrative Procedure Law



Percentage of PA bodies in which preconditions have been ensured for electronic communication with parties in the administrative procedure



Percentage of conducted training courses for administrative inspectors for monitoring the implementation of the General Administrative Procedure Law



The Practical Manual for the implementation of the LOGAP has been developed, the Manual for taking of the state professional examination for administrative procedure, and in cooperation with the SCTM 14 regional seminars have been organised to present the new legal solutions; a training of trainers for LGAP has been conducted for 80 trainers, a numerous training courses and interactive workshops have been organised via Moodle e-learning platform, and currently the process of harmonising special laws with the LGAP is underway.

## NEXT STEPS

A draft decree is under preparation which will regulate the single administrative point, so that the first next single administrative point – sale of used vehicles – could become functional by September 2018, including in 3 to 5 units of LSG in form of a one-stop shop. The process implies, among other things, the development of the Catalogue of procedures and competences, a preliminary analysis, the establishment of a call centre, coordination with authorities possessing certain official records, improved exchange of data electronically among authorities, etc.

## CHALLENGES

The implementation of the new LGAP implies initially certain costs for the administration bodies, and time needed to organise working processes in a manner which enables exchange of data, especially having in mind that not all registries (official records of administration bodies) are publicly available or regularly updated, that often they are not maintained in electronic format, and that HR capacities in administration bodies often are not sufficient, and often also inert and poorly organised.

The purpose of this mechanism is to simplify legal regulations in all areas through harmonisation of special laws which regulate special administrative procedures with the provision of LGAP, and this is implemented by the Coordinating Body for the harmonisation of special laws with the Law on General Administrative Procedure, with the deadline 1 June 2018 (Article 214 LGAP).

Since this is a system-wide solution, the greatest challenges are institutional coordination and understanding of the new concept which links it together, changes of individual regulations, adjustments, organisation and updating of electronic records and data bases and linking of bodies and institutions via the e-Government Portal. However, irrespective of the obstacles, administrative points so far established are examples of best practice and it is therefore necessary to develop this further so that it can become a matrix for establishment of other administrative points.

Capacities for monitoring and supervision over the implementation of LGAP are not sufficient (4 employees), and it is planned to strengthen the unit dealing with the implementation of LGAP.

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DA LI ZNATE ?

- ✓ DA ORGANIMA UPRAVE VIŠE NE MORATE DA DOSTAVLJATE DRUGE ISPRAVE O ROĐENJU, DRŽAVLJANSTVU I PREBIVALIŠTU UKOLIKO IMATE BIOMETRIJSKU LIČNU KARTU
- ✓ DA SU ORGANI UPRAVE OBAVEZNI DA UMETO VAS PRIBAVLJAJU PODATKE IZ SLUŽBENIH EVIDENCIJA

SAZNAJTE VIŠE O VAŠIM PRAVIMA U OBLASTI RAZMENE PODATAKA NA  
[www.dobrauprava.rs](http://www.dobrauprava.rs)



**measure**  
**4.3**

**Reform of inspection services and ensuring better protection of public interest, with reduction of administrative costs of inspection and increased legal certainty for entities subject to inspection**

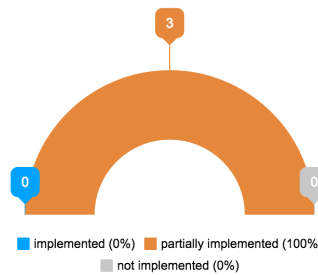
**RESULTS**

In the preceding period a new single legal framework has been established for inspection supervision and it is successfully being implemented. During 2015, the Law on Inspection Supervision was prepared and adopted on 15 April 2015 („Official Gazette RS“ No. 36/15). All bylaws were prepared and the Decision was made establishing the Coordinating Commission on 23 July 2015 („The Official Gazette of RS“ No. 66/15) which is in effect as of 4 August 2015. The reason for the adoption of this law was the lack of a single, systemic law on inspection supervision. Analyses done in advance indicated that the issue of inspection services was previously regulated in about 1,000 laws, decrees, rulebooks and other bylaws which resulted in inconsistencies, contradictions and conflict of legal norms and a significant difference in acting which led to legal uncertainty, unnecessary costs for businesses and citizens and inefficient allocation of public resources. The analysis indicated the lack of preventive action in this field, and inspection was in a position to act only once the damage has been done. Also, the objective was to have a single law regulating the methodology of acting in inspection supervision, the competences and obligations of parties involved, coordination of inspection work and better use of inspection resources.

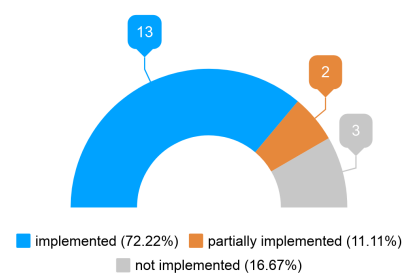
With respect to monitoring the obligations resulting from the Law on Inspection Supervision, the results of supervision of unregistered entities are expressed in data received from the Business Registry Agency. On the basis of monthly reports of inspection services for 2016, in the course of the total number of 245,392 of conducted inspection supervisions 3,656 unregistered entities have been identified. During the said period, the practice gained in conducting inspection indicated that persons and especially non-registered entities, abuse the rights related to residential premises using it de facto as business premises for illegal conducting of business, including businesses with critical levels of risk. For this reason, the Law on Inspection Supervision prescribed the procedure of on-site examination in accommodation premises in the course of inspection. With respect to newly registered entrepreneurs, during the first two months of law implementation, specifically May and June 2016, there is an increased number of registered entrepreneurs by 71.3% (May 2016 – 3844, June 2016 – 4313) relative to the same period of the preceding year (May 2015 – 2427, June 2015 – 2334). During the same period there is a reduction in the number of de-registered entrepreneurs by 26.7%.

The survey conducted by the MPALG indicated that all surveyed inspection services and 78.2% surveyed local inspections think that the implementation of the Law on Inspection Supervision has improved the inspection supervision. Inspection services think that the greatest improvement resulting from the Law was

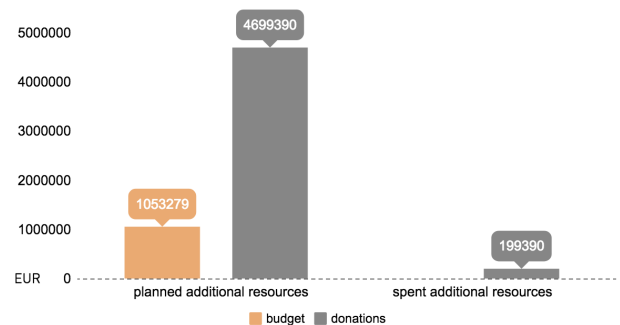
**Results**



**Activities**



**OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES**



**Number of inspection services represented in the Coordination Commission**



**Number of inspectors who have taken the professional examination**




**Number of informed and trained participants**



**Number of inspection services which use the system of integrated inspection supervision**





# ВОДИЧ ЗА ПРИМЕНУ ЗАКОНА О ИНСПЕКЦИЈСКОМ НАДЗОРУ

Друго, измењено и  
допуњено издање

Link towards the document: <http://inspektor.gov.rs/dokumenta-ostalo.php>.

– **preventive supervision** (88% national and 67.8% local inspections), followed by improvements through the **advisory role of inspections** (75% national and 69.6% local inspections), **regulating unregulated entities** (75% national inspections), and creating **uniform practice** (63% national and 40.6% local inspections).<sup>38</sup>

With respect to coordination of inspection and cooperation between inspections, the Coordinating Commission for inspection supervision currently has seven working groups and two technical teams:

- Working groups for: fighting illegal trade; safety of structures; food; protection of natural resources; public health; hospitality industry; internal supervision.
- Technical teams for: fighting informal work; transport of passengers and goods in road, water, and rail transport.

In the field of inspection supervision during 2016 all planned training activities have been conducted and the target value was exceeded for 2016 (1,300 staff in inspection service) – 1,530 inspectors trained at national and local level. In line with the Rulebook on the programme for general professional training of civil servants from PA bodies and services of the Government in 2016, there is the programme of continued general professional training of civil servants and the programme of continued training for inspectors „Towards More Efficient Inspections“.

In November 2016 the process of developing „check lists“ for all inspection services has been finalised and they are now fully transparent and published at the website [www.inspektor.gov.rs](http://www.inspektor.gov.rs). This is yet another method of introducing more order in inspection work making inspections more predictable, and this is assisting businesses to operate in line with the law.

It should be noted that one of the chief achievements of the Law on Inspection Supervision and one of the key advantages for the economy, the harmonising of inspection practices, and working on the ground are achieved through:

- ✓ Preparation and publishing of check-lists, so that businesses can know in advance about the type, scope and method of inspection,

- ✓ Mandatory issuing of the order to conduct inspection
- ✓ Standardised procedures, types and formats of inspection
- ✓ Inspection measures are proportional to assessed risk, irregularities and the economic states of the subject of inspection
- ✓ Existence of format of minutes recorded on the inspection
- ✓ Ensured coordination of work of all inspections.

## NEXT STEPS

In order to improve the work of the Coordinating Commission, the MPALSG has received support from the European Bank for Reconstruction and Development (EBRD) which will financially support the work of the 6-members team (Unit for Support to the Coordinating Commission). The Unit for Support to the Coordinating Commission began its work in June 2017.

Procurement of hardware – assessment and implementation of the public procurement for software for e-Inspector and for improvement of inspection work (organisation, planning, and transparency). The technical specifications have been developed.

## CHALLENGES

Harmonising 78 special laws with the Law on inspection Supervision (which have not been harmonised in the planned deadline), so this results has not yet been achieved.

<sup>38</sup> More details about the survey available at the website of the MPALG, Activities, 29 December 2017 <http://www.mduls.gov.rs/aktivnosti-saopstenja.php> and especially: <http://www.mduls.gov.rs/inspekcijski-nadzor.php>

RESULTS

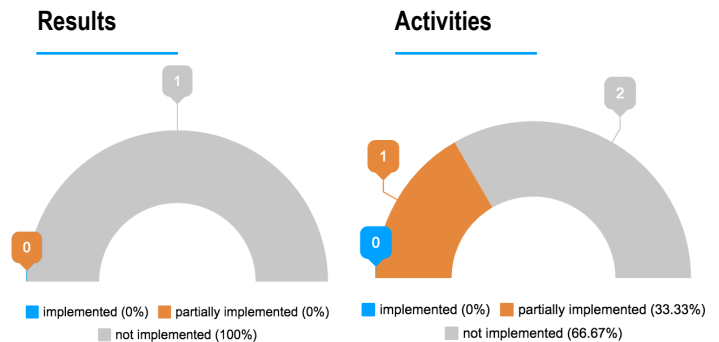
Within this measure, the system for public services quality management has not been established, but there are individual attempts to develop best practices which could in the future become a standard for the public administration. One of the requirements for introducing quality standards is the AP planned result Surveys of satisfaction, requirements and expectations regarding the quality of public services (key stakeholders: citizens, civil society, businesses, public administration employees).

One example is the project „Towards Good Administration Focused on Citizens“ through which the UK Government through the Fund for Good Governance supported the Ministry of Public Administration and Local Self-Government in preparing the institutions of public administration for full implementation of the new LGAP. Within this project:

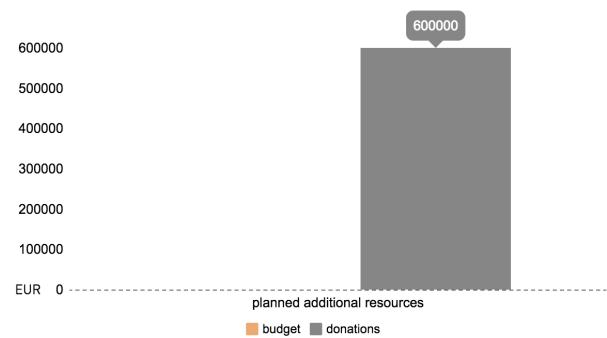
- ✓ The website has been initiated <http://dobraprava.rs/> intended to monitor the implementation of mandatory exchange of data from official records among public administration bodies and can be used to file queries and complaints on failure of bodies to fulfil this obligation
- ✓ The Club of Good Administration has been initiated intended to promote best practices and efficient work of local governments. By joining the club, and by fulfilling the defined criteria, a unit of LSG becomes a leader and example of best practice of work and results in a certain area. Through this mechanisms the Ministry of Public Administration and Local Self-Government wishes to promote good work of local institutions and point to the fact that not all local governments are the same in terms of efficiency and results, and that responsible and systematic work must be identified and commended. The Club of Good Administration should provide guidelines on how to improve the work and systems so that citizens at local level receive efficient, transparent and accountable administration.

Another example is the establishment of the Serbian-Korean IT Access Centre on 20 December 2017, with the purpose of delivering training for civil servants, providing access to open Internet for citizens so that they can become familiarized with the advantages of ICT, especially e-services by administration, raising computer literacy, and promoting cooperation in the field of ICT between the Republic of Serbia and the Republic of Korea.

In this field the administration is assisted by the NGO sector, and a good example of such assistance is the campaign: „I am the centre of attention“ (<http://www.mojauprava.rs/>), which is part of a two-year project „Partnership for Good Administration“, implemented by the European Movement in Serbia and the European Policy Centre with the support of the USAID in the period 2016-2018. The project is, among other things, focused on establishing communication between



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Extent to which recommendations for development of the public services quality management system reflect the Principles of Public Administration



citizens and relevant authorities by collecting information from citizens on the quality of administration and ensuring the feedback from relevant authorities to such information. This is focused on three groups of most frequently used and widespread services – issuing of personal documents, services in primary health care, and services in the education sector relevant to enrolment of children in pre-school and primary schools. Results will be published in the Grey Paper of Public Services, and then presented to relevant state administration bodies.

NEXT STEPS

Further development of the Club of Good Administration will continue with the support of GIZ, through the project „Support to Implementing the LGAP“.

CHALLENGES

Lack of capacities, other priorities in the PAR, parliamentary and presidential elections.

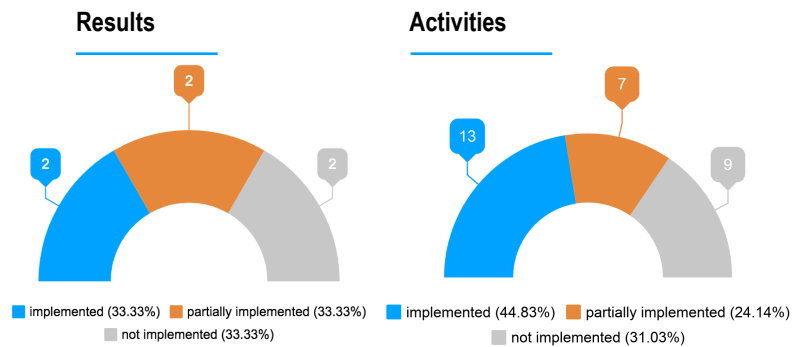
## OBJECTIVE 5 Increasing citizens participation and accountability in performing the tasks of public administration

The PAR Strategy and the accompanying Action Plan have identified three measures for the achievement of this objective: improving the conditions for the participation of the interested public in the work of the public administration, strengthening integrity and ethical standards in public administration of public administration employees along with strengthening mechanisms of prevention and anti-corruption and internal control across the public sector.

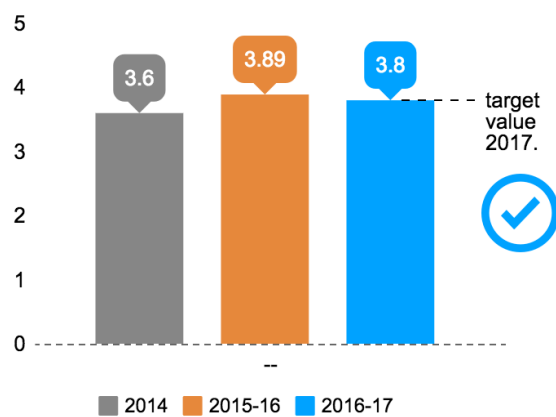
The Government has adopted the Second AP for implementation of the Open Government Partnership – OGP by its decision number 021-10793/2016 („Official Gazette“, No.: 93/16) of 18 November 2016. In the course of developing the AP cooperation with the civil society improved significantly, and commitments have been defined in the partnership with civil society organisations. The implementation of this AP will enhance the key values that the OGP promotes and which are in line with the general commitment of the Republic of Serbia in building a modern public administration which is a good service to its citizens (Information website developed by the NGO “CRTA”: <http://ogp.rs/> ).



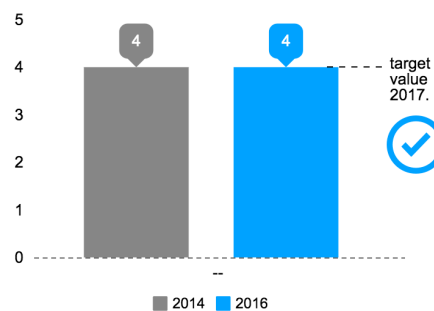
OGP Global Summit in Paris, december 2016, presenting e-Information Booklets .



### Transparency in Government's policy making (PPA 2)



### Extent to which mechanisms are in place to provide effective checks and balances, and controls over PA organizations (PPA 4)



### Extent to which integrity systems and anti-corruption systems are established and implemented in the public administration (PPA 3)





measure  
5.1

Improving conditions for inclusion of interested public in the work of public administration while increasing access to information on the work of public administration and public finance

RESULTS

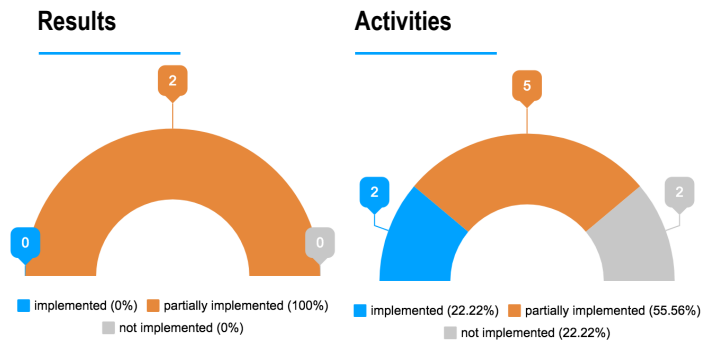
"During two years Serbia has made significant progress on the Doing Business List, but we can do more in opening up the state administration and local governments. Many data which are public and are published in official gazettes are often not published by municipalities at their websites and we need to change this with the assistance of civil society organisations which will through their knowledge assist the state in opening up data".<sup>39</sup>

Within this objective, there are specific results in which headway has been made in improving the participation of the interested public in the work of public administration and which are examples of best practice, while system-wide solutions were prepared during the past two years so the systemic results are expected in the coming years.

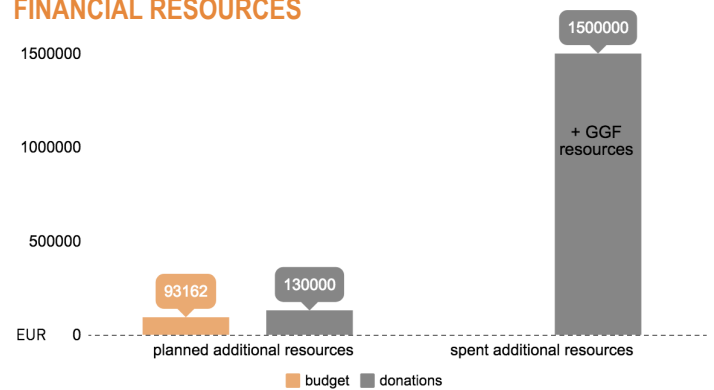
One example of best practice is the publishing of civic budgets<sup>40</sup> aimed at enabling all citizens to understand more clearly the national budget which has hundreds of pages and is often not understandable to the broader public which is not part of the smaller professional public. Understanding the way in which the tax payers' money is being spent is the first step to potential response by citizens and attempt to change how budget money is spent. Although this is not an obligation, a certain number of units of local self-government<sup>41</sup> published the civic budget on their webpages. Apart from the civic budget, there is an obligation to publicly publish the Report on budget execution, which the minister at national level and the relevant body of the LSG in charge of finance upload on their webpages at least twice a year, for discussion and submission to the National Assembly and the local assembly.

On the webpage of the Ministry of Finance the Newsletter of Public Finance is posted every month and is thus accessible to all interested persons, ensuring open access to information (<http://www.mfin.gov.rs/pages/issue.php?id=1568> ), while units of LSG have the obligation to publish their budgets in the local official gazette. Surveys conducted by CSO's indicate that about 50% of units of LSG publish reports on their webpages.

Strengthening participation of citizens in the work of the local self-government is a priority of the RS – Serbia in 2007 ratified the European Charter of Local



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Reduced number of complaints filed to the Commissioner for Information of Public Interest



Extent to which public consultations are used in policy development and law drafting (PPA2)



<sup>39</sup> Presentation of the state secretary of the MPALSG at the panel discussion "Open Data Partnership in Serbia – Perspectives and Challenges" organised by NGO „CRTA“ with the support of the OSCE Mission to Serbia, 15 December 2016, link to webpage: <http://cрта.rs/otvorenost-lokalnih-samouprava-kaodogovor-na-potrebe-gradana/>

<sup>40</sup> The Ministry of Finance published the civic budget in 2017, link to page: [http://www.mfin.gov.rs/UserFiles/File/dokumenti/2017/Gradjanski%20vodice%20kroz%20budzet\(1\).pdf](http://www.mfin.gov.rs/UserFiles/File/dokumenti/2017/Gradjanski%20vodice%20kroz%20budzet(1).pdf)

<sup>41</sup> This, for instance, is the case with Zrenjanin, (<http://www.zrenjanin.rs/1-522-507-0/Gradjanski-vodic-kroz-budzet/> ), Ruma ([http://www.ruma.rs/portal2/jupgrade/dokumenta/Gradjanski%20vodice%20kroz%20budzet%20Rume%202017\\_10.05.2017.pdf](http://www.ruma.rs/portal2/jupgrade/dokumenta/Gradjanski%20vodice%20kroz%20budzet%20Rume%202017_10.05.2017.pdf) ), Nova Varoš (<http://www.novavaros.rs/2013-05-28-18-57-20.html>), Kragujevac ([http://www.kragujevac.rs/userfiles/files/2017/Vodi%20C4%8D%20za%20gra%20C4%91ane%20kroz%20bud%20C5%BEet%20grada%20Kragujevca%20za%202017\\_%20godinu.pdf](http://www.kragujevac.rs/userfiles/files/2017/Vodi%20C4%8D%20za%20gra%20C4%91ane%20kroz%20bud%20C5%BEet%20grada%20Kragujevca%20za%202017_%20godinu.pdf) ), Pančevo (<http://www.pancevo.rs/sadrzaj/uploads/2015/07/Pancevo-GVB.pdf>) и тд...





*Presentation of the report on monitoring the implementation of the OGP Action Plan, ([gradjanske.org](http://gradjanske.org))*

Self-Government<sup>42</sup>, thus making an international commitment to guarantee the fundamental rights of local self-government, and as of 2017 it is signatory of the Supplementary Protocol to the European Charter of Local Self-Government guaranteeing the inclusion of citizens in the work of local government.

Another instrument to improve public participation in the work of public administration are the action plans which are developed and implemented within the international initiative Open Government Partnership (OGP), which are rolling action plans so that each new cycle of their development to some degree is a continuity in the priority area. Serbia has successfully implemented the first AP OGP 2014-2016, and has prepared together and equally with civil society representative the Second AP OGP 2016-2018. Through this AP the Open Data initiative is implemented, and in the reporting period the national open data portal has been established (<https://data.gov.rs/sr/>) and or the 29 sets of data which have been opened so far have been migrated to the Portal. Some of the cases of open data use can be presented on the portal itself like for instance Android and iOS applications with regularly updated information on registered medicines in Serbia, including for instance the composition of the medicine so that for instance, if you are abroad and you need the medicine, you can find the different name for it in the other country, all you need is having Internet access and show the pharmacist the composition of the medicine and other necessary data.

It is worthwhile to reiterate the example of best practice from preceding measures, because the success of individual results from preceding measures is measured also by the public participation and support for reforms. Thus, in order to have active public participation in supervision of policy implementation and active communication between citizens and institutions an Internet site has been developed „Good Administration“ at the address [www.dobrauprava.rs](http://www.dobrauprava.rs) intended to inform citizens on progress in the public administration reform and the mandatory exchange of data from

official records. A short animated film has been developed on the new manner of work of the public administration which informs the public in an interesting, illustrative and understandable manner on changes which are underway and since 21 July it is accessible on YouTube channel of the MPALSG (<https://www.youtube.com/channel/UC1bE6tBH-rppor6T9lIBuXw>). The website „Good Administration“ is designed as an interactive portal by which citizens can get information on their rights in administrative procedures with respect to change of data from official records, or learn more about the working methods of the administrative body, and they can also by filling in the questionnaire or sending a letter to the MPALSG get actively involved in supervision over the work of public administration, and its overall reform.

In order to involve the professional and general interested public in the consultations on identifying the key directions for reforms of public service, access, policies, and conduct in priority areas of public administration – the state administration, local government, health, education, judiciary, financial discipline, the MPALSG in cooperation with the Centre for Applied European Studies and with the support of the Open Fund Foundation, implemented the project „The state by the measure of citizens – what kind of state do we want in the future?“ in the period from February to June 2016. Six planned technical events were organised with the most relevant experts in the fields of: local government, state administration, health, education, judiciary, and financial discipline. The objective was to establish dialogue of key stakeholders and create conditions for consensus for „change led by citizen’s needs“, with effective and sustainable use of human, structural and financial resources. The results of this project are an important part of the reform process and developing a vision of the public administration, as well as the starting point for establishing a continued process of active participation of stakeholders in resolving the key issues of public interest. The whole process is presented at the following link: <http://www.mduls.gov.rs/zajedno-upromene.php>.

<sup>42</sup> The Law ratifying the European Charter on Local Self-Government of 2007, link to page: <http://www.hnv.org.rs/docs/Evropska%20povelja%20o%20lokalnoj%20samoupravi.pdf>

## NEXT STEPS

The adoption of the Strategy for Creating an Incentive Environment for the Development of the Civil Society. The proposed strategy is submitted to the Government for adoption.

Adoption of the prepared draft Law on Changes and Amendments of the Law on Public Administration. The proposed amendment of Article 77 will enable the participation of the interested public in the process of decision-making on policy-making.

Finalise the preparation of the proposed changes and amendments to the Law on Free Access to Information of Public Significance which would raise the level of pro-active publication and updating of information available to the public. Reports indicate that work on amendments has been intense in the reporting period, despite the fact that the task was not completed within the planned deadline, partly due to elections in 2014, 2016, and 2017.

## CHALLENGES

The elections after which the new Government of the RS was formed in 2016 and 2017 had a major impact on delaying the finalisation of systemic laws and strategic documents.

In the course of monitoring the implementation of activities for the OGP, which implies publishing of reports on execution of civic budgets, it has been identified that there is no established mechanism or capacity for monitoring the implementation of this activity at local level.

### Public sector structure



Photo: Taken from the Civic Budget, website of the Ministry of Finance: [http://www.mfin.gov.rs/UserFiles/File/dokumenti/2017/Gradjanski%20vodic%20kroz%20budzet\(1\).pdf](http://www.mfin.gov.rs/UserFiles/File/dokumenti/2017/Gradjanski%20vodic%20kroz%20budzet(1).pdf)

**measure**  
**5.2**

**Strengthening integrity and ethical standards of public administration employees and reducing corruption through strengthening prevention mechanisms**

**RESULTS**

The plan implied that the measure related to strengthening integrity and ethical standards of public administration employees and prevention of corruption is to be implemented through:

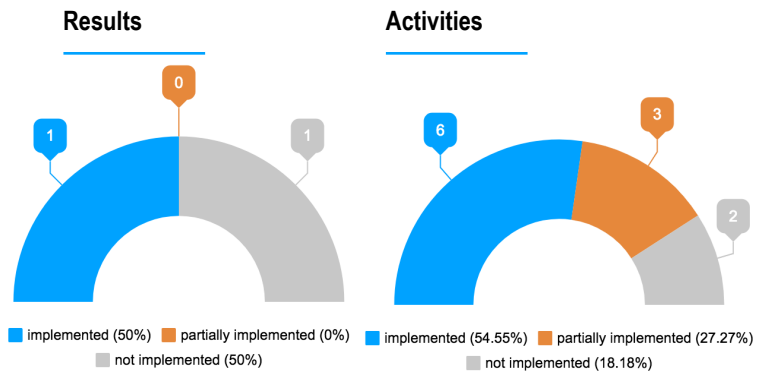
- Introducing the legal institute of whistle blowers, or protection of persons who report suspicions of corruption;
- In order to identify risks and act preventively at institution level in the field of integrity, ethical standards and prevention of corruption;
- Implementation of the Codes of Conduct of Civil Servants, which is strengthening integrity and ethical conduct on individual level of individuals employed in state administration bodies.

The Result 5.2.2 is fully achieved (Improving effectiveness of the protection of whistle-blowers in public administration). In November 2014 Serbia for the first time introduced the Law on Whistle-Blower Protection which is in effect as of 5 June 2015.

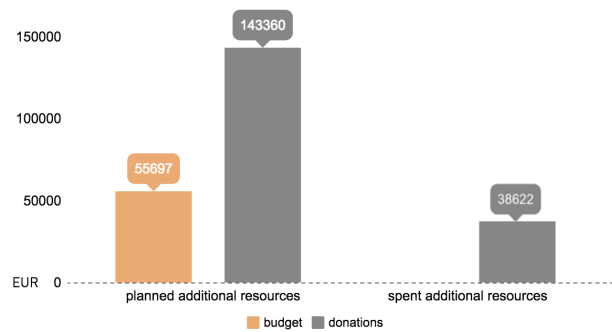
The data collected by the Group for coordination of implementation of the AP and the National Anti-Corruption Strategy for the period 2013 – 2018 through questionnaires and special questionnaires to labour inspectorate and administrative inspectorate (as they are in charge of enforcement of the Law on Whistle-Blower Protection) have been integrated into the study based on which the report was prepared on the first year of implementation of the law.

The Report identified the following results.

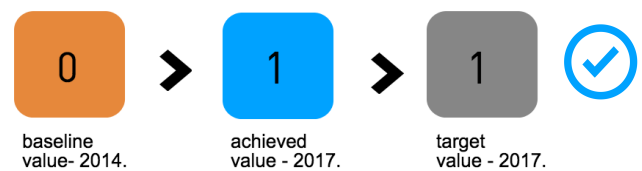
- ✓ All ministries have procedures for internal whistle-blowers regulated by rulebooks on internal whistle-blowing. All ministries have appointed persons authorised to receive information and conduct procedures in case of internal whistle-blowing. All employees have received information on the rights under the Law on Whistle-Blower Protection.
- ✓ There is a mild trend of increase of procedures resulting from internal whistle-blowing. Half a year since the law came into effect, there was just one case of anonymous internal whistle-blowing in the ministry in charge of business registries, and one year of the law coming into effect there were two more cases of internal whistle-blowing in which action was taken in line with the regulations.
- ✓ With respect to external whistle-blowing there is also a trend of increasing number of cases, and half a year after the law coming into effect, there has been one case of external whistle-blowing in the Ministry of Mining and Energy, and one year after the law coming into effect ten more cases have been identified in the Ministry of Education, Science, and Technological Development, and 4 cases in the Ministry of Trade, Tourism, and Telecommunications.



**OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES**



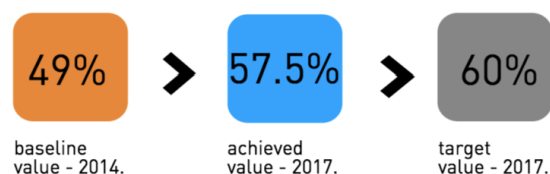
Number of reports by the ministry in charge of judiciary on cases before courts related to whistle blowing



Number of reports by the ministry in charge of judiciary on cases before courts related to whistle blowing



Percentage of PA bodies and organizations which have adopted their integrity plants in compliance with the dynamics and guidelines prescribed by ACA (Anti-Corruption Agency)





- ✓ The number of conducted inspections has increased relative to semi-annual surveys, and so: the administrative inspection during the first half year conducted 5 and after the first year a total of 20 inspections; and the labour inspectorate during the first half year and one year conducted 282 and 949 inspections respectively. The number of identified irregularities identified through inspections has reduced.

The Law was introduced gradually to allow institutions to adjust. A media awareness raising campaign was conducted “Whistle-Blowers Growing Stronger”, adequate equipment (servers and server equipment, network equipment, working stations and scanners) was provided to judicial bodies and for the development of data centre. Also, through the HRMS the topic of whistle-blower protection was covered by training courses for two target groups: all civil servants and especially authorised persons since 2015.

The Law on the Anti-Corruption Agency (hereinafter: ACA)<sup>43</sup> introduced the obligation for all state administration bodies and organisations, bodies of AP and LSG, public services and public enterprises, to adopt their integrity plans, as a document resulting from self-assessment of institutional integrity, in order to enhance integrity, transparency, and professional ethics in relation to the assessed status. The integrity plan includes: identified areas and processes which are especially prone to risks of corruption and other irregularities; assessment of risk intensity relative to risk of corruption and other irregularities in certain areas and processes; measures of legal and practical nature which need to be undertaken in order to prevent and remove risks, and deadlines for implementation of such measures; data on persons in charge of implementing measures from the integrity plan.

The percentage of public administration bodies and organisations which have adopted their integrity plans in line with the time frames and guidelines prescribed by the ACA in the initial year 2014 was 48.77%. Two years later, the ACA in November 2016 started developing the second generation of integrity plans in Serbia with the deadline 31 October 2017. The total percentage of public administration bodies and organisations which have developed and adopted their integrity plans in the second cycle is 57.51%. Standards and codes of conduct of civil servants from state administration bodies, services of the Government, and technical services of administrative districts were set in 2005 through the Code of Conduct of Civil Servants. Conduct of civil servant contrary to provisions of this Code is a milder violation of work duty, except where the law incriminates certain acts as more serious violation of work duties. Monitoring the implementation of objectives was not established until 2015, when changes were made in the Code (*Result 5.2.1.4*).

After that the High Civil Service Council developed two reports, for 2015 and 2016.<sup>44</sup> Indicators show increase in the number of disciplinary procedures initiated due to violations of the ethical and integrity standards in state administration bodies. At local level, the Law on Employees in AP and LSG (whose implementation began on 1 December 2016), prescribed that the employer shall adopt the code of conduct of public servants and employees within one year of the Law coming into effect (1 December 2017).

## NEXT STEPS

The adoption of the new Law on the Anti-Corruption Agency, which includes clearer and more stringent rules on accountability of appointed positions is trying to introduce reduction of risks of corruption and improving efficiency of the Anti-Corruption Agency and strengthening its independence. The draft law is prepared and has undergone public debate.<sup>45</sup>

## CHALLENGES

Since the new Law on the Anti-Corruption Agency is not yet adopted, and thus there is no misdemeanour offence for managers of PA bodies if they fail to develop and adopt their integrity plans, the Agency decided to extend the deadline for the development of integrity plans. The Agency expects that the introduction of the misdemeanour offence would contribute to increasing the number of PA bodies which take part in the process of developing and adopting their integrity plans.

<sup>43</sup> The Law on the Anti-Corruption Agency, link to page: <http://www.acas.rs/zakoni-i-drugi-propisi/zakoni/o-agenciji-zabornu-protiv-korupcije/>

<sup>44</sup> Code of Conduct for Civil Servants, amendments, and reports on implementation are posted on the website of the High Civil Service Council: [http://www.suk.gov.rs/sr/visoki\\_sluzbenicki\\_savet/akti\\_saveta.dot](http://www.suk.gov.rs/sr/visoki_sluzbenicki_savet/akti_saveta.dot)

<sup>45</sup> The draft Law on the Anti-Corruption Agency published on the website of the Ministry of Justice: <https://www.mpravde.gov.rs/sekcija/53/radne-verzije-propisa.php>

measure  
5.3

Strengthening mechanisms of external and internal control in public administration

RESULTS

Within this measure the objective was to improve the legal framework and conditions of operation of five independent bodies: the Ombudsman, the Commissioner for Information of Public Interest and Personal Data Protection, the Commissioner for Equality, the Anti-Corruption Agency, and the State Audit Institution, which conduct external oversight of public administration and the Administrative Inspectorate, which performs internal control.

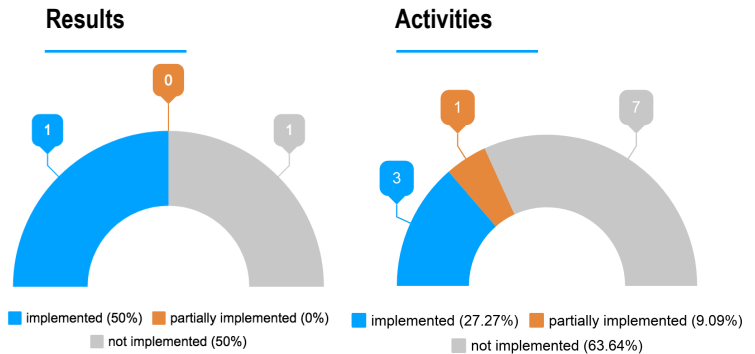
The result which has been achieved refers to strengthening capacities of the administrative inspectorate, but within the limits allowed under fiscal consolidation. Thus, through this measure there was a number of different activities related to the analysis of the implementation and the drafting of amendments to the Law on Ombudsman, amendments to the Law on Free Access to Information of Public Interest, amendments to the Law on the Anti-Corruption Agency, than there were specific practical results. One should keep in mind the high quality of these laws and the fact that their implementation has progressed visibly from year to year: the Law on Free Access to Information of Public Interest is ranked in terms of quality second in the global list<sup>46</sup>, and the „legal status of the Ombudsman is formulated in line with international standards and the implementation of recommendations made by the Ombudsman remains at a high level.“<sup>47</sup>. Despite the reports and the willingness of said bodies to amend the existing laws, priority was assigned to rationalisation of staff, reducing the operating costs of the administration in general, and measures for reducing the fiscal deficit, which was reflected on the existing institutions as they are all budget beneficiaries.

NEXT STEPS

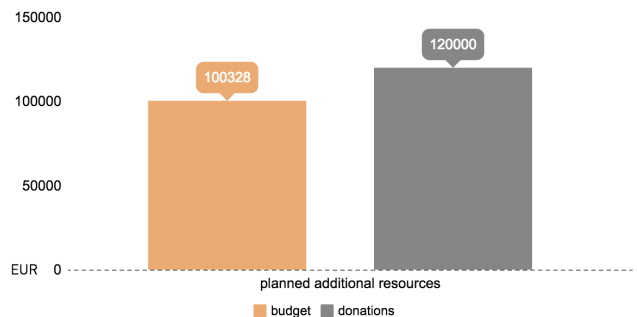
Adoption of the new Law on the Anti-Corruption Agency, including clearer and more stringent provisions on managerial accountability, tries to reduce risk of corruption, and to improve the work of the Agency and strengthen its independence. The draft law is developed and has undergone public debate.

Preparation and proposal of changes and amendments to the Law on Fee Access to Information of Public Interest, which would increase the level of proactive publishing and updating of information accessible to the public. There was intensive work on the drafting of amendments in the reporting period, although the planned deadline has not been achieved, partly due to elections in 2014, 2016, and 2017.

Changes and amendments to the Law on Ombudsman.



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



Percentage of PA bodies and organizations which have adopted their integrity plants in compliance with the dynamics and guidelines prescribed by ACA (Anti-Corruption Agency)



CHALLENGES

Priority assigned to fiscal consolidation.

<sup>46</sup> The List published by the US Centre for Law and Democracy и Access to Info, link to site: <http://www.rti-rating.org/country-rating/>

<sup>47</sup> The quotes are taken from the draft Sigma report after measurements in 2017 for the principle Accountability, page 1. NOTE: until the measurements are finalised and the reports officially published, this quote can only be used as indication since it is subject to subsequent changes.



# PAR COORDINATION AND MANAGEMENT SYSTEM

With respect to structures for coordination, monitoring, reporting and evaluation of the process of implementing the public administration reform as set out in the PAR Strategy, all four levels of coordination have so far been established, *two political*: the PAR Council, and the College of State Secretaries, and *two technical*: the Inter-ministerial project group and the Group for management of PAR within the Ministry of Public Administration and Local Self-Government.

The Council for Public Administration Reform (hereinafter: the PAR Council) is a working body of the Government consisting of 17 members from the ranks of the Government. The Council was initially established by the Decision establishing the Council for PAR on 15 August 2014 and it has so far held 8 sessions to discuss results achieved and future directions of PAR (sessions on 21.08.2014, 30.10.2014, 12.02.2015, 14.05.2015, 17.12.2015, 26.12.2016, 27.03.2017, 30.11.2017). Some of the key documents adopted by the Council include:

- Proposal to the Government on the need to adopt the law on rationalisation to regulate the downsizing the number of public administration employees over the next three year period;
- Information on conducted functional reviews within the project supporting optimisation (followed by preparation and adoption of action plan for implementation of recommendations);
- Opinion on the policy paper and key steps for change management in administration;
- Information on the strategic document for HRM in state administration.

The College of State Secretaries was established on 28 August 2014 by the decision of the Council of PAR, as a working group of the Council of PAR. Overall, the College has held 5 sessions (7.10.2014, 13.01.2015, 22.05.2015, 16.12.2015, 22.02.2017). These were focused on the following topics:

- Developing the legislative framework for regulation of public administration salary system;
- Rationalisation of public administration and developing the catalogue of work posts in the public sector;
- Modernisation and optimisation of public administration (Information on development and adoption of the action plan for implementation of recommendations resulting from the horizontal functional review
- „State Administration Plus“ for the period 2017-2018;
- Sector Budget Support of the EU and future commitments of RS in the reporting process.

The Inter-ministerial project group (IMPG) was established by the decision of the Minister of public administration and local government of 23 February 2015. The members of the IMPG are secretaries of all ministries and representatives at similar level from special organisations and services of the Government, but also representatives of civil society organisations, through organisations members of the consortium of the SECO – Sectoral civil society organisations for the area of public administration reform. The Standing Conference of Towns and Municipalities (SCTM) is also equally involved in the IMPG, as a link to local government. The IMPG consists of a total of 34 members and 33 deputy members, of which 12 coming from the NGO sector. The Secretary of the IMPG is the manager of the Group for management of PAR, to ensure links between the two levels of technical coordination and reporting.

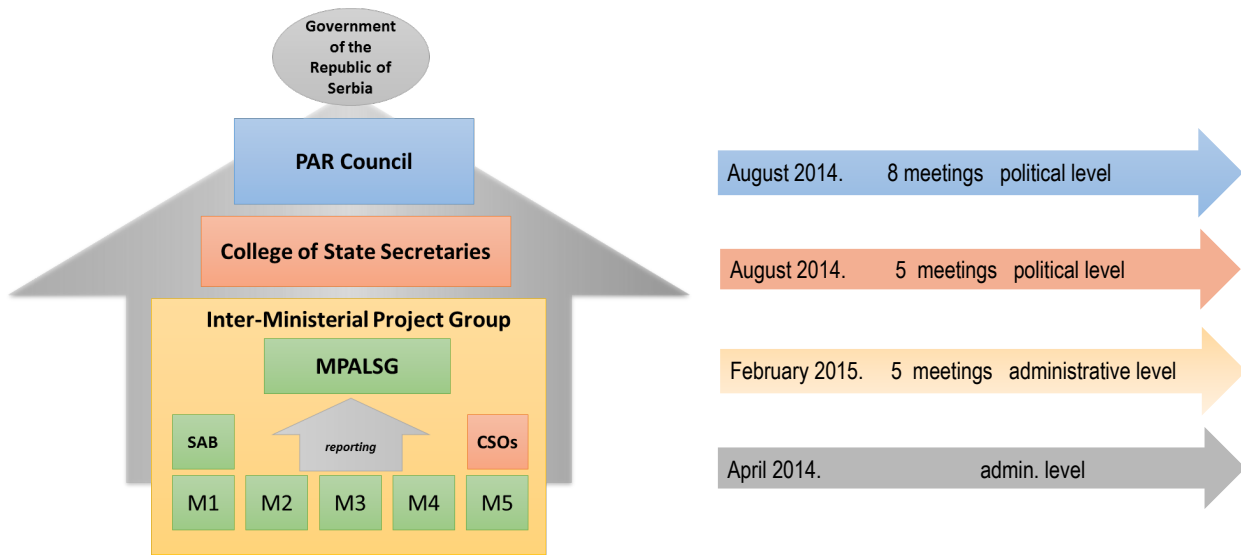
The IMPG has so far held 5 meetings (29.06.2015, 07.10.2015, 15.12.2015, 06.04.2016, 10.05.2017). These meetings focused on the following issues:

- The rationalisation process, especially the implementation of the Law on Maximum Number of Public Sector Employees; conducting the functional reviews; modernisation and optimisation of public administration.

The Group for management of PAR, as a level of technical coordination in charge of performing operational tasks and coordination at operational level of PAR, was established within the MPALG, and it is planned to increase the capacities of this group in the forthcoming period. Apart from coordination, revision and adoption of AP PAR and AP OGP (Open Government Partnership), developing the indicator passports for 86 indicators defined by the AP PAR, taking part in preparing the Sector Budget Support for the area of public administration reform and public finance, technical support to the PAR Council, the College, and the IMPG, this Group organises, coordinates and prepares the reports for implementation of AP PAR (including the drafting of Instructions and tools for reporting) as well as the AP OGP.

Although this four-tier system was used for discussions and decisions on key priorities of public administration reform, there is need for more training and capacity raising in the forthcoming period in order to achieve that the reports are perceived not only in the light of completed activities but also to be perceived in the context of an early warning system, in order to take timely action to achieve the plans which are in place.

Graphic representation of the reporting system and the coordination structure of the AP PAR with years of establishment and the number of meetings held so far



*In coordination with the MPALSG, in December 2016 SIGMA prepared the Analysis of the Coordination Structure for Public Administration Structure with Recommendations.*

*One of the recommendations was to eliminate some of the levels in the coordination structure, to review the composition of the IPG to strengthen expert knowledge and participation and to increase the frequency of IPG's meetings and reduce the burden for the Public Administration Reform Council.*

*These recommendations are intended to be incorporated in the new Action Plan on PAR for the Period 2018-2020 and the possible revision of the existing Strategy.*

# ABBREVIATIONS



<b>a</b>	Activity	<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>ACA</b>	Anti-Corruption Agency	<b>CSO</b>	Civil society organisation
<b>AP</b>	Action Plan	<b>PEFA</b>	Public Expenditure and Financial Accountability Assessment
<b>CRA</b>	Company Registration Agency	<b>BV</b>	Baseline value
<b>AP 23</b>	Action Plan for Negotiations on Chapter 23	<b>PFM</b>	Public Financial Management
<b>AP PAR</b>	Action Plan Implementing the Public Administration Reform in the Republic of Serbia	<b>GPRIS</b>	Government Planning and Reporting Information System
<b>HCSC</b>	High Civil Service Council	<b>PIFC</b>	Public Internal Financial Control
<b>GenSec</b>	Secretariat General of the Government	<b>PPA</b>	Principles of Public Administration
<b>DEG</b>	Directorate for e-Government	<b>r.</b>	Result
<b>SAI</b>	State Audit Institution	<b>RGA</b>	Republic Geodetic Authority
<b>EC</b>	European Commission	<b>RS</b>	Republic of Serbia
<b>ERP</b>	Economic Reform Programme	<b>PAR</b>	Public Administration Reform
<b>EU</b>	European Union	<b>RPPS</b>	Republic Public Policy Secretariat
<b>EU IPA</b>	EU Instrument of Pre-Accession Assistance	<b>WB</b>	World Bank
<b>IS</b>	Information System	<b>SCTM</b>	Standing Conference of Towns and Municipalities
<b>LSG</b>	Units of local self-government	<b>SIGMA</b>	OECD Support for Improvement in Governance and Management
<b>LSG and AP</b>	Units of local self-government and autonomous province	<b>PAR</b>	Public Administration Reform Council
<b>PE</b>	Public enterprises	<b>HRMS</b>	Human Resources Management Service
<b>PA</b>	Public Administration	<b>ToR</b>	Terms of Reference
<b>SEIO</b>	Serbian European Integrations Office	<b>PPO</b>	Public Procurement Office
<b>Cont.</b>	Continually	<b>AI</b>	Administrative Inspectorate
<b>MPALSG</b>	Ministry of Public Administration and Local Self-Government	<b>HRM</b>	Human resources management
<b>IMF</b>	International Monetary Fund	<b>FR</b>	Functional review
<b>IPG</b>	International Project Group	<b>FMC</b>	Financial management and control
<b>MoJ</b>	Ministry of Justice	<b>TV</b>	Target value
<b>MTBF</b>	Mid-Term Budget Framework	<b>CMST</b>	Change Management Support Team
<b>MoI</b>	Ministry of the Interior	<b>CROSO</b>	Central Registry of Compulsory Social Insurance
<b>MoF</b>	Ministry of Finance	<b>EGDI</b>	E Government Development Index
<b>NACS</b>	National Anti-Corruption Strategy in the Republic of Serbia for the Period 2013 – 2018	<b>OGP</b>	Open Government Partnership
<b>SAB</b>	State administration body	<b>UNDESA</b>	United Nations Department of Economic and Social Affairs



Ministry of Public  
Administration and Local  
Self-Government

Belgrade 2018