

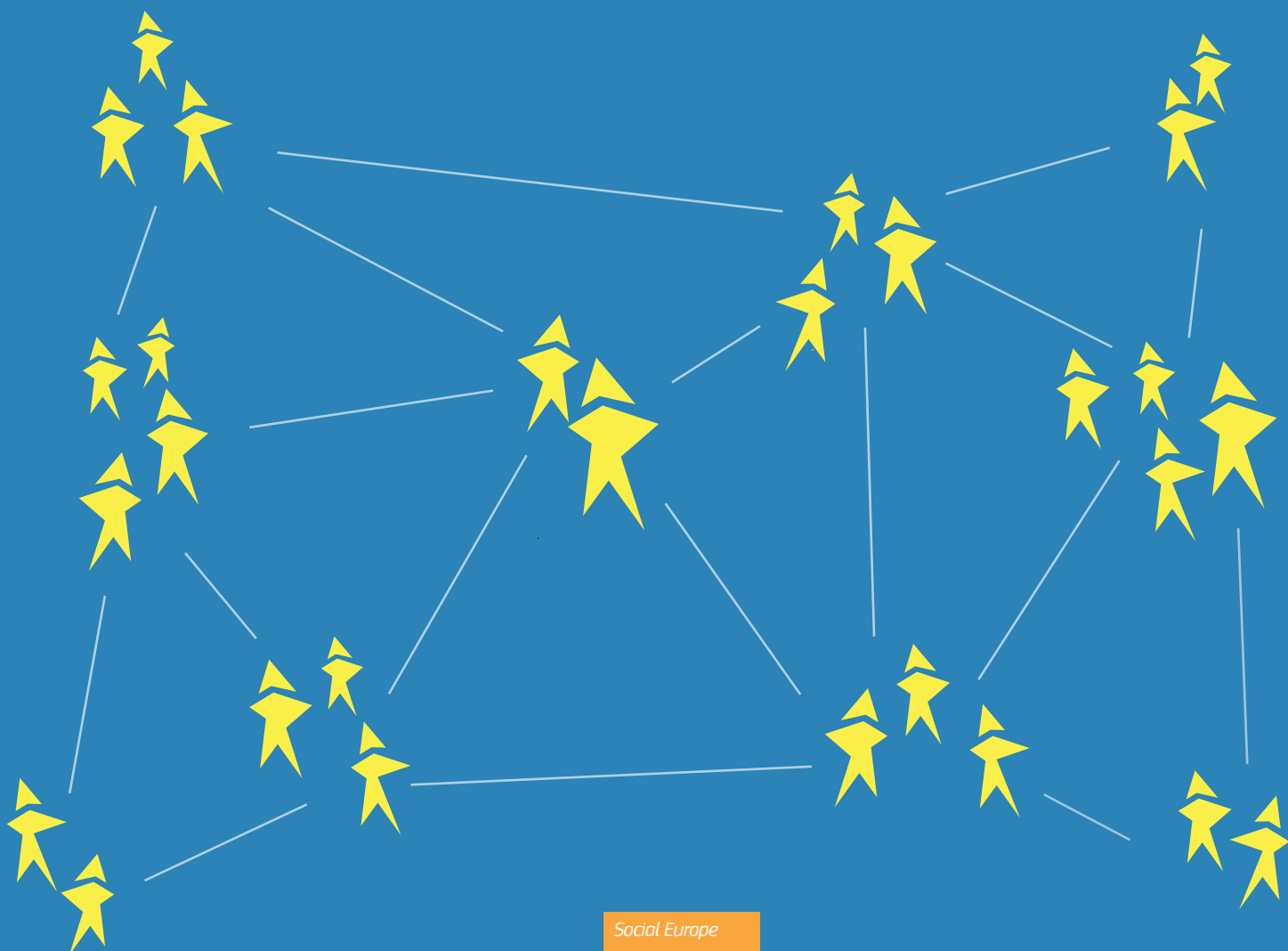


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# National monitoring frameworks for public social spending

## Serbia

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Social Europe

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National monitoring frameworks  
for public social spending**

**Serbia**

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The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

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## Summary

Serbia does not have any integrated monitoring framework dedicated to public social spending that provides information about the outputs, results and impacts of public policies. The absence of an updated comprehensive social protection framework limits the opportunities for evaluating the efficiency of social spending. The Social Protection Development Strategy was adopted in 2005 and contained a defined set of objectives and goals that were to be implemented by 2009, but the adoption of a new strategy has so far been postponed. The main weakness of the national system is the strong centralisation of decision making, which has a negative impact on the participation of end users in these processes. The recent positive trends toward greater transparency in this area and the improved cooperation of government bodies and civil society organisations indicate a positive shift toward a comprehensive review of decision-making processes and the adoption of a monitoring framework for public social spending.

Public social spending is centralised and funded from the central budget and the budgets of the social insurance funds. The Budget System Law is the legal basis for all procedures relevant to planning and implementation of the budgets of public bodies at all levels of governance, including the financial plans of the compulsory social insurance funds.

Following Serbia's 2009 application for EU membership, the accession process introduced a new approach to public policy planning and reporting. In 2011, the government prepared the First National Report on Social Inclusion and Poverty Reduction in Serbia 2008-2010. In 2015, the first Economic Reform Programme 2015-2017 (hereafter the ERP) was adopted, and in 2016 another document related to the accession process was adopted, the Employment and Social Reform Programme 2016-2020 (ESPR).

The only function that has been consistently monitored using performance evaluation is spending on unemployment benefit, which falls under the jurisdiction of the Ministry of Labour, Employment, Veterans and Social Policy. Since high unemployment has long been an issue in Serbia, the government has introduced a number of instruments to monitor and improve the labour market situation.

In general, the focus for the monitoring of public spending is on the levels of spending; this also applies to the monitoring of public social spending. The supervision of current public spending falls under the jurisdiction of the Ministry of Finance, while the social insurance funds report to their line ministries. This oversight covers only compliance with accounting standards and fiscal objectives. There are currently no tools that provide an overview of public social spending broken down by specific population groups.

Accessibility of information on public spending has been reasonably adequate and has been improved by the adoption in 2021 of the Law on Amendments and Additions to the Law on Free Access to Information of Public Importance. All public entities are obliged to publish updated information on expenditure and performance on their websites in user-friendly formats, and the majority follow this rule.

Audit and control of public spending is regulated by the Budget System Law, which sets out several stages of budgetary control and reporting. The State Audit Institution is the highest authority for auditing public funds, and it regularly performs an audit on all governance bodies and social insurance funds. The National Parliament has the ultimate power to oversee and review public spending, and three parliamentary committees are responsible for monitoring public social spending and for the implementation of public social policies.

The need for improved systematic solutions for planning and implementation of the national public policies, and for evaluation of the results achieved, has been acknowledged by public officials. In April 2018, Parliament adopted the Law on the Planning System, and in February 2021 the Law on Social Cards was adopted. The new regulations provide a sound basis for improvement in the area of the monitoring of public spending. As enforcement of the new rules is still in progress, it is too early to evaluate the effects of the new solutions.

# 1 Country-specific monitoring frameworks for public social spending

## 1.1 Country-specific dedicated monitoring framework(s)

Since 1945, there have been numerous stages of development in the area of public social protection programmes.<sup>1</sup> In the period 1945-1989, in the former Yugoslavia, the social insurance rules were endorsed only by federal laws.<sup>2</sup> From 1945 to 1954, social insurance was organised as a single scheme that covered health care, sick leave, retirement benefits and child allowance.<sup>3</sup> It was a compulsory contributory scheme up until 1950, when – for a short period of five years – funding was secured from the central budget. The first legal act to be adopted was the 1945 Law on Implementing Social Insurance (in case of sickness, injury, disability, old age, death and unemployment). The Central Institute for Social Insurance was the main body responsible for decisions on annuities and pensions, while tasks related to payments were delegated to the regional institutes. Monitoring and the resolution of disputes were undertaken by the regional courts of social insurance and the Supreme Court of social insurance. In 1954, three separate compulsory insurance schemes were established, for health care, pensions and disability insurance. Responsibility for social insurance was transferred from the state administration to the institutes for social insurance, which were founded in each of the constituent republics. Decentralisation of the management of insurance schemes came after adoption of the 1974 Constitution, which reinforced the policy of workers' self-management. The management of insurance schemes was transferred to the 'self-managing interest communities', which were independent legal bodies, and monitoring was performed by the Assembly, whose members were representatives of the beneficiaries.

Up until the beginning of the 1990s, the delivery of in-kind social services was organised and funded by the local governments through Centres of Social Work (the first was founded in 1956). Before 1990, entitlement to child allowances was granted only to employed persons, but the Law on Social Care of Children adopted that year granted this right to all children, provided the conditions of means testing were met.

After the breakup of the federation in 1991, the Serbian government introduced new rules, which imposed a strong centralisation of funding and decision making at the level of central government, but without the introduction of monitoring or reporting instruments and tools. The political unrest of the 1990s and the UN sanctions imposed resulted in the collapse of the Serbian economy and hyperinflation. The insurance funds incurred large deficits, which led to long delays in the payment of social benefits (more than two years for the majority of cash benefits) (Economics Institute, 2008). The first task for the new government elected in 2000 was reform of the public finances, and this was carried out in the period 2001-2006. Although financial stability was regained, the government did not introduce any effective innovative policies in the area of social spending.

Currently, Serbia does not have any monitoring framework dedicated to public social spending that covers performance budgeting and that provides information about the outputs, results and impacts of public policies.

Since 2017, the Republic Statistics Office (RSO) has been publishing data on social protection, in accordance with ESSPROS (European System of integrated Social Protection Statistics) methodology, in its regular annual Statistical Yearbook of Serbia. In line with

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<sup>1</sup> It is interesting to note that the first retirement and disability insurance fund – the Craftsmen Voluntary Fund – was established in the Kingdom of Serbia in 1898. In 1922, the first very progressive Law on Compulsory Insurance of Workers was adopted by the Kingdom of Serbs, Croats and Slovenes; it covered a wide array of workers.

<sup>2</sup> The Federative Republic of Yugoslavia was made up of six republics: Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia. The breakup of the federation came in 1992. Afterwards Montenegro and Serbia formed a state union, which was dissolved in 2006.

<sup>3</sup> <http://www.zso.gov.rs/english/istorijat.htm> (accessed on 15.01.2022).

the ESSPROS methodology, 16 social protection schemes have been identified for the Republic of Serbia.

Public social spending is centralised and predominantly (95 per cent in 2021) funded from the central budget and the compulsory social insurance funds (MoF, 2021a). The local communities may fund the delivery of day-care services, social housing, primary healthcare provision, and one-off cash social assistance. The Budget System Law (2020) is the legal basis for all procedures relevant to planning and implementation of the budgets of public bodies at all levels of governance, including the financial plans of the compulsory social insurance funds. The law also stipulates the procedures and timetable for submitting six-monthly and annual financial reports. The central budget covers:

- Cash benefits (Financial Social Assistance, child allowance, birth grant, carers' benefits for persons not covered by the Pension and Invalidity Fund, maternity and parental leave benefit, leave benefit for special care of a child up to three years of age).
- Compensation of employees and administration costs of the public social care institutions (Centres of Social Work, institutions accommodating the elderly and persons with disabilities, institutes for public health, chambers, etc.).
- Transfers earmarked for social insurance organisations.
- Transfers earmarked for underdeveloped local communities to fund social protection programmes.
- Funding of programmes under the supervision of the line ministries (Ministry of Health – MoH; Ministry of Labour, Employment, Veterans and Social Policy – MoLEVSP; and Ministry for Family Care and Demographics – MFCD).
- Capital investments (new premises, reconstruction, procurement of equipment, etc.).
- Healthcare provision for persons in penal institutions.
- Social housing expenditure.
- Transfers to civil society organisations and non-governmental organisations (NGOs).

Fragmented monitoring of public social spending has been in place since 2011, with different monitoring formats over the period 2011-2021. Following the country's 2009 application for EU membership, the accession process introduced a new approach to public policy planning and reporting. In 2011, the government prepared the First National Report on Social Inclusion and Poverty Reduction in Serbia 2008-2010 (Government, 2011). The report was adopted during the process of application for EU candidate status, in response to the requirements of the EU Joint Memoranda on Social Inclusion (JIM).<sup>4</sup> Two subsequent reports have been prepared, for the periods 2011-2014 and 2014-2017 (Government, 2014; 2018b). The reports monitored and evaluated some of the public social spending, mainly social cash benefits; but benefits in kind were not monitored in relation to the expenditure incurred. In 2015, the first Economic Reform Programme 2015-2017 (ERP) was adopted, followed in 2016 by another document related to the accession process – the Employment and Social Reform Programme 2016-2020 (ESPR) (Government, 2015; 2016). Both these programmes, and the related assessment of their progress, to some extent provide a review of public social spending for those particular functions. In a similar manner, monitoring of the public social spending funded by the EU Instrument for Pre-Accession Assistance follows the rules and procedures set out by the EU.

Public spending on unemployment benefits is the only function that has been consistently monitored using performance evaluation. Since high unemployment has long been an issue in Serbia, the government has introduced a number of instruments to monitor and improve the labour market situation. National employment strategies have regularly been adopted,

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<sup>4</sup> Until 2013, prior to application for EU membership, all countries were expected to draw up, together with the European Commission, a Joint Inclusion Memorandum, with the purpose of preparing the country for full participation in the open method of coordination on social inclusion upon accession.



with ex-ante and ex-post evaluations, and with the spending structure broken down by the adopted/planned programmes; however, without evaluation of the efficiencies planned and achieved (NES, 2020a; 2020b).<sup>5</sup> The related annual National Employment Action Plan (NEAP) provides a sound basis for monitoring achievement of the expected outputs and outcomes. Reports on the implementation of the annual NEAPs are regularly adopted by the government.

Traditionally, policymakers have not included healthcare provision within the framework of social care, as the area has been heavily medicalised, which has prevented the inclusion of a more holistic approach in the design of public health policies. Neither the assessment of healthcare expenditure nor the evaluation of spending adequacy, relative to the improvement in population health, was on the government agenda before the COVID-19 pandemic, even though healthcare spending has fallen sharply in the last ten years. Funding for health care is generally provided by the Republic Health Insurance Fund (HIF) and the Army Health Insurance Fund, with negligible inputs from central and local government budgets. At the same time, spending on health care is almost entirely determined by coverage of costs of a network of public healthcare institutions and the costs of prescribed pharmaceuticals. Both health insurance funds publish annual financial reports, while the monitoring of healthcare expenditure has been confined to audit controls. The pandemic highlighted the need for adequate resources in the healthcare sector, as the budget of the HIF had to be rebalanced and increased several times in 2020 and 2021. For the first time, public spending on health care has been introduced into the ERP 2021-2023, with the planned outlays on healthcare provision related to the impact of the COVID-19 pandemic.

## **1.2 Separate monitoring framework(s) linked to schemes provided by employers**

There are no employment-related social insurance schemes organised by employers.

## **1.3 Distinction between current expenditure and capital expenditure**

Since all capital expenditure is funded almost exclusively from the central budget, the earmarked financial resources are allocated to the accounts of the line ministries and are presented separately from current expenditure. In the accounts of the line ministries, capital expenditure is allocated according to function (reconstruction of clinical centres, construction of new hospitals, etc.). The line ministries also publish separate reports on their public procurements, which include capital expenditure.

The Consolidated General Government Report provides only one figure for all capital expenditure incurred by all sectors (MoF, 2021a). When a local community or province invests in a public institution that is locally based, capital expenditure is recorded separately from current expenditure, and is recorded in the annual financial statement.

## **1.4 Type of monitoring: level and outcomes**

In general, the focus of monitoring of all public spending is on the levels of spending; and this applies equally to the monitoring of public social spending. Oversight of current public spending falls under the jurisdiction of the Ministry of Finance, while the social insurance funds report to their line ministries, and every six months to the Ministry of Finance. The monitoring of spending is essential for the functioning of the social insurance funds, as the Pension and Invalidity Fund (PIO Fund) incurred large deficits up to 2018, and the same situation emerged with the HIF budget, due to the COVID-19 pandemic.

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<sup>5</sup> The Ministry of Labour, Employment, Veterans and Social Policy generally engages independent experts to perform these evaluations.

Social outcomes related to poverty reduction have been monitored in three national reports (the last of which was published in 2018), and to some extent in the ERPs and the ESPR (see Section 1.1).

The lack of any adequate assessment of public spending at all levels of governance, relative to the results achieved and the impacts, has been acknowledged by public officials. In 2018, the government drew up a proposed Law on the Planning System, which was adopted by Parliament in April 2018. The potential effects of this law on the monitoring of public social spending are discussed in Section 2 of the report.

### **1.5 Level of granularity of public social spending**

The detailed data on spending on pensions, carers' benefits, funeral and administration costs are provided by the PIO Fund and published on its website. Three types of data sources are available:

- 1) The Annual Financial reports (available 2013-2020) set out planned and realised levels of spending, by function: administration, old age, disability and survivors' pensions, carers' benefits, funeral costs, transfers to the HIF and funding of other rights. Expenditure is presented in nominal terms only.
- 2) The Annual Statistical Bulletin (the latest published is for 2020). The Bulletin includes very comprehensive data on pension expenditure and on the number of beneficiaries, by type of pension and by retirement scheme (employees, self-employed, farmers, and army since 2012), along with the distribution of new pensioners, the average age of pensioners (by category), the regional distribution and distribution by administrative offices (34), and the relation of the average pension to the average wage. Statistics on spending on carers' benefits are also provided. Data cover the period from 2008 to the current year. There are no gender-distinctive data; expenditure is presented in nominal terms only.
- 3) The Monthly Statistical Bulletin (the latest published is for September 2021). The sorts of data covered in this publication are much the same as in the annual presentation. Statistics also include indices measuring the nominal growth of average pensions relative to the previous month and on an annual basis for different retirement schemes.

The National Employment Service (NES) publishes a very comprehensive annual financial report. Expenditure incurred is broken down into the activities and programmes adopted under the NES annual plan, with data on the number of beneficiaries covered by the various programmes. Expenditure is presented in nominal terms only.

Expenditure on healthcare provision is recorded and published by the HIF in its annual financial reports. These reports provide data on the funds disbursed, by level of health care (primary, secondary and tertiary), along with a breakdown of the wages of employees in public health institutions, prescribed/spent pharmaceuticals, prescribed medical devices and other segments of health care (rehabilitation, dental care, dialysis, etc.).

The line ministries record all expenditure in their annual financial reports, which are included in the Law on the Annual Financial Statement of the Budget of the Republic of Serbia. Annual expenditure is broken down by programme and function, and comprises administration costs, transfers to social insurance funds and civil society organisations, expenditure on implementation of adopted programmes, and other expenditure on activities that fall under the jurisdiction of the line ministry (e.g. the conservation of war memorials). The expenditure is expressed in nominal terms, with the percentage realisation of the planned resources. From January 2014 until September 2017, the MoLEVSP published monthly data on expenditure on all cash benefits disbursed, by the number of beneficiaries (available in Excel format); however, this practice was discontinued.

## 1.6 Breakdown of public social spending

Currently, there are no tools that provide an overview of public social spending, broken down by specific population groups (e.g. income decile or age group).

The RSO maintains the *DevInfo* online database system to monitor human development and Sustainable Development Goals. The database records the number of beneficiaries of social cash benefits. Only the data on beneficiaries of the basic carers' benefit are broken down into three age groups.<sup>6</sup> The Survey on Income and Living Conditions (SILC) was implemented for the first time in Serbia in 2013, and the RSO regularly publishes the SILC statement, with the basic indicators.

The Republic Institute for Public Health publishes an annual Health Statistics Yearbook, which includes data on the number of registered users of primary healthcare institutions, by age group (preschool children, school-age children and adults), and the total number of patients treated in secondary and tertiary healthcare institutions. Although there are no data on expenditure, certain indicators of per capita spending on different services could be calculated by cross-referencing with the HIF annual financial reports.

The Republic Institute for Social Protection publishes its synthesised annual reports on services delivered to children and adults by the Centres of Social Work. It also publishes an annual report on the number of children and adults living in institutional accommodation units. These reports do not include any financial data on expenditure.

## 1.7 Timing and public accessibility of data

In October 2021, parliament adopted the Law on Amendments and Additions to the Law on Free Access to Information of Public Importance, which introduced changes to the timing of the publication of information of public importance. The right to free access to information held by public authorities is a constitutional right in Serbia, and the legal basis for the protection of this right was enshrined by the 2004 Law on Free Access to Information of Public Importance. The main limitation of this law used to be the inadequacy of compliance mechanisms for effective enforcement of the regulations. Evidence showed that, in a number of cases, public bodies did not respond appropriately to requests for information. A 2019 report by the Commissioner for Information of Public Importance and Personal Data Protection revealed that, of the total number of complaints received (5,188), 88.7 per cent were about requests being ignored or a refusal to provide the information. In 2020, of the total number of complaints (3,584), 53.2 per cent were for the same reasons. The most important changes introduced by the 2021 law relate to: (1) the proactive publishing of reports and updates on public spending; (2) the publication of reports in user-friendly format; and (3) an expansion of the jurisdiction and powers of the Commissioner. A review of the websites of line ministries conducted in November 2021 shows that MoLEVSP had updated its financial report up to September 2021; the MoH had only updated information on activities completed up to September 2021, while financial reports were available only for 2018; and the MFCD had not published any financial reports (the ministry was created in October 2020). Capital expenditure data are updated and published on the websites of the line ministries as the inflow of capital procurements occurs. Before adoption of the 2021 law, the line ministries published their annual financial reports rather randomly and with significant delays.

The social insurance funds publish annual financial reports, while the online records of previous financial statements are available back to 2012. The Health Insurance Fund did not publish financial reports for 2019 and 2020.<sup>7</sup> The Pension and Invalidity Fund publishes a regular monthly statistical bulletin, which includes information on expenditure on old-age, disability and survivors' pensions and on carers' cash benefits.

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<sup>6</sup> Beneficiaries are also entitled to increased carers' benefit under the conditions of a defined degree of disability.

<sup>7</sup> Last checked 12.12.2021.

The Ministry of Finance publishes monthly reports on the consolidated government budgets at all levels of governance.

All information published is available in user-friendly formats and can be downloaded.<sup>8</sup>

The data published by the RSO in line with the ESSPROS methodology are less timely than the data available from public bodies (ministries and social insurance funds), as they are published with a time lag of two years.

Provincial and local governments also have to comply with the rules on the accessibility of public information and publish information on their websites. A report by the NGO Transparency Serbia on the transparency of local governments showed that in 2021 only 39 per cent (43 per cent in 2020) had published information on public spending (Transparency Serbia, 2021). In terms of responding to requests for information, a review of the local administrations in the same report indicates quite good practice, with 76 per cent responding positively.

### **1.8 Subnational frameworks**

Public social spending by local governments is documented in their annual financial reports and must be published on their websites. The local communities have to publish reports on their websites in both the Cyrillic and the Latin alphabets, as well as in the languages of national minorities (if they are in official use in that particular community). Some local governments provide additional information on public spending. The City of Belgrade published a user-friendly Guide to Budget Realisation 2020, with details of social spending and figures for the number of beneficiaries. The City of Novi Sad publishes an annual report by the City's Management Unit for Social Care and Child Protection, including data on the money allocated to the various programmes run.

The cumulative public social expenditure data for all local communities are published by the Ministry of Finance in its report on the Consolidated General Government Budget by Levels of Government, which includes basic indicators on public social spending incurred by the social insurance funds (including the Army Health Insurance Fund), local government and the provinces.

## **2 Reporting/review tools for public social spending**

Audit control of public spending is regulated by the Budget System Law, which defines several stages of control and reporting on financial statements by all public bodies:

- i. The Minister of Finance (or the local government finance authority) regularly monitors budget execution, and at least twice a year informs the government (or the competent executive authority of the local government) within 15 days of the expiry of the six-month and/or nine-month period. Budget inspection activities are performed by the Ministry of Finance, to control the application of laws in the field of material-financial business operation, as well as the purposeful and legal use of the funds of budget beneficiaries, carrying out inspection of:
  - 1) Direct and indirect budget beneficiaries
  - 2) Organisations for compulsory social insurance
  - 3) Public enterprises
  - 4) Autonomous provinces and local self-government units, public enterprises founded by local self-government

The Minister submits the annual report on the work of budget inspection to the government, which forwards it to Parliament by 31 March of the current year for the previous year.

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<sup>8</sup> Word, PDF or Excel.

- ii. The line ministers regularly monitor the execution of financial plans of the compulsory social insurance organisations, and at least twice a year inform the government and the Minister of Finance within 15 days of the expiry of the six-month and/or nine-month period. Within 15 days of submission of the reports, the government must adopt and forward the reports to Parliament.
- iii. The annual financial statement of the Republic of Serbia and the annual financial statements of the social insurance organisations are subject to external audit, under the provisions of the law regulating the jurisdiction of the State Audit Institution. The external audit report is included in the financial statement.

The State Audit Institution (SAI), founded in 2005, is the highest authority for auditing public funds in the Republic of Serbia.<sup>9</sup> It is an independent state authority accountable to Parliament for the conduct of activities stemming from its competence. The SAI performs regular auditing controls and ad hoc controls, according to its annual work plan. Two ad hoc audits related to social spending have been published by the SAI. Both reports are significant, since they present **good examples of monitoring of the effectiveness of public spending**. In both audits, the focus was on effectiveness, not efficiency, as they conducted appraisals of the adequacy of the relevant normative acts.

The first, a 2021 report – entitled Performance Audit Report: Provision of services in the field of social welfare – Personal assistant of a child, in local communities – reviewed the on-going practice and actual coverage in the provision of the children’s personal assistant service, over the period 2017-2019 (SAI, 2021). The auditors concluded that if the local self-government units had taken more efficient steps to provide the service, a larger number of children in need of additional support would have received a personal assistant. The evidence showed that the majority of local communities had failed to earmark sufficient resources in their annual budget plans, while a number of them had not adopted the appropriate normative acts to ensure the quality of those services. The auditors included recommendations to improve the service.

The second report comprised audit and post-audit reviews of measures employed by the MoLEVSP to improve the efficiency of a particular poverty-reduction measure – Financial Social Assistance (FSA) (SAI, 2020). The report found that the Ministry had not taken all the steps it could have to reduce the dependence of able-bodied FSA beneficiaries on the delivery of social services, due to a long delay in the adoption of an updated strategic framework. The recommended action was to adopt a new Social Protection Strategy. A second important finding was that the Ministry had carried out only partial control of the utilisation of financial resources for FSA benefits. Over the period 2016-2018, the control had been undertaken in only 3 per cent of the 140 Centres of Social Work. The auditors recommended improvement of the technical and human capacities in this area. The post-audit report presented the Ministry’s response to the findings: it stated that a proposed Social Protection Strategy would be submitted to the government by November 2020; however, this pledge was not met, and the proposed strategy was not submitted until December 2021. These examples show that responsible public bodies do not necessarily follow up the recommendations prescribed – although the appropriate response may sometimes have been prevented by circumstances beyond their control (the pandemic, snap general election). A similar conclusion can be drawn concerning reports on the implementation of ERP documents adopted in the period 2015-2020, since the same findings about inadequacies in public social spending and the lack of achievement of specific goals were echoed year after year.

Parliament has ultimate power in monitoring and reviewing public spending. Three parliamentary committees – the Committee on Finance, State Budget and Control of Public Spending, the Committee on Labour, Social Issues, Social Inclusion and Poverty Reduction and the Health and Family Committee – are responsible for monitoring public social spending and the implementation of public social policies. A review of the activities of the

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<sup>9</sup> The Law on the State Audit Institution.

Committee on Labour, Social Issues, Social Inclusion and Poverty Reduction reveals that the main activities undertaken in the period 2019-2021 related to consideration of proposals for new Bills and review of reports on the activities of line ministries. There are no published reports on the conclusions adopted following the reviews. Parliament has installed some software – *Portal for supervision of public finance* – which includes data on public spending by all public bodies. The portal is currently available for use only by members of the Committee on Finance, State Budget and Control of Public Spending. The committees have the authority to conduct research and studies and to engage external support for these tasks. There are no published reports of relevance to the evaluation of public social spending.

The 2010 Law on Amendments and Additions to the Budget System Law created the Fiscal Council, an independent state body accountable to Parliament. The Fiscal Council's mission is to assess the credibility of fiscal policy in terms of compliance with the established fiscal rules, and to provide the publicity and assign responsibility in fiscal policy implementation. The Council publishes a number of documents related to reviews, analysis and opinions on public spending. Although the focus is on macroeconomic policy measures, there are a few published opinions that relate to public social spending.

Monitoring of public social spending, including the evaluation of outputs and outcomes in different areas of social care, is conditioned by the existence of comprehensive and coherent strategic frameworks. In the healthcare area, the main document is the Public Health Strategy 2018-2026, with an Action Plan (AP) for 2018-2026 adopted in July 2017. The Republic Institute of Public Health is the authority responsible for monitoring and evaluating implementation of the AP. It is also responsible for reporting annually to the MoH with the results of the activities implemented, problems identified and proposals for improvement. There are no annual reports published on the websites of either the Institute or the MoH, and nor is the strategy document available on their websites.

The Social Protection Development Strategy was adopted in 2005 with a defined set of objectives and goals to be implemented by 2009. Since no new strategy has been adopted since, there are no clear targets or objectives to be evaluated. The ESRP and ERPs are the only documents with the objectives for some of the social care indicators.

As discussed in Section 1 of this report, the financing of unemployment benefits is the only area that has been properly monitored and evaluated. In preparation for the production of the National Employment Strategy 2021-2026, two evaluations and analyses of the implementation of previous activities were produced: the Ex-post analysis of the National Employment Strategy 2011-2020 and the Ex-ante analysis of the National Employment Strategy 2021-2026 (NES, 2020a; 2020b). The analyses did not cover efficiency of social spending. Over the period 2011-2020, the MoLEVSP regularly adopted reports on the realisation of the annual national employment plans, while a few assessments of employment policy measures were conducted: Assessment of the Scope, Scale and Effects of the 2010-2016 Local Employment APs and Appraisal of the National Budget Expenditures in the Period 2013-2015 on Policies Aimed at Increasing Youth Employability. The assessments related primarily to realisation of the coverage targets, but were without proper evaluation of the efficiency of the measures and programmes implemented.

In April 2018, Parliament adopted the Law on the Planning System (Government, 2018a). The objective of this law was to establish an efficient, transparent, coordinated system of planning that encompasses the key aspects of the social and economic development policy, the regional and spatial development, and an optimal utilisation of budgetary funds. The law defines the framework for measurement of the efficiency of performance of the public planning system. Its key elements are: (a) an obligation on the part of all public governance bodies and social insurance funds to adopt the mid-term development plans for a three-year period by 2020 (local governments by January 2021); (b) an obligatory ex-ante analysis of the proposed public policies and an obligatory ex-post analysis of the effects of activities; (c) defined timeframes for the submission of evaluation reports on the implementation of the strategies, programmes and policies; and (d) the establishment of a single information system for planning, monitoring and reporting. To date, only the

government has adopted its Action Plan and the NES has adopted the Mid-term Plan for 2020-2022.

In February 2021, Parliament passed the Law on Social Cards, effective from March 2022. It legislates for the creation and management of an integral data register, which will include all relevant information about the socio-economic status of the beneficiaries of social protection benefits. The main objective of the register is to improve the adequacy of population coverage by the financial social protection benefits. The body responsible for management of the register is MoLEVSP. Once established, the register will be an important tool in monitoring the efficiency and effectiveness of social spending.

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