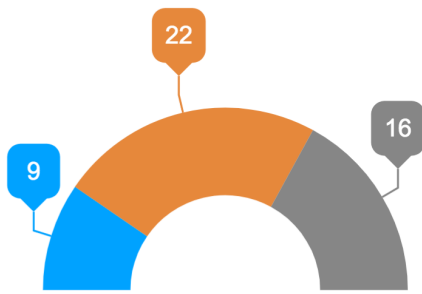


**PUBLIC
ADMINISTRATION
REFORM
2015-2017^{1/2}**

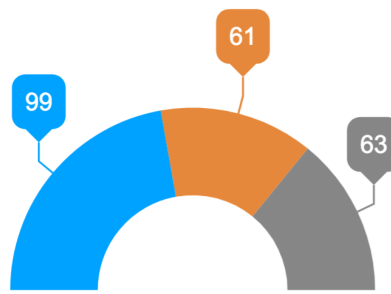


RESULTS



■ fully implemented (19.15%)
■ partially implemented (46.81%)
■ not implemented (34.04%)

ACTIVITIES



■ fully implemented (44.39%)
■ partially implemented (27.35%)
■ not implemented (28.25%)

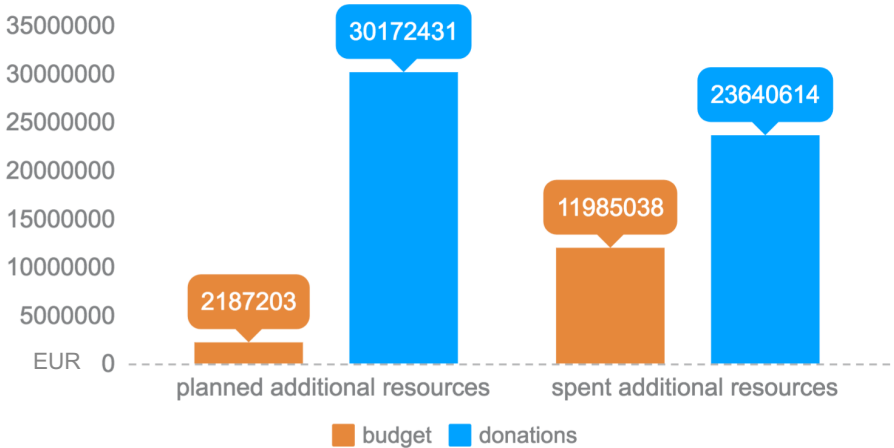
In the first half of 2017, the budget sufficit was

33,2 billion RSD

An exchange of 6 biggest datasets was established, including about 80% of data from official records (e-ZUP)



Overview of planned and spent resources for the whole AP PAR 2015- 1/2 2017



Welcome to the World, Baby!

Project "Welcome to the World, Baby" (e-baby) was implemented in 47 maternity units until the end of 2016. Today, this service is provided in all maternity units across Serbia. So far, 16000 babies were registered this way and 7 different documents were cancelled.

Currently, electronic registration is used for almost

50% of babies born on the territory of Serbia.



5 objectives
19 measures



OBJECTIVE 1

Improving organisational and functional public administration sub-systems

14.3%

RESULTS

51.5%

ACTIVITIES



OBJECTIVE 2

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

10%

RESULTS

28.6%

ACTIVITIES



OBJECTIVE 3

Improvement of public finances and procurement management

50%

RESULTS

55.9%

ACTIVITIES



OBJECTIVE 4

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

0%

RESULTS

48.8%

ACTIVITIES



OBJECTIVE 5

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

33.3%

RESULTS

35.5%

ACTIVITIES

CONTENTS



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Appendix for the Annual Report 2015-2017^{1/2} 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 monitoring report on implementation of the “Public administration reform strategy” (PAR Strategy) and “Action Plan for implementation of Public administration reform strategy 2015-2017” (PAR Action Plan) was prepared by the Ministry of Public Administration and Local Self Government (MPALSG) of the Republic of Serbia with active participation of other ministries and institutions involved in implementation of both planning documents.

The monitoring report covers an implementation period from January 2015 until 30 June 2017 and besides providing information on results achieved during the first half of 2017 it provides a more general outlook on the outcomes and outputs of the PAR reached during almost two years of its implementation.

Taking into account the comments received from the European Commission (EC) and the EU Delegation to Serbia, as well as recommendations received from the OECD/SIGMA and state administration bodies of RS, the MPALSG has changed the outlook of the monitoring report to put more emphasis on the achieved results and demonstrate the current status against the objectives set in the PAR Strategy. It is especially important because by the end of the 2017 a new action plan for the next planning period needs to be elaborated.



Branko Ružić, Minister for Public Administration and Local Self Government

“The public administration reform has been among the priorities of the Government of Serbia for the past years. The focus during the previous period has been put on the optimisation of the public administration and modernising the public services. The current monitoring report proves achievements in these fields. It is now important that we clearly see where we stand in 2017 and based on the identified shortcomings move further in achieving goals planned in the Ex-Pose of the Prime Minister and the PAR Strategy.”

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]

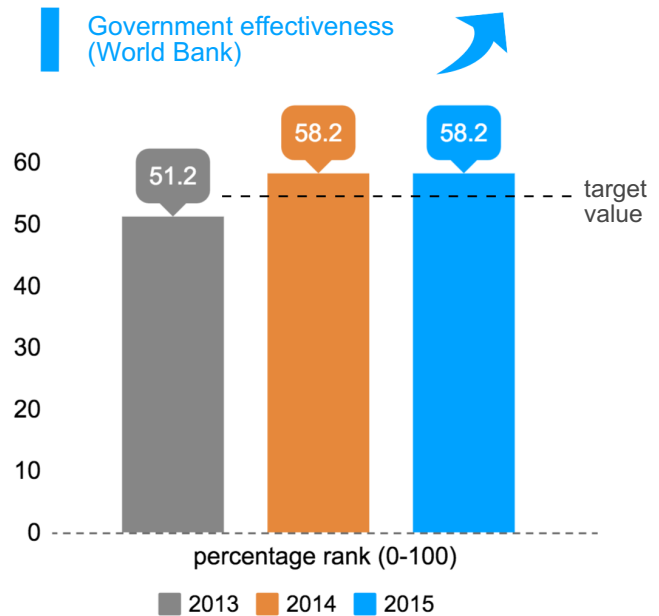
The Public Administration Reform Strategy (hereinafter: PAR Strategy) was adopted in 2014 and implied a change of focus from the state administration reform to the reform of the broader public administration – the scope has changed from 28,000 to half a million employees.

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. Government effectiveness, WB indicators measuring long-term reform impact of the AP PAR or the perception of quality of public services, quality of public administration and its independence of political pressures, quality of policy making and implementation, as well as Government credibility and commitment to policy implementation, also demonstrate progress of the Republic of Serbia (graph to the right).

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.[2]



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...[3]

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

[2] 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>

[3] 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/ekspoze---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: 39,473 employees less in the PA ~ savings of RSD 22 billion

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 **29 datasets**

E-Government Portal (<https://www.euprava.gov.rs/>) has more than **750.000 registered users**

The Portal offers a total of **710 services** published by **143 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

51.5%
fully implemented

SHORT-TERM PRIORITIES BY THE END OF 2017:

- Preparation and implementation of the AP for implementation of recommendations from conducted functional reviews;
- Adoption of:
 - AP for 2017–2018 for implementation of the e-Government Development Strategy;
 - The Law on e-Government;
 - The Law on Population Registry;
 - Drafting the package of regulations on the planning system of the RS.
- Review of the AP for implementation of the Government Programme compared to the Programme of the Government elected on 29 June 2017;
- Finalising the inventory of administrative procedures in order to establish a uniform public registry of administrative procedures and other requirements for conditions for the economy and economic operators;
- 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

10%
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**
- ✓ **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, 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

28.6%
fully implemented

SHORT-TERM PRIORITIES BY THE END OF 2017:

- Endorse the amended version of the Policy Framework for HRM by the Council for Public Administration Reform.
- Adoption of:
 - Amendments to the Civil Service Law and relevant bylaws;
 - The Law on National Public Administration Academy;
 - The Law on Changes and Amendments to the Law on Employees in AP and Units of LSG;
 - The law regulating salaries and other remunerations for employees in AP and Units of LSG;
 - Other laws regulating the labour-legal status, salaries and other remunerations of employees in public services, public agencies and other bodies and organisations founded by the RS, AP or unit of LSG.
- Continued work on preparation of the General catalogue of working posts in public administration.



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: 65.7% GDP in 2017.

The Public Financial Management Programme 2016-202 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 to report electronically suspicion of irregularity to the Budget Inspection.



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

50%

fully implemented

ACTIVITIES

55.9%

fully implemented

SHORT-TERM PRIORITIES BY THE END OF 2017:

- 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;
- Assess capacities in order to ensure full functionality of the Internal Control and Internal Audit Department;
- Adopt methodology of work and Decree on work, competences, and insignia of the budget inspection;
- Develop the future e-procurement system in the RS.



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. 49% 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 6 biggest data bases including about 80% of data from official records (e-ZUP)



0%

fully implemented

Coordination of 38 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.

ACTIVITIES

48.8%

fully implemented

SHORT-TERM PRIORITIES BY THE END OF 2017:

- Proposed Decree regulating one stop administrative space, so that the first next one for the specific service would become operational by the end of 2017. The whole process implies:
 - Developing the Catalogue of procedures and competences,
 - Ex-ante analyses,
 - Selecting one lifecycle event for which this place is to be established,
 - Form the call centre,
 - Coordinate with bodies which possess relevant official records.
- Harmonise 149 special laws with the Law on Inspection Supervision.



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

35.5%

fully implemented

SHORT-TERM PRIORITIES BY THE END OF 2017:

- Adopt the following:
 - Strategy for creating an incentive environment for civil society development 2016-2020.
 - 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.
- Develop integrity plans in the PA by 31 October 2017 as an obligation under the Law on Anti-Corruption Agency.
- Adopt the Code of Conduct for civil servants and employees in units of LSG by 1 December 2017.

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 had a very prominent place in the programme of the new Government, and it was placed in the specific context of very limited resources and the need to reduce and rationalise 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 headcount of the public administration.

CHALLENGES:

- Elections in 2016 and 2017 caused the slowing down of activities due to organising the elections and change in the composition of the Government, along with frequent changes in the organisational structure of the state administration.
- Amendment of reform laws implies initially greater costs as well as time needed for the work processes to be organised in the new manner.
- Reform plans require greater engagement by staff, while the priority in the preceding period was fiscal consolidation and downsizing.
- The process of EU integrations and reforms led to increased scope of work, and due to the reduced number of staff there was a challenge to engage staff at the same time in different tasks.

MEASURES TAKEN:

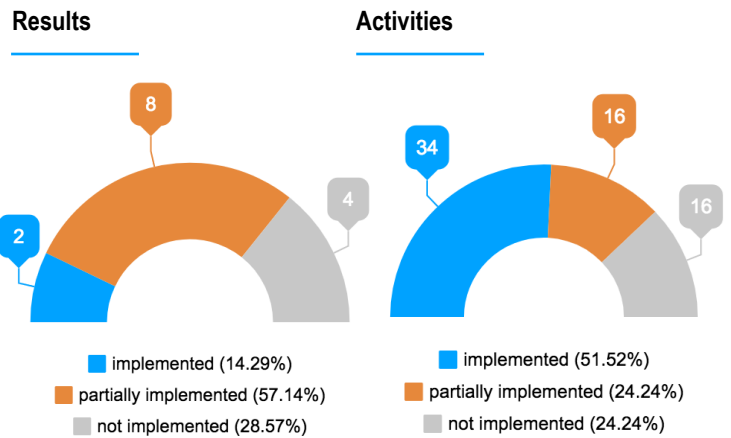
- Priorities which were missing in the planning of the AP PAR had to happen in the course of implementation, which led to certain results being achieved while others were delayed for the next mid-term period.
- Ensuring donor support.
- Outsourcing in case of insufficient capacities and reduced headcount of administration staff.
- Emphasis on e-services and digitalisation of administration.
- Improving specific (selected) services in order to establish best practices which are to become a standard in the public administration in the future.

OBJECTIVE 1 Improving organisational and functional public administration sub-systems

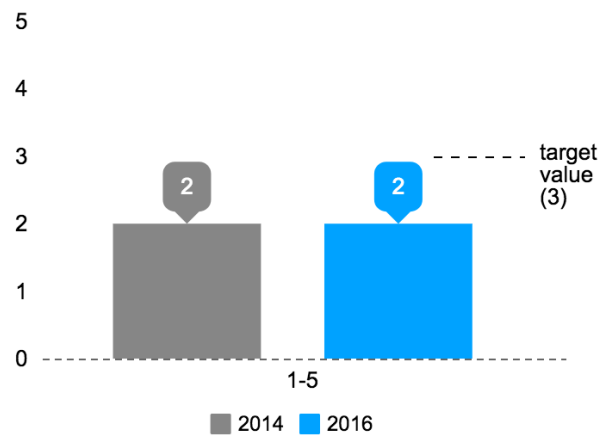
The PAR Strategy in 2014 extended the coverage of the initiated reform activities from the state administration system to the public administration system. The goal was to establish the foundations of a uniform legal regime and standards for performing public administration tasks with the starting basis 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 2015.¹ Numerous processes were initiated in the period 2015-2017, the results of which may be visible in the forthcoming years.

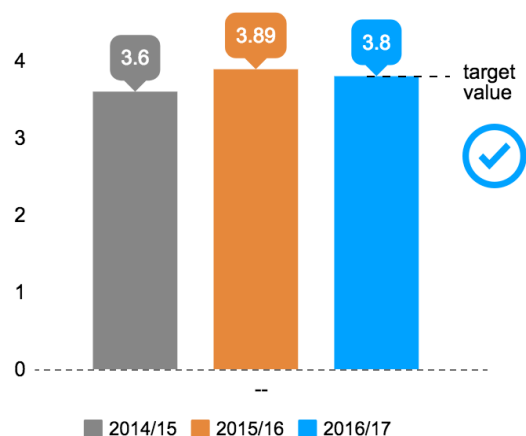
These findings are supported by the reports of OECD/ SIGMA of 2017. „The legal framework for the organisation of central government is stable. No progress has been made in the dissemination of results-oriented and decentralised governance culture among state administration bodies. However, it is worth 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.“²



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)



¹ The value of indicators marked as PPA (indicators taken from the Principles of Public Administration – SIGMA), which are presented for the year 2017 have been taken from the draft SIGMA report after assessment in 2017 and by the time when they are officially published the stated values can be used only indicatively since they are subject to possible changes. 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

² 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

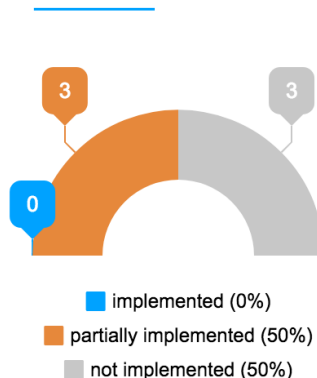
Within this measure, despite the fact that there were in place all the time the parallel processes of optimisation and restructuring of the staff in public administration, priority was given to optimising the number of staff in the context of fiscal consolidation, as the basis for the continued process 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 39,473 PA employees, the savings for the budget only in 2016 amounting to RSD 5,2 billion. Cumulative savings for the whole period since the beginning of rightsizing until now amount to almost RSD 22 billion.³ Compared to December 2014, the number of staff employed in 2016 is lower by 24,150, which is much more than the objective agreed with the IMF.

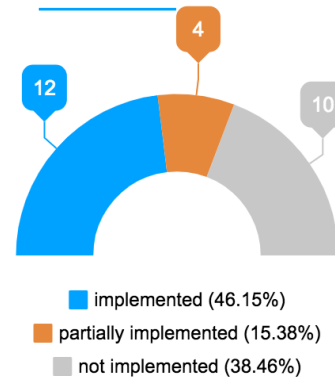
Looking at the number of PA staff per 100 inhabitants, Serbia is currently among the countries with the least number of PA staff in Europe. After the rightsizing, currently in Serbia there are 6.4 staff employed in PA per 100 inhabitants, while the average in the EU is 8.5⁴. In the course of rightsizing 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 impacts. For the above reasons, performance indicators do not show the achievement of objectives identified within this measure.

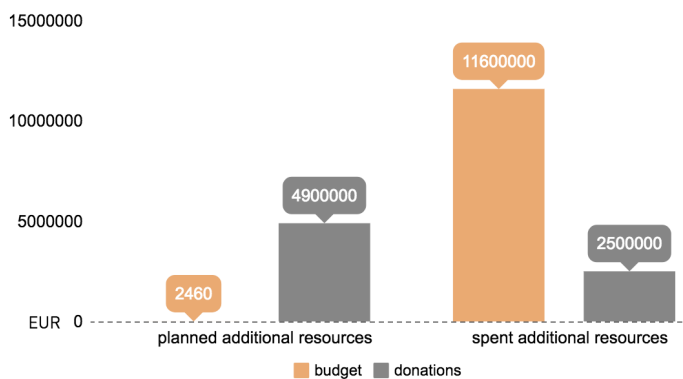
Results



Activities



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS

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



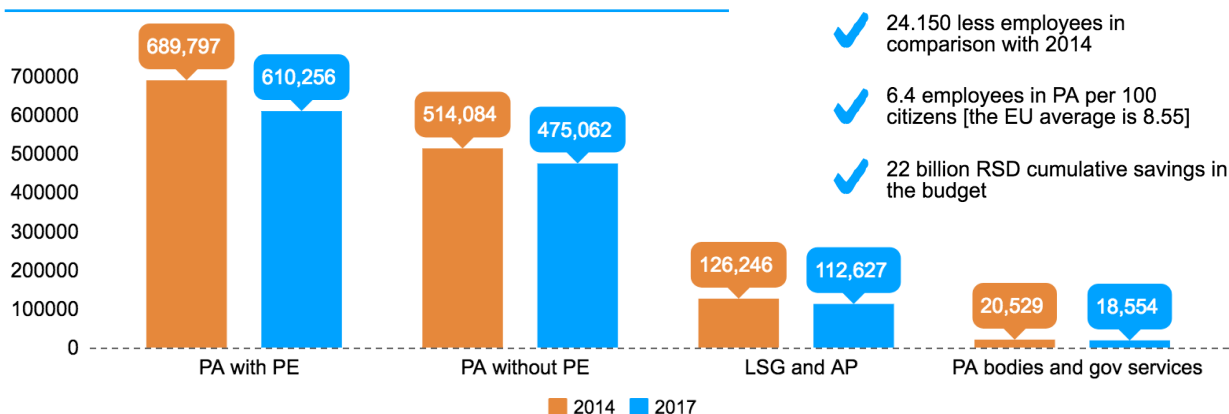
The number of organisations which have been abolished, merged, or whose organisational form has been changed



³ 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 31-32, link to document: http://www.media.srbija.gov.rs/medsrp/dokumenti/ekspoze-mandatarke-ane-brnabic280617_cyr.pdf

⁴ „Modern State, Rational State”, analysis of the Ministry of Public Administration and Local Self-Government, May 2015, link to website: <http://bit.ly/2x3A2nw> 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>

Rationalisation of the PA - estimates of the number of employees



- ✓ 24.150 less employees in comparison with 2014
- ✓ 6.4 employees in PA per 100 citizens [the EU average is 8.55]
- ✓ 22 billion RSD cumulative savings in the budget

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 drafting of action plans for implementation of recommendations resulting from the FR. The most relevant achievements in the previous period are :

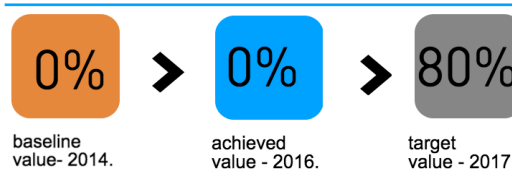
- ✓ Implemented horizontal FR of 94 institutions of central government – the Action Plan for implementation of FR recommendations has been finalised.
- ✓ Implemented vertical FR of the portfolio of the Ministry of Finance – Action Plan for implementation of FR recommendations has been finalised.
- ✓ Implemented preliminary FR of services in the sectors of health, education, and social protection – the draft report for health care sector is being finalized, and the other two are finalised. Action plans have been drafted for education and social protection and consultations are underway for their official adoption.
- ✓ Implemented vertical FR of the Ministry of Agriculture and Environmental Protection – 2 FR's are finalised and 2 action plans for implementation of recommendations from FR.

NEXT STEPS

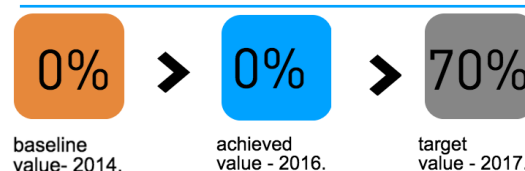
The optimisation and modernisation process (Stage II of the PA Optimisation Programme) implies the following steps:

- Conduction 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.

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



The first two activities are finalised, the third one – drafting and adoption of action plans for the sectors of education, health care, social protection, and agriculture and environmental protection, including measurable and achievable activities with clear objectives and deadlines for reorganisation will be finalised in the course of 2017, after which the focus can be on implementation and planned restructuring.

During 2017 the priority will be reorganisation in the education system. It is planned by the end of the year to reduce more than 2,700 „norms“ (of full working time staff) in primary and secondary education, which will result in more efficient distribution of resources and better organisation of the school system through reorganisation of the school network, which the Ministry of Education is developing on the basis of the FR.

This year's decision on maximum number of staff puts emphasis on strengthening the capacities in certain sectors – such as health care workers in the health sector, and inspection services, the Tax Administration which has a great impact on fighting grey economy through law enforcement. By the end of the year, it is planned to recruit 2,500 medical staff (doctors and nurses).

For each unit of LSG the Law on the Manner of Determining the Maximum Number of Employees in the Public Sector defines the optimum number of staff – based on internal mutual comparison of units of LSG based on territory, number of settlements, population, number of tourists, and number of languages used. The units of LSG which have the number of employees below the defined optimal number have been given room for new recruitment. It is planned by the end of 2017 at local level to achieve total net reduction of employees by 2,500.

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 by implementing the ambitious fiscal consolidation and structural reforms to stop 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*⁵ 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 PAR⁶);
- 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“⁷ 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 staff in public administration. 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.

⁵ Three pillars of reforms on the way to the EU: rule of law, economic governance, and public administration reform.

⁶ 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.

⁷ 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

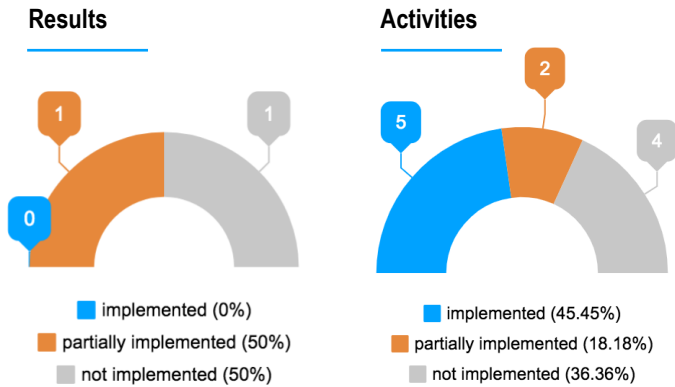
In performing the tasks from the original and delegated scope of tasks, the PAR Strategy underlined certain weaknesses which were identified in practice, specifically that certain sector-specific laws do not clearly define whether certain tasks fall within the original (source) or delegated scope of 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.

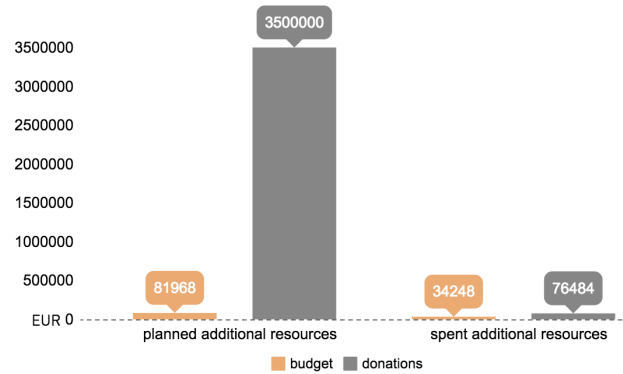
In this respect, although the strategic framework was not established in the preceding period as was the ultimate goal, nevertheless a comprehensive analytical basis has been prepared, specifically:

- ✓ 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;
- ✓ 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.

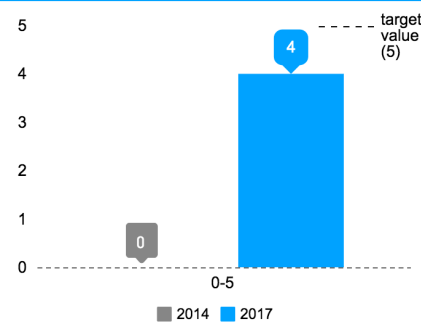


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS⁸

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



⁸ Measurement of the indicator *Action Plan for implementation of the Decentralisation Strategy adopted by the Government of RS* is performed by analysing the achievement of activities from the policy paper for the Decentralisation Strategy, specifically: the Situation Analysis of local government in the Republic of Serbia, the Study on models of decentralisation in order to achieve functional distribution of competences among individual levels of government in the RS; the cost-benefit analysis of models of decentralisation; Inventory of tasks for 32 areas at all levels of government; on the basis of these activities, the Strategy and/or AP for implementation of the Decentralisation Strategy was developed. The description of baseline and target values: 0 – the analytical and documentary basis is not prepared; 1 – one of four activities implemented; 2 – two of four activities implemented; 3 – three of four activities implemented; 4 – all above activities implemented, including the inventory of tasks for 32 areas; 5 – all five categories of activities are implemented. Indicator value is expressed numerically, on the scale from 0 to 5.

NEXT STEPS

The following analytical documents are currently being prepared:

- Analysis of competences in six priority areas relevant to decentralisation (education, health care, social protection, environmental protection, agriculture, utility activities);
- Analysis of best mechanisms for intermunicipal cooperation.

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

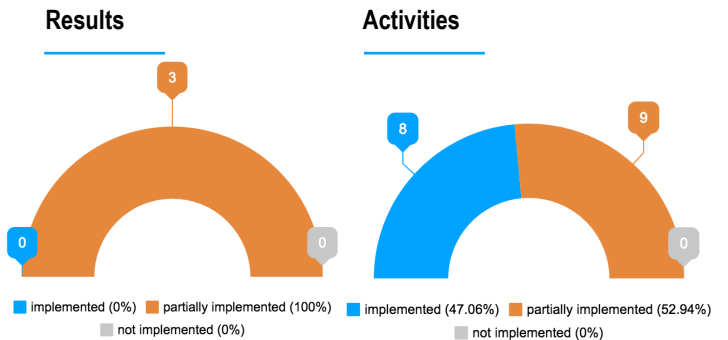
RESULTS

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.

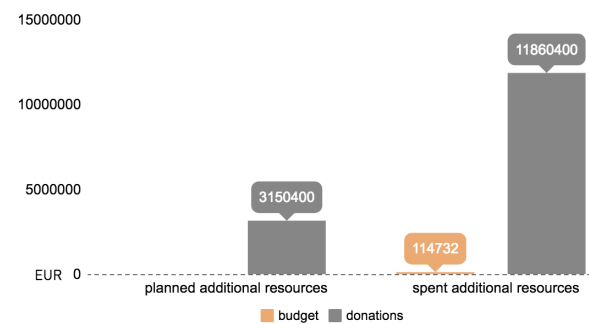
Within the PAR Strategy „the reform implemented by the RPPS should ensure mechanisms for the Government policy-making process to be founded on evidence-based decisions and instruments whose purpose is to make policies oriented to desired results and impacts based on reliable data. This, also, implies that policies are coherent and in line with the budget framework“⁹.

During the reporting period there is a number of 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.
- ✓ Pilot AP is drafted for implementation of the Government Programme for 2015, AP for implementation of Programme (APSBV) after the formation of the new Government in August 2016, which significantly improved coordination at the level of state administration bodies and established mechanisms for priorities management in the work of the Government - in order to implement the APSBV. Implementation and monitoring groups have been appointed which meet regularly and report on achieved results.

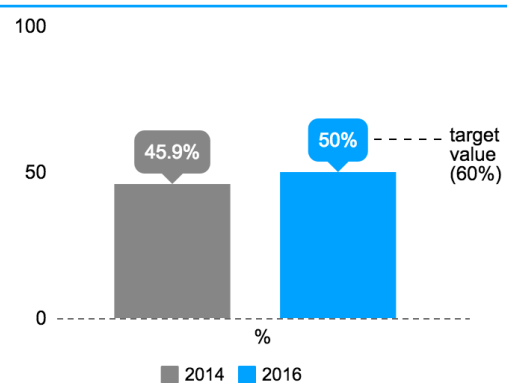


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES

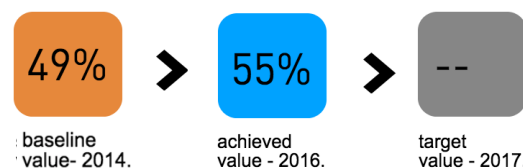


INDICATORS¹⁰

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)



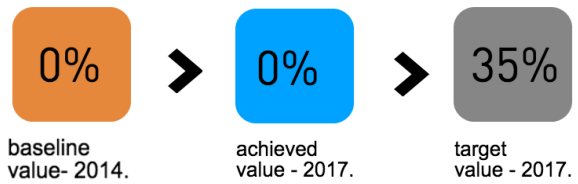
⁹ The quote is taken from the webpage of the RPPS: <http://www.rsip.gov.rs/nadleznosti-obaveze-i-ovlascenja>

¹⁰ The value of indicators marked as PPA (indicators taken from the Principles of Public Administration – SIGMA), which are presented for the year 2017 have been taken from the draft SIGMA report after assessment in 2017 and by the time when they are officially published the stated values can be used only indicatively since they are subject to possible changes.

NEXT STEPS

- Finalisation 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.
- Review of the AP for implementation of the Government Programme according to the Programme of the Government elected on 29 June 2017;
- Adoption of the prepared packages of regulations on the planning system of the RS: draft 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).
- Continuation of initiated public procurement procedure and development of the single 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



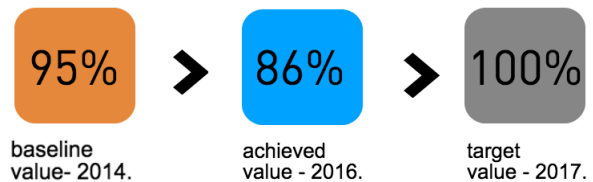
Complete financial assessment in sector strategies (PPA 2)



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



measure
1.4

Establishing solid coordination mechanisms enabling harmonised development and functioning of e-government, and finalising the legal framework and procedures for development of e-government

RESULTS

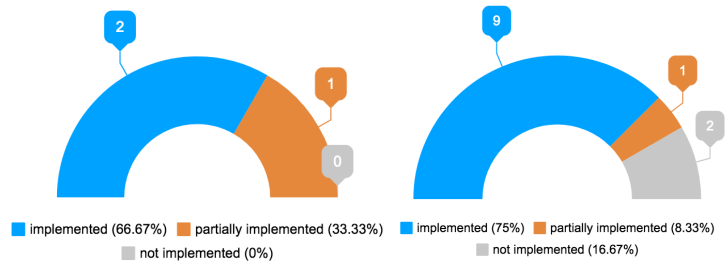
The key objective of reform in this area is developing e-services with maximum possible completeness (www.euprava.gov.rs), the linking of existing systems by connection to the single data service bus and legal and technical establishment of a number of key registries (population registry, address registry, 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.¹¹

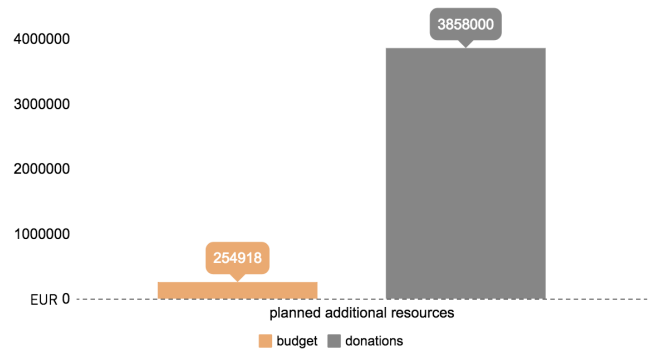
In the past period the strategic framework has been finalised for implementation of activities in the area of e-government in the RS. In December 2015 the Strategy for e-Government Development for the RS was adopted for the period 2015-2018 with the AP for 2015-2016 („The Official Gazette of RS“, No.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

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).¹² The objective is to ensure fast and efficient exchange of data among state institutions, without the need for citizens to collect documents. In 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

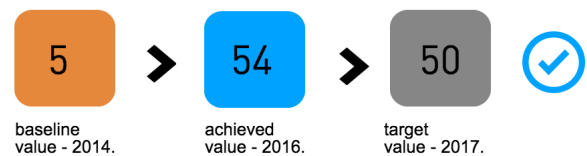


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES

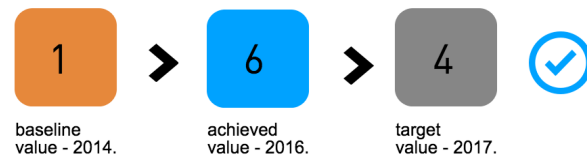


INDICATORS¹³

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



¹¹ 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>

¹² 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/ZVESTAJ%20Akcioni%20Plan%202015-2016%20e-uprava%20-11.04.2017.pdf>

¹³ The value of indicators marked as PPA (indicators taken from the Principles of Public Administration – SIGMA), which are presented for the year 2017 have been taken from the draft SIGMA report after assessment in 2017 and by the time when they are officially published the stated values can be used only indicatively since they are subject to possible changes.

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.¹⁴

In the reporting period the key newly established e-services are:

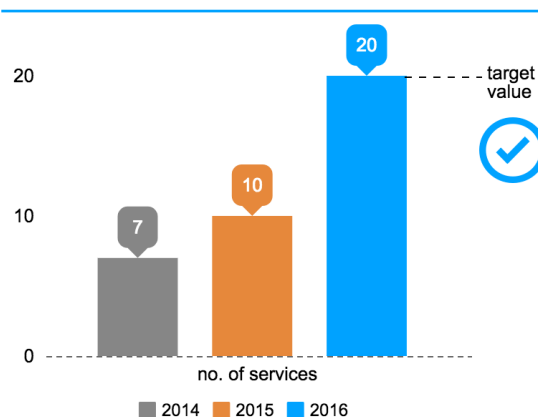
- ✓ E-Baby (Registration of new-borns in maternity hospitals),
- ✓ Filing of applications for e-health care cards,
- ✓ E-preschool (enrolment of children in pre-school institutions),
- ✓ Replacement of old driver's licences with new ones (in card format).

The National Open Data Portal (<https://data.gov.rs/sr/>) has been established with migration conducted for 29 so far opened data sets to the Portal.

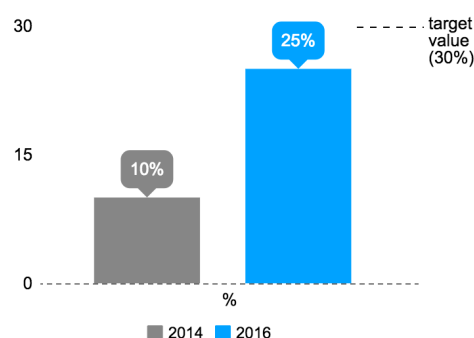
The number of users of the National e-Government Portal (<https://www.euprava.gov.rs/>) exceeds 750,000 registered users:

- ✓ From the second half of 2016 to the first half of 2017, the number of users has doubled, by almost 370,000.
- ✓ The number of users increased primarily thanks to announced new services. Just in 2016 the number of new services developed was 160 new services.
- ✓ The Portal currently offers 710 services for 143 state administration bodies.

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



Number of PA bodies which apply interoperability standards



¹⁴ News published at e-Government portal on 10 June 2017, link to page: <http://bit.ly/2vrsprm>

NEXT STEPS

By the end of 2017:

- Adoption of the AP for 2017 –2018 for Strategy implementation
- Adoption of 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 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.

CHALLENGES

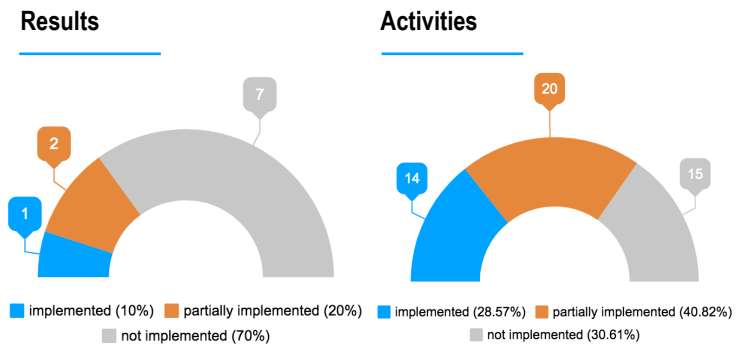
A certain number of activities from the Action Plan has not been finalised within the given deadline, the reason most often being the slowdown of activities during 2016 due to elections and changes of Government.

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

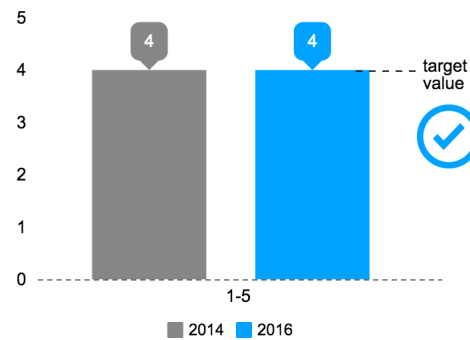
The PAR Strategy of 2014 planned for the regulation of human resources management (hereinafter: HRM) across the whole public administration and improvement of the existing system at the level of state administration. Apart from consistent implementation of professionalization, depolitisation, the merit-based 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, one result is achieved in the preceding period which is relevant to establishing the normative framework for HRM function development in AP and units of LSG. Normative activity as the legal requirement was at the forefront, and a special challenge was how to handle effects of rationalisation of the number of employees, in order not to allow the reduced number of employees jeopardise the existing quality of work in the three preceding years, which is an indicator of the existing quality of PA and the functional nature of the system. SIGMA indicators demonstrate stable values in the preceding three years 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.¹⁵

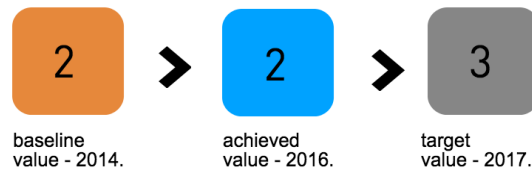
At the same time efforts were made to initiate the reform in the area of HRM, but the achievements in the reporting period remained within the scope and analytical and normative activities.



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)



¹⁵ The value of indicators marked as PPA (indicators taken from the Principles of Public Administration – SIGMA), which are presented for the year 2017 have been taken from the draft SIGMA report after assessment in 2017 and by the time when they are officially published the stated values can be used only indicatively since they are subject to possible changes.

**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 than 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%¹⁶, 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.

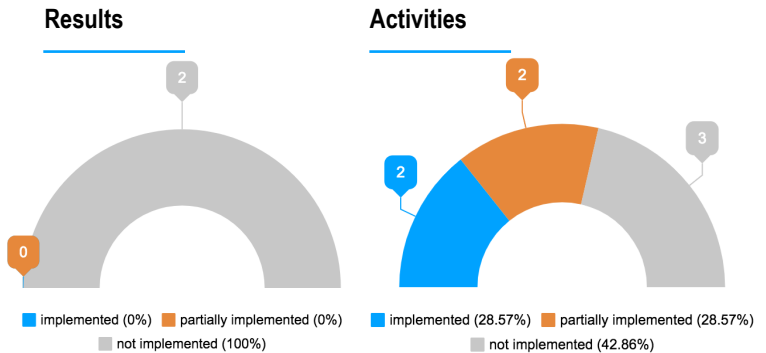
In order to establish the system of recruitment, performance appraisal, motivation, merit based promotion, it was required as a precondition to improve job descriptions and expected results for work posts (developing the Catalogue), followed by amending (simplifying) a great number of regulations, with the necessary improvement of managerial capacities of PA.

Within this measure reforms have not been finalised but normative and analytical basis is prepared:

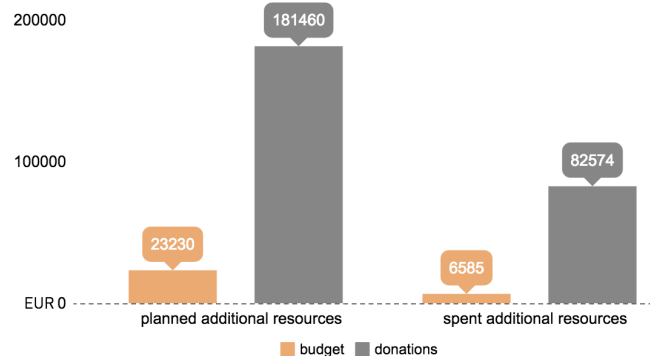
- ✓ The document „Policy framework for human resources management“ has been created and endorsed by the PAR Council, providing key guidelines and HRM policy framework in state administration with proposed future directions for the development of the civil service system. The document includes guidelines 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 will come into effect as of 1 January 2018. The sectoral laws on salaries have not yet been adopted.
- ✓ 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 two decrees were adopted: the Decree 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).

- ✓ 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.



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES

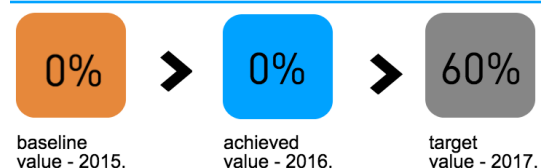


INDICATORS

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)



¹⁶ 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%20makroekonomiska%20kretanja.pdf](http://www.mfin.gov.rs/UserFiles/File/tabele/2015%20decembar/(SRP)%20Tekuca%20makroekonomiska%20kretanja.pdf)

NEXT STEPS

By the end of 2017:

- Endorse the amended version of the HRM Policy Framework by the Council for PAR.
- The Law regulating salaries and other remunerations for employees in bodies of the AP and units of LSG has been prepared and is expected to be adopted in September 2017, and by the end of 2017 also the Law regulating the labour-legal status, salaries and other compensations for employees in public services, public agencies, and other bodies and organisations founded by the RS, AAP or units of LSG.
- Continue work on preparing the General Catalogue of work posts in the public administration.

CHALLENGES

The deadline for the finalisation of the Catalogue was constantly being delayed for two reasons: a) in the course of catalogue preparation the concept was changed for the regulation of salaries in the public sector and for this reason the implementation was postponed of the system Law on Salaries (amendment of the law („The Official Gazette of RS“ No. 108/16)), b) due to parliamentary elections (April 2016) and presidential elections (April 2017) and the fact that the Government operated as a technical care-taker government.

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.¹⁷

¹⁷ 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 most recent 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.“¹⁸

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 to 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 employees in the public administration.
- ✓ 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.

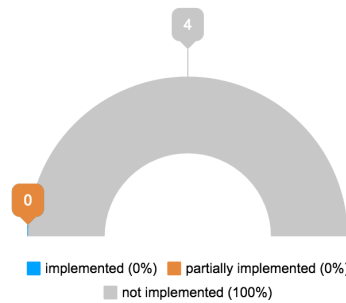
HRMS - Centre for development of basic competences

was established in June 2015.

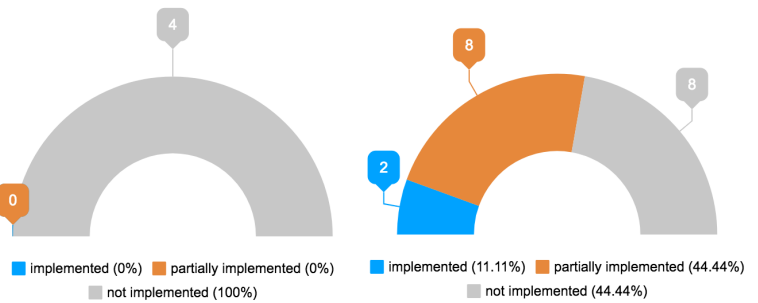


suk.gov.rs/sr/centar-za-razvoj-bazicnih-kompetencija

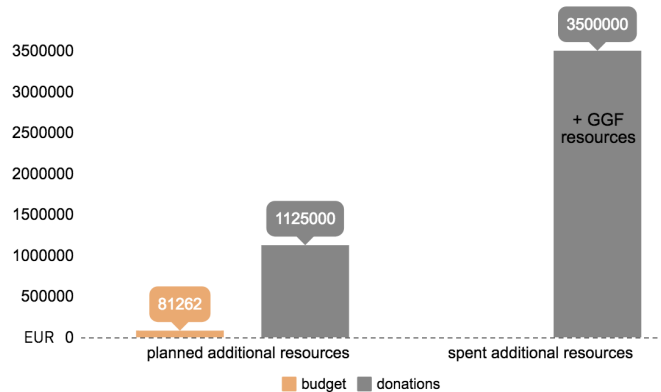
Results



Activities

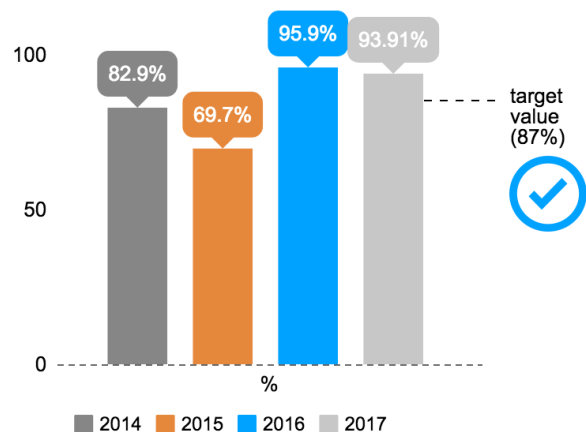


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES

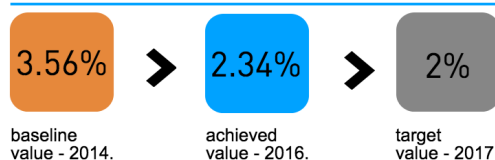


INDICATORS

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)



¹⁸ Report for Serbia, Principles of Public Administration, SIGMA, May 2016, page 6, link to document: <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 2017:

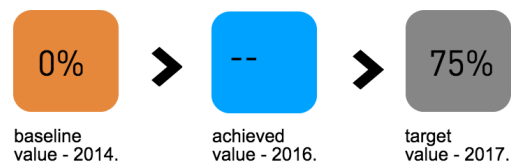
- Endorse the amended version of the Policy Framework for HRM by the Council for PAR.
- Amendments to the Civil Service Law and bylaws supporting the changes and enabling implementation of all legal solutions, especially the implementation of instruments for HRM.

CHALLENGES

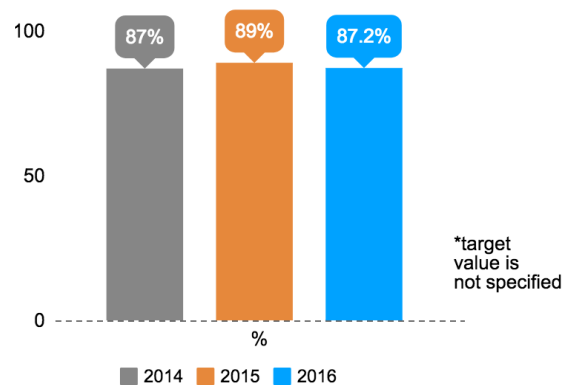
Insufficient HR capacities of the Ministry of Public Administration of Local Self-Government, as the ministry in charge of the above issues, as well as the prioritised fiscal consolidation have resulted in directing all efforts towards coordinating the process of rationalisation, severance payments,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

The Law on changes and amendments to the Civil Service Law, which has been prepared and submitted for the adoption procedure in 2015, has not been adopted due to the extraordinary parliamentary elections and the dissolving of the National Assembly.

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



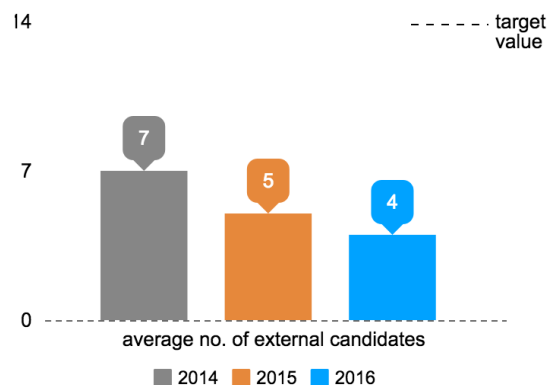
Share of performance appraisal results of 4 and 5 during the annual performance appraisal of civil servants



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

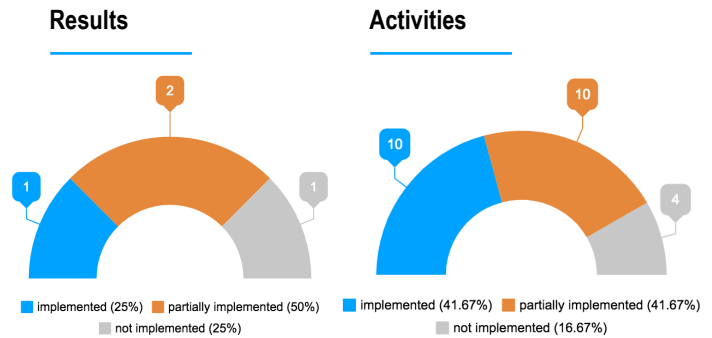
The objective of the measure 2.3 was to establish a merit-based HRM system also in other parts of the PA, not just bodies of state administration, and to bridge the differences between the existing and the desired state of professional capacities of employees and the coverage of professional training for all public servants. The achieved result referred to establishing the strategic and normative framework for the development of the HRM function in AP and units of LSG.

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 preprogrammes.

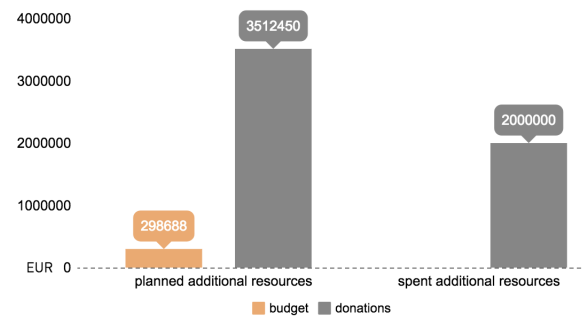
In March 2016 the Law on Employees in AP and Units of LSG was adopted („Official Gazette RS“, No. 21/16) doubling the coverage of the civil service system from 23,237 civil servants in state administration bodies and services of the Government by additional 29,818 employees in AP and LSG. This Law for 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 7 sessions),
- ✓ Rulebook on criteria and requirements for accreditation of professional training providers for public servants in LSG („Official Gazette RS“ No. 49/17),
- ✓ Rulebook on determining mandatory elements of the general and special programmes of professional training for public servants in LSG („Official Gazette RS“ No. 49/17).

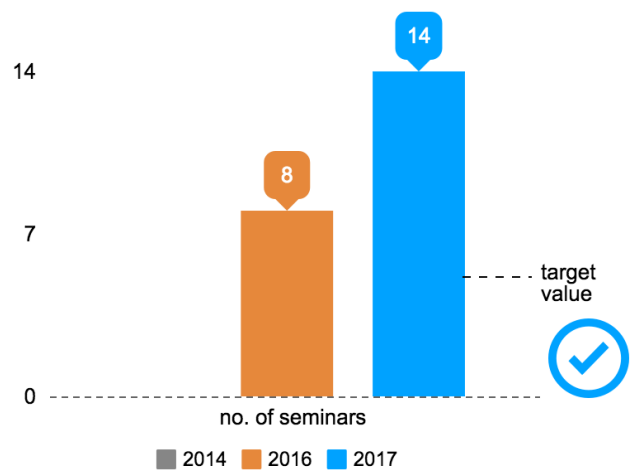


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS¹⁹

The number of regional seminars delivered



¹⁹ Values of the indicator *Percentage of achievement of the plan for staged development of the Central Professional Training Institution* are ranked on the scale from 0 to 3. **Value 0** – not a single activity is implemented from the staged development plan; **Value 1** – the following activities from the staged development plan are implemented: proposed organisational models have been prepared for the Central Professional Training Institution (CPTI) and the policy paper on the Law on CPTI. **Value 2**: the working group is established for drafting the Law on CPTI, the draft Law on COTI is finalized. **Value 3**: draft Law on CPTI is sent to the procedure for collection of opinions; the draft became the proposed law; the Law on CPTI is being implemented, CPTI is formally established. The staged development plan for the CPTI is part of the explanatory notes of the Law on CPTI.

Note for the indicator *Extent to which the normative framework is complete for the development of the HRM functions in AP and LSG bodies*: The completeness of the normative framework is measured by the number of adopted acts on the scale: 0 – not a single legal act is adopted; 1 – the Law is adopted; 2 – the Law and three decrees are adopted; 3 – the Law, the three decrees and the rulebooks are adopted. The Law and the bylaws: the Law on Employees in AP and LSG, the Decree on conducting internal and public competitions for filling of posts in AP and units of LSG, the Decree on criteria for classification of job posts and criteria for job descriptions for public servants in AP and units of LSG, the Decree on criteria for classification of job posts and criteria for job descriptions for employees in AP and units of LSG, the Rulebook on accreditation of professional training programmes, the Rulebook on mandatory elements of professional training programmes.

Simultaneously, intensive work is going on to strengthen capacities of employees in units of LSG for HRM (*Result 2.3.3.*) and over the past year 23 regional training courses were conducted, 1 e-training course, and 1 meeting 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 170 members from 120 units of LSG). Advisory support has also been provided to units of LSG in implementing the Law on Employees in AP and LSG, 14 regional seminars were conducted, the programme of Municipal Support Packages has been initiated for 20 towns and municipalities and numerous model acts have been developed for their use.²⁰

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 started to harmonise their organisation and functioning with the new legal framework and have started to establish their capacities for HRM.

Additionally, the analytical basis has been prepared for the establishment of the National PA Training Academy (policy paper: „Establishing the central institution for professional training in the public administration of RS“, policy paper for the operation of the National Academy: „Proposed priority programmes for professional training“, the Roadmap for the establishment of the Central national institution for professional training in the public administration of RS, the policy framework for HRM in state administration of RS).

NEXT STEPS

By the end of 3rd quarter of 2017 adoption is expected of the prepared drafts: the Law on the National PA Academy, the Law on Changes and Amendments of the Civil Service Law, and the Law on Changes and Amendments to the Law on Employees in AP and Units of LSG, in order to harmonise the substantive elements of professional training in all parts of public administration with the organisational form being established by the Law on the National PA Academy.

CHALLENGES

The number and professional capacity of staff in units of LSG to perform HRM functions during the course of fiscal consolidation and rationalisation.

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



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



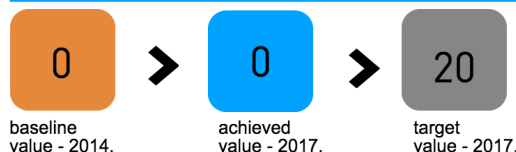
Percentage of achievement of the plan for staged development of the Central Professional Training Institution



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



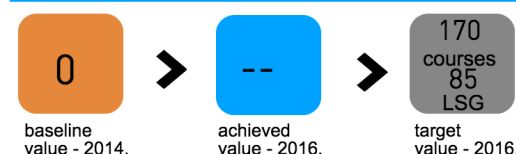
Number of units of LSG which have adopted the necessary documents and developed adequate procedures in line with identified support packages



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



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



²⁰ Model local acts are available at the SCTM website: <http://skgo.org/pages/display/402/Modeli+akata+u+oblasti+upravljanja+ljudskim+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, 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.

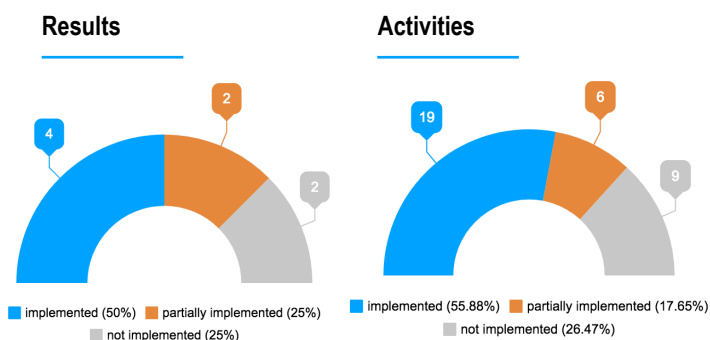
During the recent period improvement has been achieved in the strategic framework and mid-term planning, programme budgeting has been introduced, public procurement improved, the fiscal position of the RS improved, negotiation chapters have been opened relevant to this objective: Chapter 32 – Financial Control, in December 2015, and Chapter 5 – Public Procurement in December 2016 (of the total 10 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 three-year projections, 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.

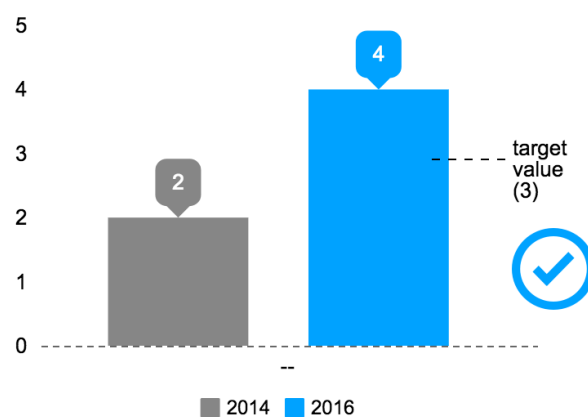
Since 2015 the Government is adopting the mid-term Economic Reform Programme (ERP), including a mid-term macroeconomic and fiscal policy framework, as well as specific prioritised structural reforms, directly supporting the macroeconomic framework, removing obstacles to economic growth and increasing competitiveness of the national economy. There have so far been three cycles of ERP adoption, and the most recent one was adopted for 2017-2019. ERP must be

harmonised with the Fiscal Strategy which is also adopted for the mid-term and the last adopted Fiscal Strategy for 2017 includes projections for 2018 and 2019).



INDICATOR²¹

MTBF strength index (PPA 6)



²¹ The calculation of the indicator value is based on SIGMA methodology. The DG ECFIN established this strength index for EU member states for the Medium-term budget frameworks – MTBFs. According to the old methodology the index was calculated by assessing the following five criteria: 1. existence of mid-term budget framework, 2. link between multi-annual budget objectives and annual budgeting, 3. involvement of the National Assembly in the preparation of multi-annual budget plans, 4. existence of coordination mechanism between state administration bodies when setting mid-term objectives, 5. existence of monitoring and implementation mechanisms for multi-annual budget objectives. According to this methodology since 2015, the criteria are as follows: 1. coverage of objectives included on the national mid-term fiscal plans; 2. links between objectives/ceilings included in national mid-term fiscal plans and annual budgets; 3. inclusion of the National Assembly or coalition agreements in preparation of national mid-term fiscal plans; 4. inclusion of independent fiscal institutions in the preparation of national mid-term fiscal plans; 5. level of detail of the national mid-term fiscal plans. Website of the DG ECFIN: https://ec.europa.eu/info/publications/medium-term-budgetary-frameworks-database_en

„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.“²²

During Q2 2017 there has been simultaneously both primary and total government sufficient. In the first half of 2017, the total government sufficient amounted to 2.1 % of GDP and the primary one reached 5.7% GDP. The total fiscal sufficient amounted to 1.3% of GDP. During 2016 the biggest positive contribution to reducing the deficit originated from better collection of revenues. Central level public debt at the end of June 2017 was EUR 23.9 billion, or 65.7% of GDP.²³

²² From the draft SIGMA report after the measurements in 2017 for 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.

²³ Current macroeconomic trends, Ministry of Finance, June 2017, link to page: <http://www.mfin.gov.rs/UserFiles/File/tabele/2017%20jul/Tekuca%20makroekonomska%20kretanja.pdf>.

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.“²⁴

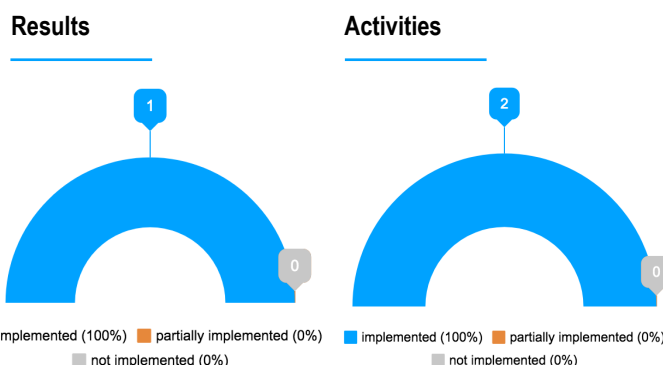
The result is fully achieved. The Public Financial Management Reform Programme 2016-2020 was adopted by the Government on 28 November 2015 and amended on 25 December 2015, and it followed to the maximum extent possible the recommendations of the Serbia Public Expenditure and Financial Accountability (PEFA) Performance Report (PEFA Serbia Report²⁵). 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, financial reporting,
- External public finance oversight.

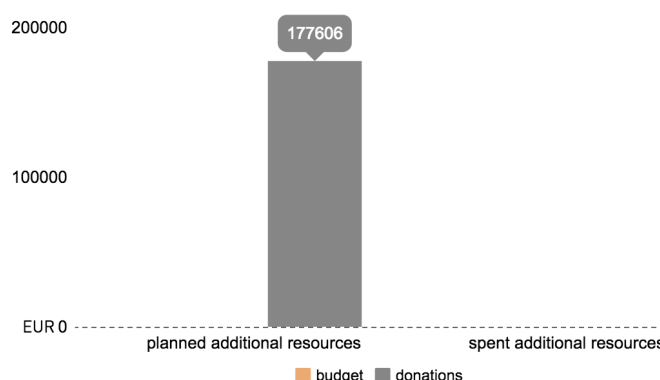
The achievement of Programme objectives is monitored at six-months and annual intervals. Since the adoption, two PEFA Performance Reports have been made.²⁶ Significant progress has been made in improving the coverage and quality of reporting on budget execution, continued implementation of multi-annual programme budgeting at all levels of government, and through improvement of laws, regulations and public procurement procedures.

NEXT STEPS

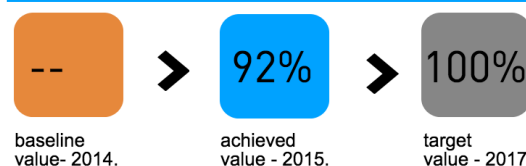
The review of the Programme is planned by the end of the year in the field of costs and performance indicators, and also in order to harmonise planned activities with improved monitoring. Underway is the preparation of AP for implementation of recommendations from the Functional Review of the Ministry of Finance, which will be taken into consideration in the course of the programme review.



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.

²⁴ 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%20reforme%20upravljanja%20javnim%20finansijama%202016-2020%20SR.PDF>

²⁵ 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>

²⁶ 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.

measure
3.2

Improved budget planning and preparation process

RESULTS

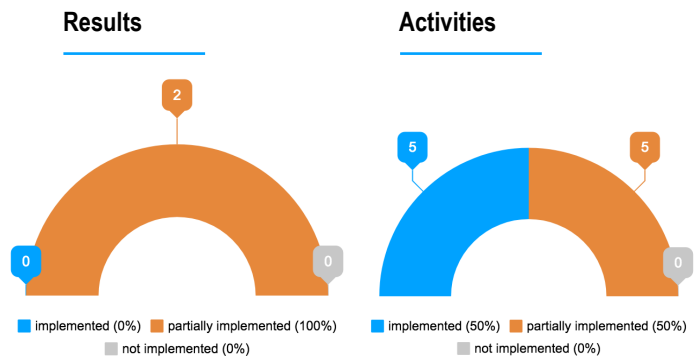
Serbia started reforms for introduction of programme budgeting in 2005. Through the Budget Law of the RS for 2008, five pilot ministries presented their financial plans according to the programme budget model. Compared to the traditional line budgeting which allocates funds based on inputs, programme 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.

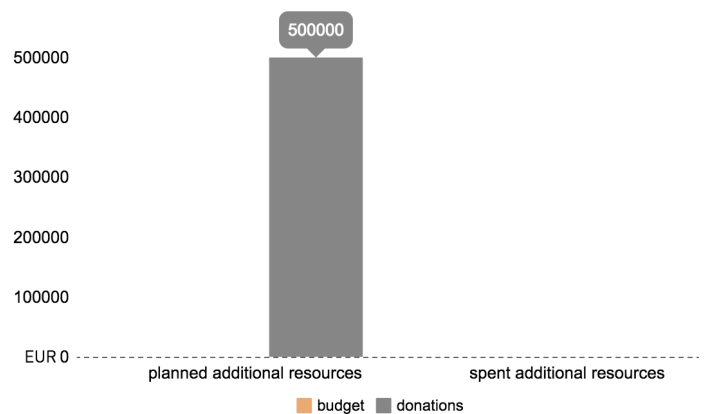
The coverage of planning budgets with the structure of programme budget is increasing: there is 100% coverage at the level of budget beneficiaries, and an increase percentage coverage among units of LSG which have prepared budgets for 2017 based on the programme budgeting methodology (for the first half 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,²⁷
- ✓ 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.

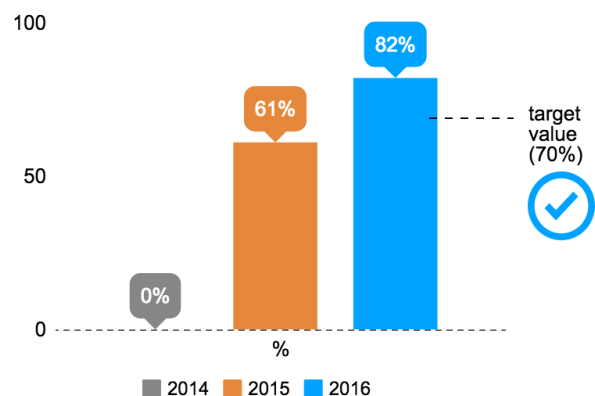


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS

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



²⁷ 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).

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.

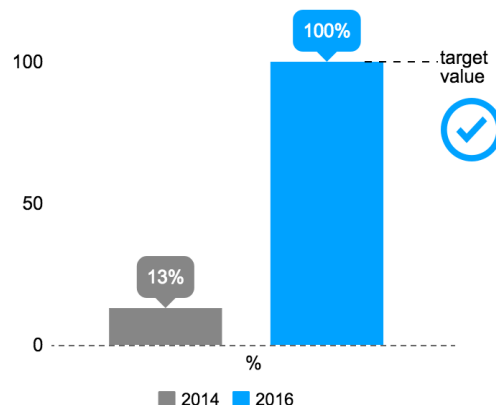
The AP PAR was overly ambitious in planning the time needed to introduce planning and implementation of capital projects based on priorities in order to strengthen predictability in implementation (Result 3.2.2). On the basis of Article 54a, para 3, of the Budget System Law the Decree was adopted on 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

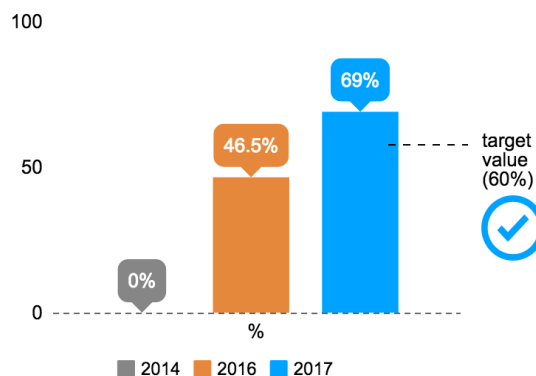
In the field of capital projects planning and implementation it is expected by the end of October 2017 to adopt five bylaws (120 days after the coming of the Decree into effect) as follows: Rulebook on requirements, manner and procedures of capital maintenance, depending on type of capital project; Rulebook 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.

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



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 in charge 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).

measure
3.3

Improving the financial management and control of public spending and internal audit

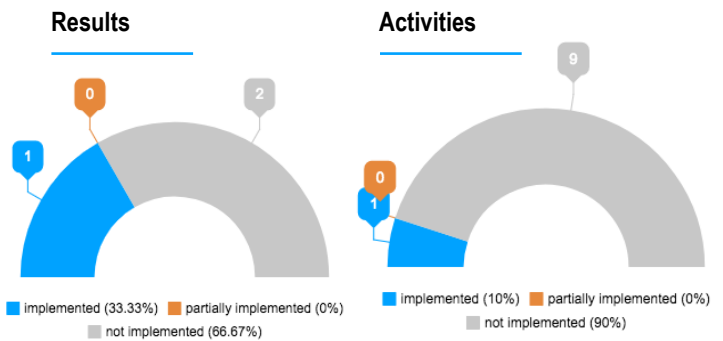
RESULTS

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).

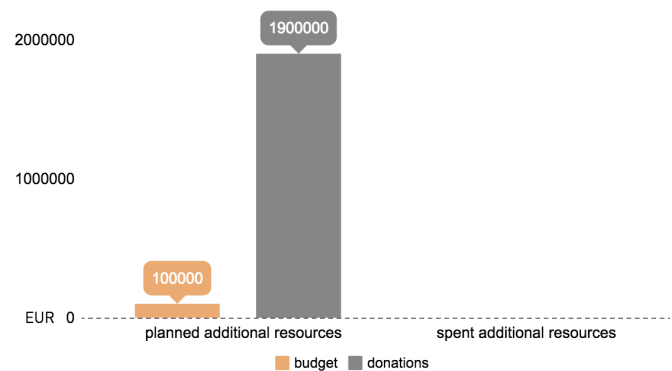
The percentage of public funds beneficiaries which have established the internal audit function is decreasing²⁸, and the newly adopted Strategy on Internal Audit and Financial Management and Control underlines that „the achieved level of financial management and control in budget beneficiaries is of 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 “.²⁹

Nevertheless, the SIGMA reports³⁰ 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 330 in 2016;
- ✓ the Central Harmonisation Unit (CHU) initiated its website and started publishing relevant reports;
- ✓ the CHU has conducted oversight of work of IA units in 10 ministries after 3-4 years;
- ✓ the software for reporting on PIFC is being upgraded.

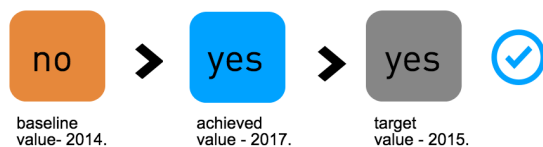


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS³¹

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



²⁸ „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.

²⁹ 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/strategijje/Strategija%20IFK%202017%202020.pdf>

³⁰ 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.

³¹ The value of indicators marked as PPA (indicators taken from the Principles of Public Administration – SIGMA), which are presented for the year 2017 have been taken from the draft SIGMA report after assessment in 2017 and by the time when they are officially published the stated values can be used only indicatively since they are subject to possible changes.

Note that for the indicator *Total number of irregularities reported to the budget inspectorate relative to the baseline*, the baseline value is the number of applications in the year preceding the year in which the Rulebook on financial management and control defined the relevant framework for managing irregularities by users of public funds. Reference for the indicator *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): „Baseline Measurement – Methodological Annex to the Indicators“*, SIGMA, April 2015, page 96, and *Principles of Public Administration, SIGMA/OECD (document funded by the EU), 2014, page 92.*

NEXT STEPS

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

In the short-term, by the end of 2017 and beginning of 2018: engaged expert from the Twinning Project (*Support to Further Development of Public Internal Financial Control – PIFC*), is making an assessment of technical, administrative and institutional capacities of the Ministry of Finance to ensure the full functionality of the Department for PIFC 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:

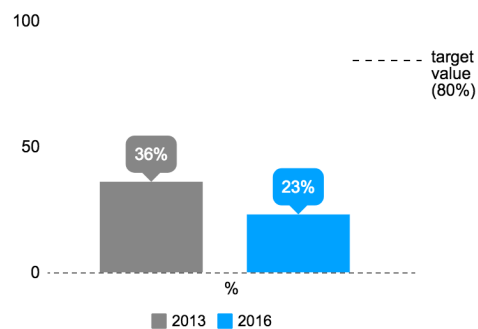
- The Budget System Law prescribes that functional and decentralised internal audit is the obligation of all beneficiaries of public funds. The Law does not prescribe any deadlines for establishment thereof, with the assumption that the deadline for establishment of IA is a matter of conscience and understanding 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. 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 not fully filled, due to legal limitations on maximum number of staff, lack of highly qualified HR, low salaries, inadequate systematised knowledge 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.³²

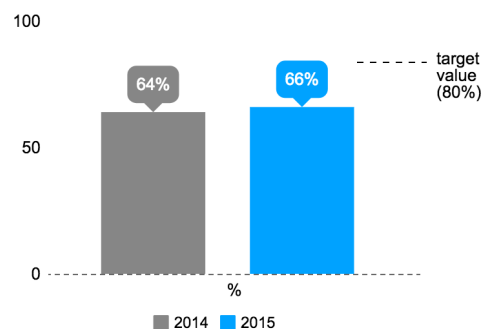
Percentage of public budget beneficiaries at central level in which the managers of basic/special organizational units and directorates report on monthly basis on financial commitments and expenditures in the relevant part of the budget of the institution



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)



³² 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/strategija/Strategija%20IFK%202017%202020.pdf>

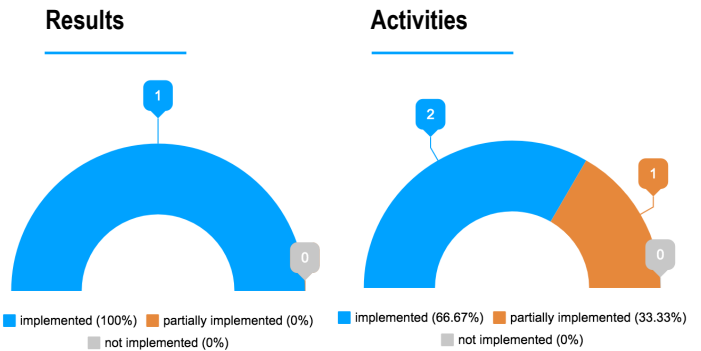
RESULTS

The function of the Budget Inspection is to enforce the law in the field of material-financial operation and ear-marked and legal use of funds by budget beneficiaries. In the year 2015 in one of the reports³³ 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 to reduce the risk of ending up with unclear differentiation of the purposes and roles of these functions, while simultaneous development of PIFC, the internal audit, and budget inspection in ongoing.

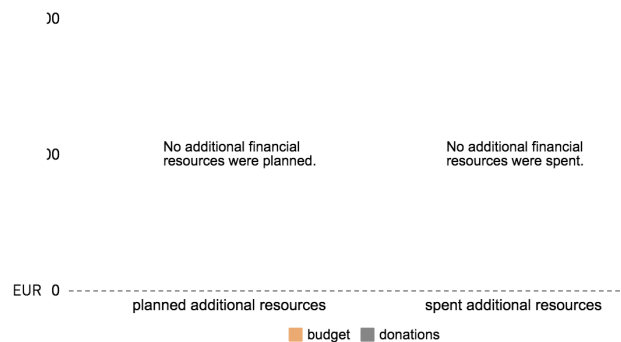
In the reporting period amendments have been made to the Budget System Law relevant to the work of the Budget Inspection in order to clearly differentiate the work of the budget inspection and that of internal audit. The change was primarily aimed at having the Budget Inspection no longer performing 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).

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.

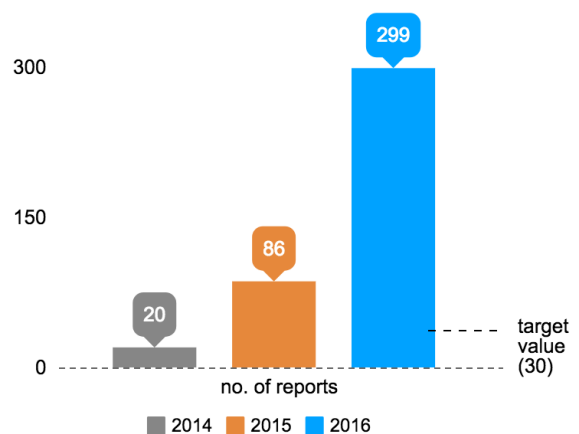


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATOR

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



³³ Report of the Anti-Corruption Council on the capacities of the Budget Inspection, 2016, page at the following link: <http://bit.ly/2uH4Kmc>

NEXT STEPS

Adopting by the end of 2017 the already prepared proposed Decree on work, competences and insignia used by the Budget Inspection and the methodology of work of the Budget Inspection which will regulate in more detail and more clearly the single standards and procedures for conducting budget inspection control.

A new Rulebook is to be adopted on internal organisation and systematisation of posts in the Ministry of Finance in line with the adopted Decision on maximum number of staff for an indefinite period of time in the state administration bodies, public services, the AP Vojvodina, and the units of LSG for 2017 and based on that creating fully functionality of the Budget Inspection. After reviewing the number of received reports, complaints and requests for inspection received from state administration bodies, organisations, legal and physical persons it was concluded that there is a need to increase the number of staff and the quality of budget inspectors, with proposals for HR strengthening of this organisational part of the Ministry of Finance. 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).

CHALLENGES

Since 2017 the Budget Inspection has enabled submitting reports online (apart from regular post)³⁴, 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).

After conducting the internal assessment and considering the number of received reports, complaints and requests for inspection received from state administration bodies, organisations, legal and physical persons it was concluded that there is a need to increase the number of staff and the quality of budget inspectors, with proposals for HR strengthening of this organisational part of the Ministry of Finance, which is expected in 2017.

³⁴ 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 procurements, on 13 December 2016.

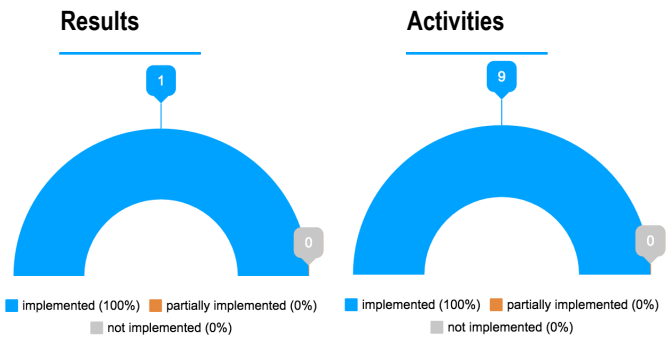
The result was implemented in the planned period, as well as all 9 planned activities.

The first stage of harmonisation of regulations with the relevant EU regulations has been implemented within the deadlines and in the manner stated in the Strategy, which additionally contributed to improvement of the public procurement system.

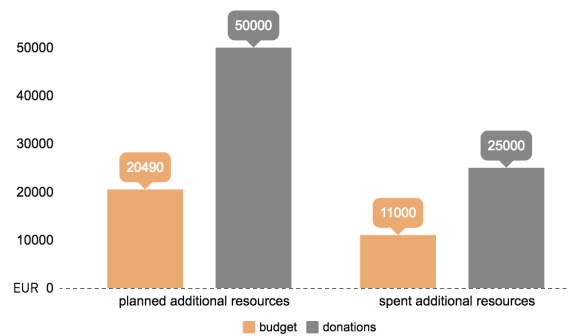
The public procurement system has been operationally and methodologically improved which is demonstrated by indicators of efficiency and effectiveness. The average duration of the open procurement procedure has been reduced (counting from the day of publishing of the call on the web portal to the day 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 – Table³⁵ 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%.

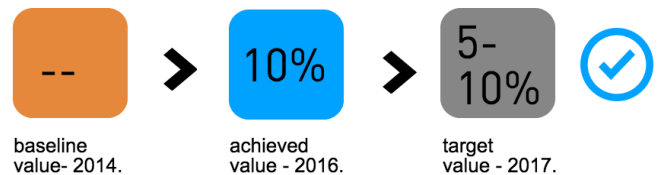


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES

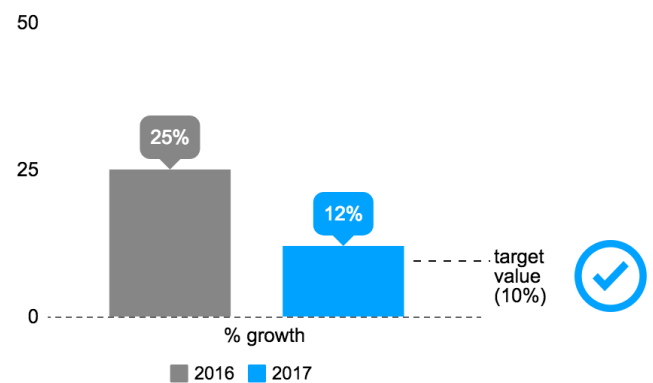


INDICATORS

Number of visits to the portal relative to the baseline value



Number of certified public procurement officers relative to the baseline value



³⁵ 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. 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.

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 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

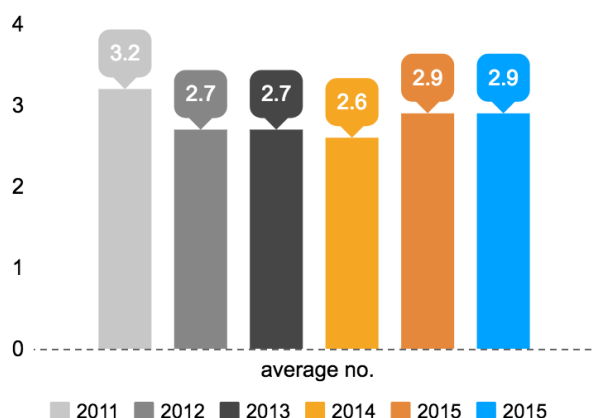
The greatest challenges in implementing this measure included:

- Strengthening the capacities of the Public Procurement Office
- 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

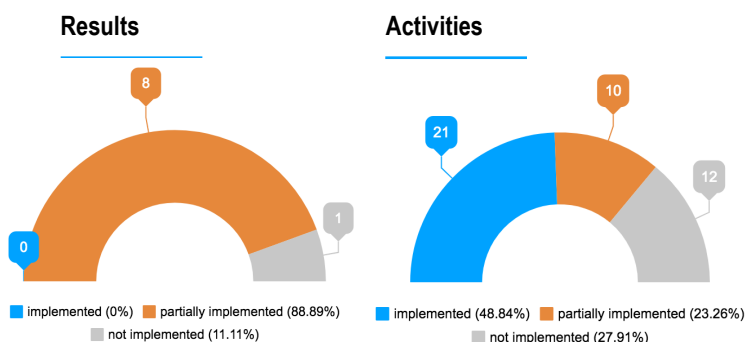
The PAR Strategy in the RS and the accompanying Action Plan for its implementation identified three measures for the achievement of this objective:

- 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. In this manner so far more than 16,000 babies have been registered and 7 different pieces of paper have been abolished and this service is an example of the no-stop shop service where the service is delivered on the spot of the life events and the citizen does not have to go to a specific counter, such as the one-stop shop).

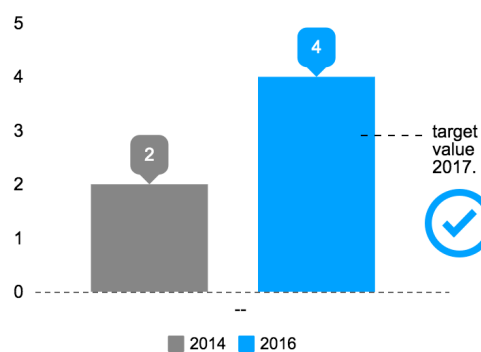
Similar improvement has been achieved in the field of issuing construction permits, reducing the time needed to register a company, simplified procedures for property transfer, thanks to which the position of Serbia on the World Bank „Doing Business” List is improving continuously (in 2016 Serbia was ranked 47 (1-190), which is an additional improvement relative to 2015 (when Serbia was ranked 54, again an improvement by 32 positions compared to the list for the preceding year).³⁶

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 databases holding about 80% of data from all official records, as support to the implementation of the Law on General Administrative Procedure (e-ZUP).

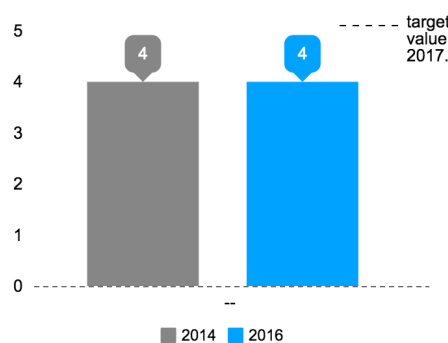


INDICATORS

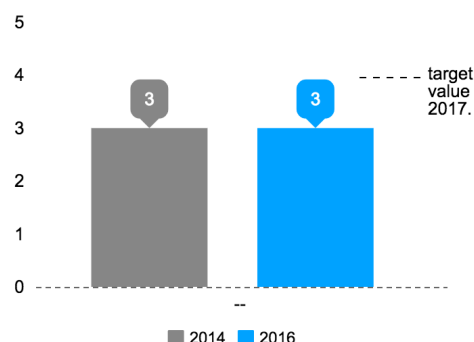
Extent to which legal framework for good administration is in place and applied (PPA 5)



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)



³⁶ More details on the „Doing Business” List at: <http://www.doingbusiness.org/rankings> <http://www.doingbusiness.org/data/exploreeconomies/serbia>



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,³⁷
- ✓ The new Law on Inspection Supervision³⁸ 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,³⁹
- ✓ The Strategy for Development of e-Government in the RS for the period 2015-2018, with the AP for 2015-2016,⁴⁰
- ✓ The operational activities plan for establishment of a single public registry of administrative procedures and other requirements for doing business,⁴¹
- ✓ The plan of priority activities to reduced administrative burden in RS 2016–2018 (Stop Red Tape”) 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,⁴²
- ✓ The Economic Reform Programme – ERP (the most recent one for 2017-2019⁴³).

Within the plan „Stop Red Tape“ 188 standardised administrative procedures⁴⁴ 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 38 inspection 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.

³⁷ 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

³⁸ The Law on Inspection Supervision („Official Gazette RS“, No: 36/2015), link: http://www.paragraf.rs/propisi/zakon_o_inspekcijskom_nadzoru.html

³⁹ 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>

⁴⁰ 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>

⁴¹ Оперативни план активности на успостављању јединственог јавног регистра административних поступака и осталих услова пословања, сајт Републичког секретаријата за јавне политике <http://www.rsjp.gov.rs/register-administrativni-postupci>

⁴² Стоп бирократији на сајту МДУЛС, Активности - Обавештење, 9.март 2017. <http://www.mduls.gov.rs/aktivnosti-obavestenja.php>

⁴³ 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)

⁴⁴ 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

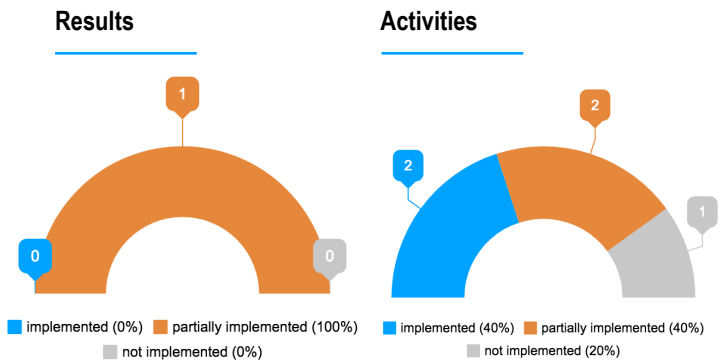
Regulatory Reform in RS has been implemented continually since 2003, when for the first time the legislative technique Regulatory Impact Assessment was introduced (RIA), and the Regulatory Reform Strategy was the first Government policy document in the field of reforming the regulatory framework and it referred to 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.

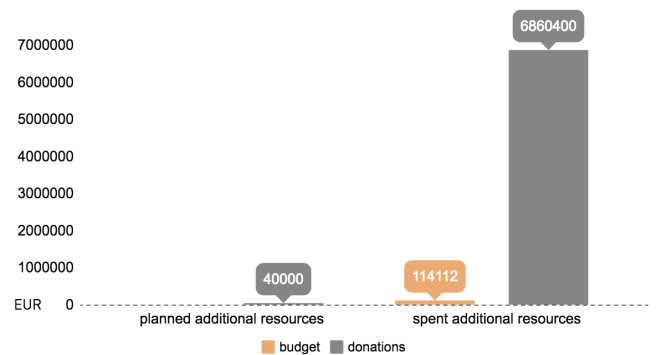
Also, in cooperation with the HRMS, the RPPS is continually investing efforts in strengthening the administrative capacities of state administration bodies – in 2015 a special Training Programme for civil servants was developed in the field of policy management (techniques for planning, regulatory impact assessment, monitoring, reporting and evaluation of policies). So far 6 training courses have been delivered for 95 civil servants.

NEXT STEPS

A package of regulations on the planning system has been developed and finalised – the draft 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 2017.

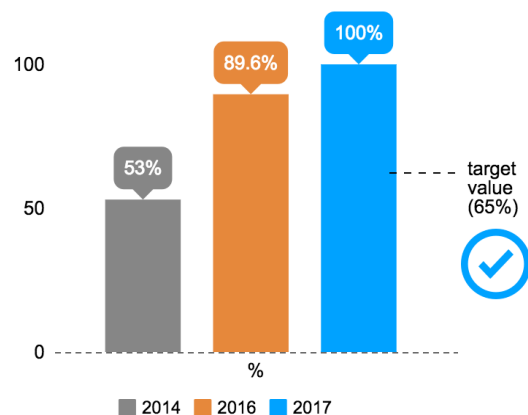


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES

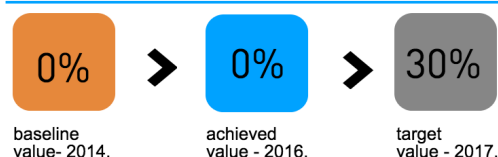


INDICATORS

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



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 new Law on General Administrative Procedures (LGAP) was adopted („The Official Gazette of RS“ No. 18/16) on 1 March 2016.

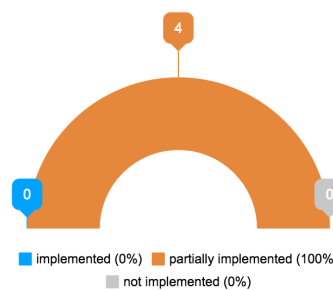
The results and challenges in the implementation of the LGAP can now best be demonstrated through the exchange of data from official records. State administration bodies are obliged *ex officio* in legally prescribed deadlines, for free, to exchange, exercise insight into, process and acquire data on 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 Public 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 one-stop 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 has been put in place.

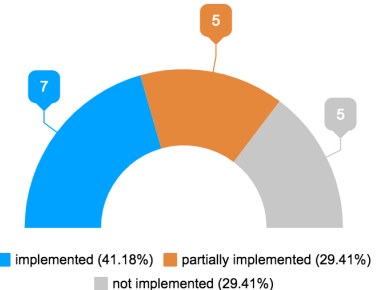
So far in the administrative system of the RS, thanks to the project „Baby, Welcome!“ a single administrative point has been established which is in accordance with the provision of Article 42 of LGAP. The Project has been functional since May 2016, and all health care institutions are implementing it since 1 June 2016. Parents can, within about 15 minutes, instead of previously using at least 7 pieces of paper, 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 (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.

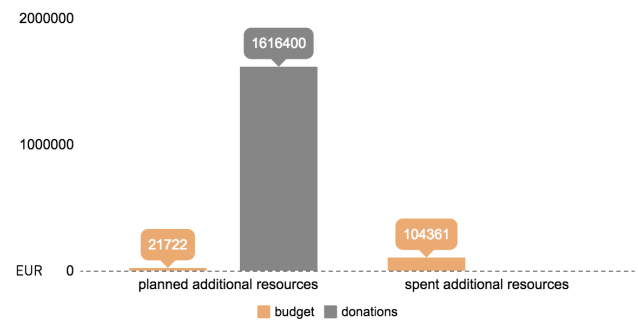
Results



Activities

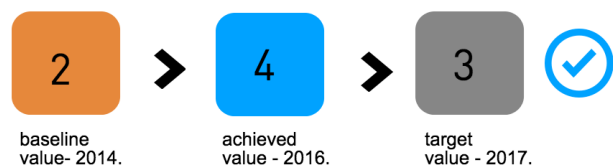


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS⁴⁵

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



⁴⁵ For indicators which were not visually represented:
Number of civil servants who have successfully completed professional training programmes in the area of principles of good government - The precondition for this indicator was not fulfilled, hence the progress of this indicator will not be monitored.
Number of PA bodies which have established procedures to decide on complaints by citizens in line with the recommendations of the Ombudsman was also not visually included in this Report because its evaluation required a survey which was not conducted.

So Statistics as of 21 December 2016 of the MPALSG indicate that a total of 19,213 e-applications have been done, while parents of 17,464 babies wanted to complete the whole service in hospital. As of 4 May 2017, the total number of registrations sent electronically from hospital was 38,245 and parents of 34,458 babies wanted to complete this service in 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.

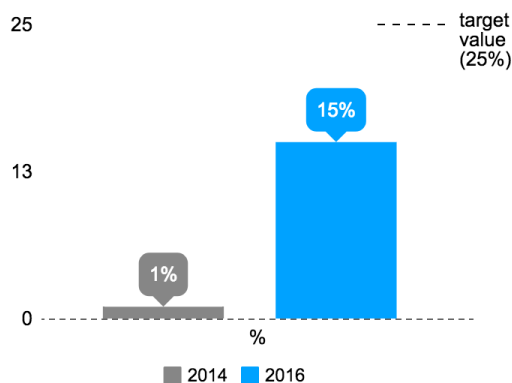
Apart from the above, the good example of the functioning of one-stop administrative point is the integrated procedure under the Law on Planning and Construction, the registration of new companies with the Company Registration Agency, and services provided to citizens through the e-Government Portal, 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.

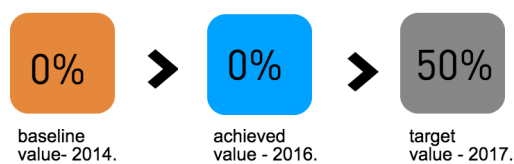
A Coordinating Body has been established for harmonisation of special laws with the LGAP on the basis of the decision on the establishment of the coordinating body („The Official Gazette of RS“ No. 82/16 of 7 October 2016) – and it has so far held 7 meetings.

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.

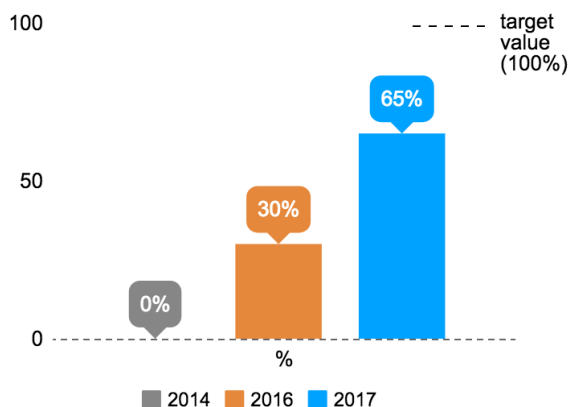
Percentage of PA bodies in which preconditions have been ensured for electronic communication with parties in the administrative procedure



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



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



NEXT STEPS

A draft decree is under preparation which will regulate the single administrative point, so that the first next single administrative point can become functional by the end of 2017. The process implies, among other things, the development of the Catalogue of procedures and competences, a preliminary analysis, the establishment of a call centre, the selection of one life events for which this point will be established, coordination with bodies holding relevant records, 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.

measure
4.3

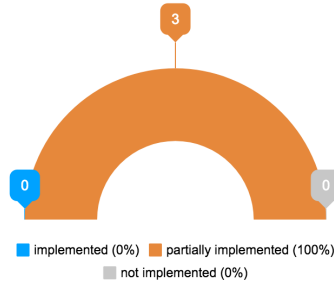
Reform of inspection services and ensuring better protection of public interest, with reduction of administrative costs of inspection and increased legal certainty for entities subject to inspection

RESULTS

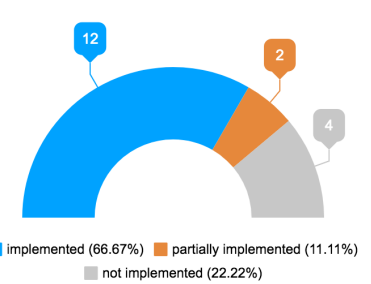
In the preceding period a new single legal framework has been established for inspection supervision and it is successfully being implemented. During 2015, the Law on Inspection Supervision was prepared and adopted on 15 April 2015 („Official Gazette RS“ No. 36/15). All bylaws were prepared and the Decision 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%.

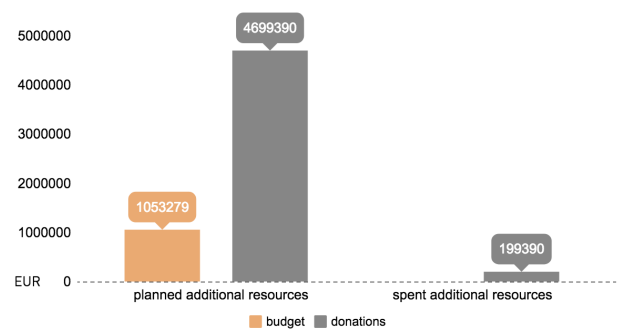
Results



Activities



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS

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



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 unallowed 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. 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 begins 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 149 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.

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).

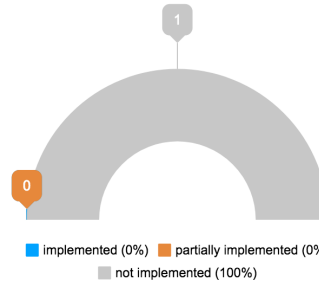
One example is the project „Towards Good Administration Focused on Citizens“ through which the UK Government through the Fund for Good Governance supported the Ministry of Public Administration and Local Self-Government in preparing the institutions of public administration for full implementation of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

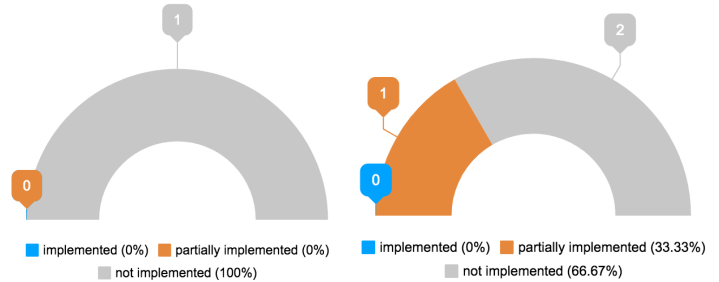
In this field the administration is assisted by the NGO sector, and a good example of such assistance is the campaign: „I am the centre of attention“ (<http://www.mojauprava.rs/>), which is part of a two-year project „Partnership for Good Administration“, implemented by the European Movement in Serbia 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 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.

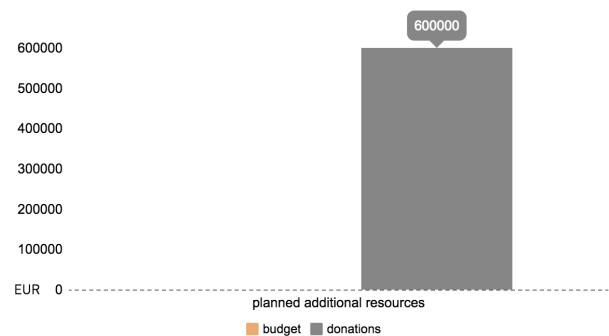
Results



Activities



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATOR

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



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 AP identified three measures for the achievement of this objective: improving conditions for the public participation in the work of the public administration, strengthening integrity and ethical standards among public administration employees while strengthening mechanisms of prevention and suppression of corruption and strengthening mechanisms of external and internal control in the public administration.

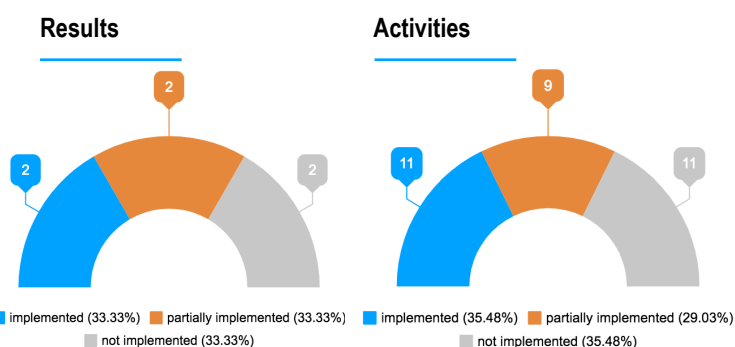
The Government has adopted the Second AP for implementation of the Open Government Partnership – OGP by its decision number 021-10793/2016 („Official Gazette“, No.: 93/16) of 18 November 2016. In the course of developing the AP cooperation with the civil society improved significantly, and commitments 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/>)

At central and local government level publishing has started of the so-called civic budgets.

In 2017 the Republic of Serbia acceded to the Council of Europe Supplementary Protocol of the European Charter of Local Self-Government which additionally guarantees the involvement of citizens in the work of local governments.

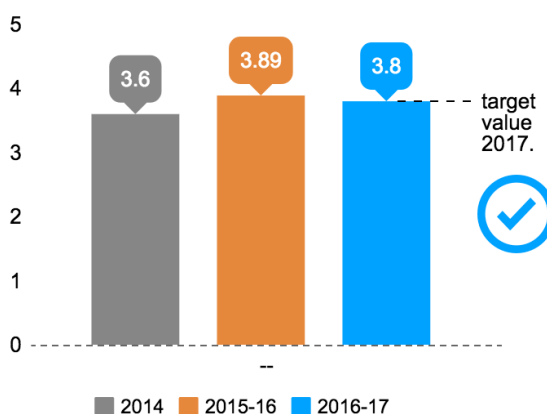
Significant steps have been made towards strengthening integrity and ethical standards of public administration employees and prevention of corruption through:

- ✓ Introducing the legal institute of whistle blowers, or protection of persons who report suspicions of corruption (The Law on Whistle-Blower Protection);
- ✓ Development of the second cycle of integrity plans in institutions of PA 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 employees in PA bodies.

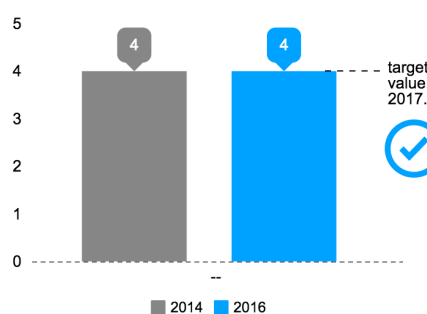


INDICATORS⁴⁶

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)



⁴⁶ Note for the indicator *Transparency in Government's policy making (PPA 2)*: The indicator measures how easy it is for companies to get information on changes and policies of the Government and regulations which impact their business, where the lowest rank 1 = very difficult, and the highest rank is 7 = very easy. Source: The Global Competitiveness Report 2016–2017, World Economic Forum, Page 331, линк ка страници: http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf

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

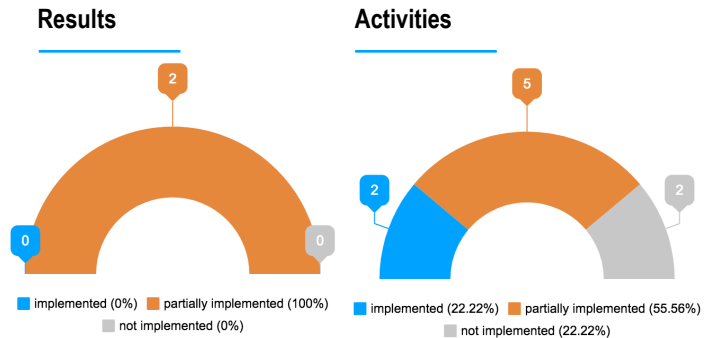
RESULTS

"This year 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".⁴⁷

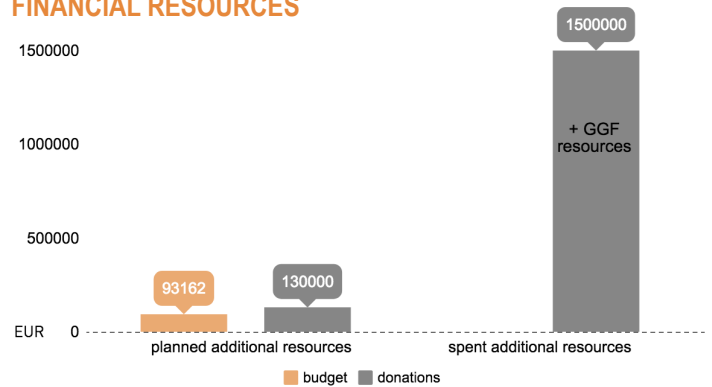
Within this objective, there are specific results in which headway has been made in improving the participation of the interested public in the work of public administration and which are examples of best practice, while system-wide solutions were prepared during the past two years so the systemic results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

One example of best practice is the publishing of civic budgets⁴⁸ 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-government⁴⁹ 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.



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS⁵⁰

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)

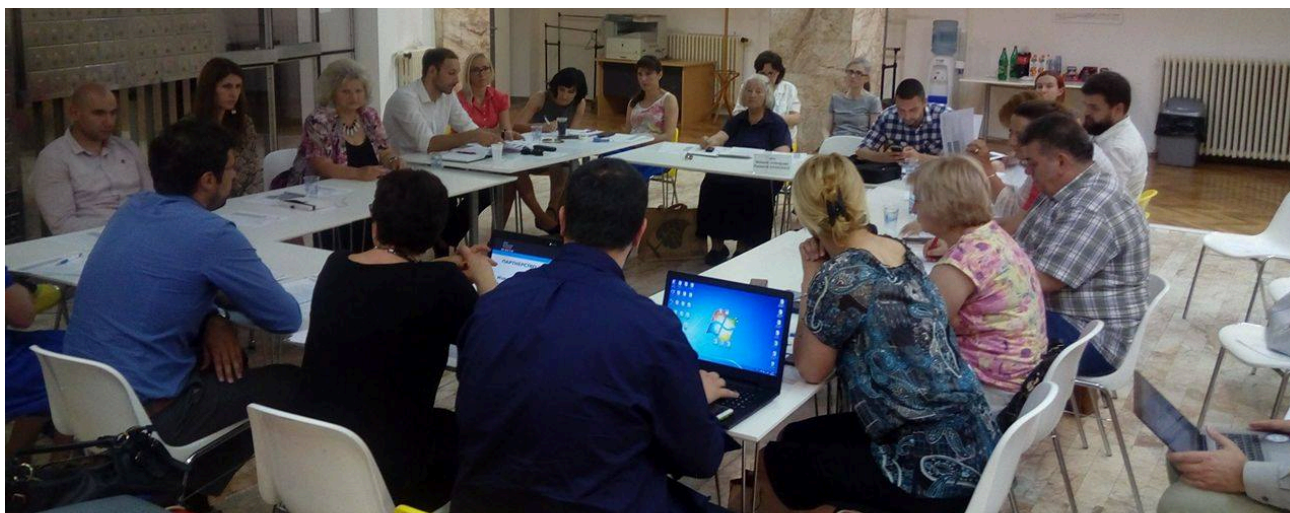


⁴⁷ Presentation of the state secretary of the MPALSG at the panel discussion "Open Data Partnership in Serbia – Perspectives and Challenges" organised by NGO „CRTA“ with the support of the OSCE Mission to Serbia, 15 December 2016, link to webpage: <http://crt.rs/otvorenost-lokalnih-samouprava-kao-odgovor-na-potrebe-gradana/>

⁴⁸ Министарство финансија је објавило Грађански буџет у 2017. години, линк ка страници: [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)

⁴⁹ 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%20vodic%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), Pančevo (<http://www.pancevo.rs/sadrzaj/uploads/2015/07/Pancevo-GVB.pdf>), etc.

⁵⁰ Note for the indicator which was not visually presented: Percentage increase of number of PA bodies and units of LSG who have harmonized their internet presentations with the Guidelines for development of web pages - Assessment of the harmonisation of internet presentations for 2016 is done in the second quarter of 2017. Hence, the achieved value will be reported on following the report on the assessment of the harmonisation of internet presentations.



Presentation of the report on monitoring the implementation of the OGP Action Plan, (gradjanske.org)

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 Self-Government⁵¹, 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 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,

⁵¹ 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>

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-u-promene.php>

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.

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)

NEXT STEPS

The Strategy for Creating an Incentive Environment for the Development of the Civil Society for the period 2016-2020 has been developed. The proposed strategy is submitted to the Government for adoption.

By the end of 2017 to adopt 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.

In line with the Annual Government Plan for 2017, it is expected by the end of the year to prepare 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.

measure
5.2

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

RESULTS

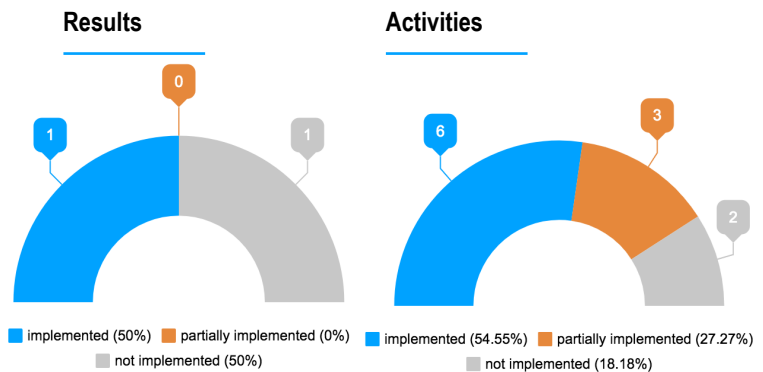
The plan implied that the measure related to strengthening integrity and ethical standards of public administration employees and prevention of corruption is to be implemented through:

- Introducing the legal institute of whistle blowers, or protection of persons who report suspicions of corruption;
- Development of the second cycle of integrity plans in institutions of PA 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 employees in PA bodies.

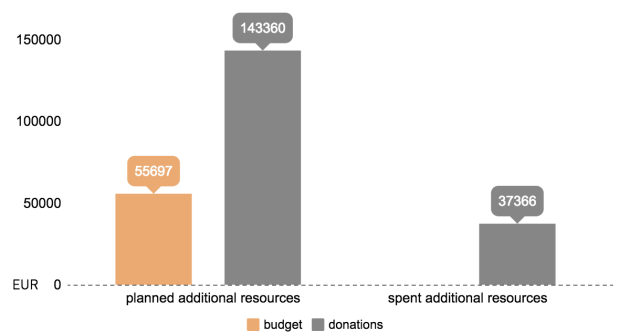
The Result 5.2.2 is fully achieved (Improving effectiveness of the protection of whistle-blowers in public administration). In November 2014 Serbia for the first time introduced the Law on Whistle-Blower Protection which is in effect as of 5 June 2015. The data collected by the Group for coordination 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 of Trade, Tourism, and Telecommunications, and one year after the law coming into effect there were two more cases of internal whistle-blowing in the Ministry of Defence and two in the Ministry of Foreign Affairs, which were withdrawn after the initial actions were taken. In the case of the response of the Ministry of Trade, the Company Registry Agency provided information that 2 procedures have been initiated and finalised with respect to internal whistle-blowing which resulted in determining that the actions taken were in line with the law.

- ✓ 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.
- ✓ 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.

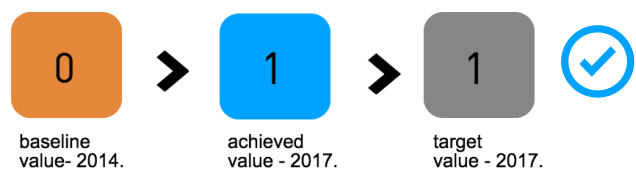


OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATORS⁵²

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



⁵² Note for the indicator which was not visually presented: *The number of civil servants sentenced for corruption related criminal offences (PPA 3), data is unavailable.*

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)⁵³ 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. According to ACA records, on the day of adoption (June 2017) of this report, 41% of public administration bodies and organisations started the process of self-assessment of risks of corruption and developing their integrity plans, and 12% finalised their integrity plans.

Integrity 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 2016.⁵⁴ 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,

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 plans in compliance with the dynamics and guidelines prescribed by ACA (Anti-Corruption Agency)



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 deadline for the adoption of integrity plans is 31 October 2017, as an obligation resulting from the Law on the Anti-Corruption Agency.

Until 1 December 2017 units of LSG are to adopt their codes of conduct for public servants and employees.

In the course of 2017, conducting an analysis of the legal framework on anti-corruption and conflict of interest of civil servants in the Republic of Serbia.

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.⁵⁵

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 will contribute to increasing the number of PA bodies which take part in the process of developing and adopting their integrity plans.

⁵³ The Law on the Anti-Corruption Agency, link to page: <http://www.acas.rs/zakoni-i-drugi-propisi/zakoni/o-agenciji-za-borbu-protiv-korupcije/>

⁵⁴ 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

⁵⁵ 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>

RESULTS

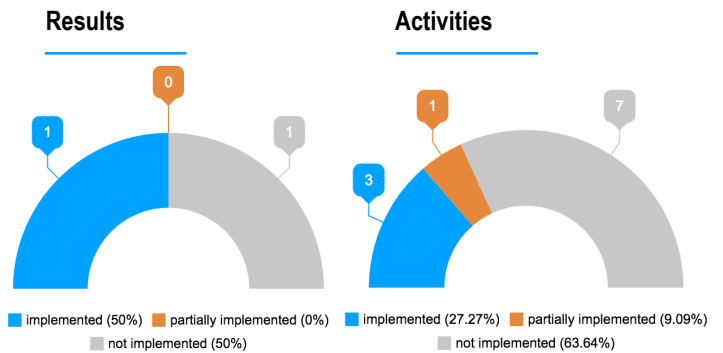
Within this measure the objective was to improve the legal framework and conditions of operation of five independent bodies: the Ombudsman, the Commissioner for Information of Public Interest and Personal Data Protection, the Commissioner for Equality, the Anti-Corruption Agency, and the State Audit 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 list⁵⁶, 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.“⁵⁷. 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.

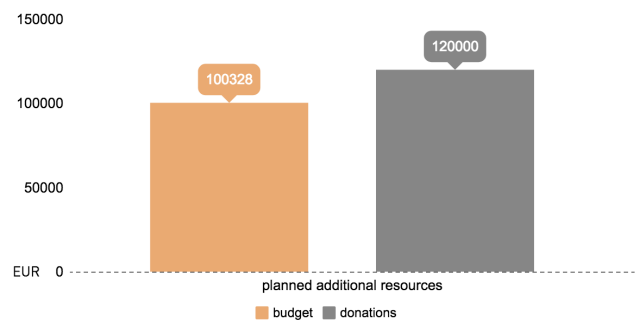
NEXT STEPS

By the end of 2017:

- 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. In line with the annual plan of the Government for 2017, adopting the changes to the law is expected within the coming six months period.
- Changes and amendments to the Law on Ombudsman.



OVERVIEW OF PLANNED AND SPENT FINANCIAL RESOURCES



INDICATOR

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.

⁵⁶ 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/>.

⁵⁷ 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

As regards the structures for coordinating, monitoring, reporting and evaluating the implementation process of the public administration reform foreseen in the Public Administration Reform Strategy, all four coordination levels were established and fully functioning in the previous period, two of which are political: the Public Administration Reform Council and the Collegium of State Secretaries, and the other two are professional: the Inter-ministerial Project Group and the Group for Improvement of Public Administration Reform at the Ministry of Public Administration and Local Self-Government.

The Council was originally established by the Decision establishing the Public Administration Reform Council of 15 August 2014. Since then the Council has held 7 sessions so far to discuss the achieved results and future directions of public administration reform (on 21 August 2014, 30 October 2014, 12 February 2015, 14 May 2015, 17 December 2015 and 26 December 2016, 27 March 2017). The Council is a working body of the Government and has 17 members from among the Government's officials. The most important decisions taken by the Council had been:

- Proposal for the Need to Enact a Law on Rightsizing, which will regulate the reduction of the PA employees in the next three years,
- Information on Conducting Functional Analyses under the optimisation support project (and later on Preparation and Adoption of the Action Plan on Implementation of Recommendations)
- Opinion on Baselines and Key Steps in Managing Changes in Public Administration,
- Information on the HRM Framework document in State Administration.

The Collegium of State Secretaries was set up in accordance with the Decree from 28 August 2014 establishing the Collegium of State Secretaries as the Council's Working Group. The Collegium has held 5 sessions so far: on 7 October 2014, on 13 January 2015, on 22 May 2015, on 16 December 2015, 22.02.2017. The focus of the discussions were on:

- Development of a regulatory framework for regulating the payroll system in the public administration
- Rightsizing and cataloguing of the work posts in the public sector;
- Modernisation and optimisation of public administration (Information regarding the development and adoption of an action plan for implementing the recommendations of horizontal functional review "state administration plus" for the period 2017-2018)
- EU Sector Budget Support and future obligations of RS in the reporting process.

The Inter-ministerial Project Group was set up under

Decision adopted on 23 February 2015 by the Minister for State Administration and Local Self-Government. Its members are the general secretaries in all ministries and representatives of a similar rank of the specific organisations and services of the Government, as well as representatives of the Civil Society Organisations from the mechanism of the sector of Civil Society Organisations (CSO) in charge of the public administration reform. Furthermore, the Standing Conference of Towns and Municipalities (SCTM) is equally included in the IPG as a connection with the local government. The IPG consists of 34 members and 33 deputy members, of whom 12 are the representatives of the non-governmental sector. The IPG's Secretary is the Head of the Unit for the Public Administration Reform and Professional Training in order to ensure the connection between the two levels of professional coordination and reporting.

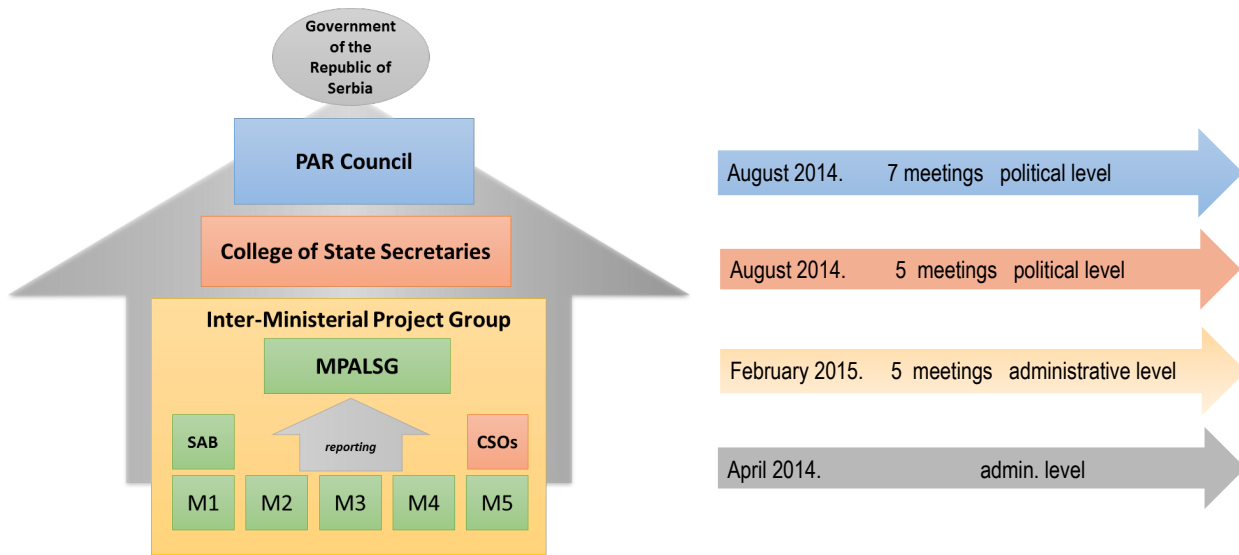
The IPG has so far held 5 meetings (on 29 June 2015, on 7 October 2015, on 15 December 2015, on 6 April 2016, 10 May 2017). During the meetings the group has been focusing on:

- Rightsizing Process and Law on the Manner of Determining the Maximum Number of Employees in the Public Sector,
- Functional analyses implementation,
- Modernisation and optimisation of the public administration.

The Public Administration Reform Management Group, as a level of professional coordination for performing operational activities and coordination at the operational level of the public administration, was set up within the Ministry of Public Administration and Local Self-Government. Apart from the coordination, review and adoption of the AP PAR and AP OGP (Open Government Partnership) and development of Indicator Passports for 86 indicators defined under the AP PAR, the Group took part in developing sector-level budget support for public administration and public finance reforms and has continually provided technical support to the PAR Council, the Collegium of State Secretaries and the IPG. The group organises, coordinates and compiles reports for implementation of the AP PAR (including the development of Instructions and reporting tools), as well as reports for the AP OGP (Open Government Partnership).

Although this four-tier system has been used for discussions and decision-making on urgent priorities in the public administration reform, there is a need for more training, capacity building and awareness raising in the coming period to ensure that reports are reviewed in the context of an early warning system, rather than just in the context of completed activities, with the aim of enabling a timely response to ensure compliance with the specified plans.

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



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



Ministry of Public
Administration and Local
Self-Government

Belgrade 2017