

## Chapter 22: Regional policy & coordination of structural instruments

The *acquis* under this chapter consists mostly of framework and implementing regulations, which do not require transposition into national legislation. They define the rules for drawing up, approving and implementing Structural Funds (the European Regional Development Fund and the European Social Fund) and Cohesion Fund programmes reflecting each country's territorial organisation. These operational programmes are drawn up by the Member States and proposals are submitted to the Commission. Subsequently, they are appraised and adopted by the Commission in accordance with Article 32 of Regulation (EC) No 1083/2006<sup>1</sup>, but their implementation is the responsibility of the Member States.

A **legislative framework** has to be in place allowing for multi-annual programming at national and, where relevant<sup>2</sup>, sub-national levels and budget flexibility, enabling co-financing capacity at national and sub-national (regional/local/municipal) level and ensuring sound and efficient financial control and audit of interventions. Member States must respect Union legislation, namely in the areas of public procurement, competition (state aid) environment, non-discrimination, equality between men and women, when selecting and implementing projects.

Member States must set up an **institutional framework**. This includes designating and establishing all structures at national and, where relevant, sub-national level required by the regulations as well as setting up an implementation system with a clear definition of tasks and responsibilities of the bodies involved. The institutional framework also requires establishing an efficient mechanism for inter-ministerial coordination as well as the involvement and consultation of a wide partnership of organisations in the preparations and implementation of programmes.

Adequate **administrative capacity** has to be ensured in all relevant structures. This includes recruiting and training qualified and experienced staff and establishing measures to retain such staff. In this context, Member States will need to make the necessary organisational arrangements, adapt procedures and organisation charts and prepare accompanying documents. The administrative capacity will have to be demonstrated in the thorough implementation of the Instrument for Pre-Accession Assistance (IPA)<sup>3</sup>, particularly in components III and IV which are the precursors to the EU Cohesion Policy.

The **programming** process covers the preparation of a National Strategic Reference Framework (NSRF) and a series of operational programmes (OP), including ex-ante evaluations and strategic environmental assessments. Member States have to organise broad partnerships for the preparation of programming documents. They have to ensure that a sufficient pipeline of mature projects is established allowing for a full financial

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<sup>1</sup> Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 [OJ L 210, 31.7.2006, p. 25].

<sup>2</sup> For the Structural Funds the appropriate geographical level is at least NUTS level 2 for the Convergence objective and NUTS level 1 or NUTS level 2 for the Regional Competitiveness and Employment objective, and is NUTS level 3 for the European territorial cooperation objective (Article 35 of Regulation (EC) No 1083/2006)

<sup>3</sup> Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) [OJ L 210, 31.7.2006, p. 82].

implementation of programmes. Member States will also have to carry out specific information and publicity measures with regard to the Structural Funds.

Establishing a **monitoring and evaluation** system includes the set up of monitoring and evaluation structures and processes in different relevant bodies as well the installation of a comprehensive and computerised management information system (MIS) accessible and usable for all concerned bodies.

Member States must set up a specific framework for **financial management and control** including audit. This includes designating and establishing all structures required by the regulations as well as setting up an implementation system with a clear definition of tasks and responsibilities of the bodies involved.

## **I. LEGISLATIVE FRAMEWORK**

### **A. Regional development legislation**

**1. Please provide a list of all legislation directly relevant to Cohesion Policy, including legislation related to transport/TEN, environment, economic development, competitiveness, social policies, competition, public procurement or budgetary provisions.**

Please find below the list of regulations directly relevant to the regional development policy and regulations significant for the regional development policy and relate to transport/TEN, environment, economic development, competitiveness, social policies, competition, public procurement or budgetary provisions.

- The Constitution of the Republic of Serbia (Official Gazette of RS, No. 83/06)
- Constitutional Law on Adoption of the Constitution of the Republic of Serbia (Official Gazette of RS, No. 98/06)
- The Law on Territorial Organization of the Republic of Serbia (Official Gazette of RS, No. 129/07)
- The Law on Establishing Competences of the Autonomous Province of Vojvodina (Official Gazette of RS, No. 99/09)
- The Law on Ratifying European Charter on Local Self-Government (Official Gazette of RS, No. 70/07)
- The Law on the Capital City (Official Gazette of RS, No. 129/07)
- The Law on Local Self-government (Official Gazette of RS, No. 129/07)
- The Law on Government (Official Gazette of RS, No. 55/05, 71/07, 101/07 and 65/08)
- The Law on Ministries (Official Gazette of RS, No. 65/08 and 36/09)
- The Law on State Administration (Official Gazette of RS, No. 79/05 and 101/07)
  - The Regulation on Administrative Districts (Official Gazette of RS, No. 15/06)
- The Law on Public Agencies (Official Gazette of RS, No. 18/05 and 81/05)
- The Law on Development Fund of the Republic of Serbia (Official Gazette of RS, No. 36/09 and 88/10)
- The Law on Associations (Official Gazette of RS, no. 51/09)
- The Law on Corporate Profit Tax (Official Gazette of the RS, No. 25/01, 80/02, 80/02, 80/02 other law, 43/03, 84/04 and 18/10)
- Regulation on Terms and Conditions for Attracting Direct Investment (Official Gazette of the RS, No. 34/10 and 41/10)
- The Law on Regional Development (Official Gazette of RS, No. 51/30 and 30/10) and bylaws:
  - Regulation on Nomenclature of Statistical Territorial Units (Official Gazette of RS, no. 109/09 and 46/10),
  - Regulation On Defining Methodology For Calculating The Level Of Development Of Regions And Local Self-Government Units (Official Gazette of RS, no. 42/2010),
  - Regulation on the Method of Proposing the Candidates for the Members of the National Council for Regional Development (Official Gazette of RS, no. 46/10),
  - Regulation On Establishing The Single List Of Development Of Regions And Local Self-Government Units For The Year 2010 (Official Gazette of RS, no. 51/2010),

- Regulation On The Terms, Criteria and Methods Of Accreditation For Performing Regional Development Related Activities And Revocation Of The Accreditation Before The Expiry Of The Set Deadline (Official Gazette of RS, no. 74/10)
- Regulation On The Contents, Method And Procedures Of Keeping The Register Of Measures And Incentives For Regional Development (Official Gazette of RS, no. 93/10) and
- Rulebook on Contents and Layout of the Single Register of Accredited Regional Development Agencies (Official Gazette of RS, No. 89/10).
- The Law on Ratification of Framework agreement between the Government of the Republic of Serbia and the Commission of the European Communities on the Rules for co-operation concerning EC- financial assistance to the Republic of Serbia in the Framework of the implementation of the assistance under the Instrument for pre-accession assistance (IPA) (Official Gazette of RS, No. 124/07)

## **Transport**

- Memorandum of Understanding on the Development of the South East Europe Core relates to TEN-T (Trans-European Transport Network) was signed in Luxemburg on 11 June 2004 between Serbia and Montenegro and other countries from the region with the European Commission

## **Environment**

- The Law on Planning and Construction (Official Gazette of RS, No. 72/09, 81/09)
- The Law on Spatial Plan of the Republic of Serbia for 2010 - 2020 (Official Gazette of RS, No. 88/10)
- The Law on Environmental Protection (Official Gazette of the RS, No. 135/04, 36/09)
- The Law on Air Protection (Official Gazette of RS, No. 36/09)
- The Law on Nature Protection (Official Gazette of RS, No. 36/09, 88/10)
- The Law on Environmental Impact Assessment (Official Gazette of the RS, No. 135/04, 36/09)
- The Law on Strategic Environmental Impact Assessments (Official Gazette of the RS, No. 135/04, 88/10)
- The Law on Integrated Environmental Pollution Prevention and Control (Official Gazette of the RS, No. 135/04)
- The Law on Ratification of the Convention on Cross-Border Effects of the Chemical Accidents (Official Gazette of RS, No. /09)
- The Law on Waste Management (Official Gazette RS, No. 36/09, 88/10)
- The Law on Packaging and Packaging Waste (Official Gazette RS, No. 36/09)
- The Law on Protection and Sustainable Use of Fishing Resources (Official Gazette RS, No. 36/09)
- The Law Ratifying the Amendment to Annex B to the Kyoto Protocol to the United Nations Framework Convention on Climate Change (Official Gazette of RS, No. 36/09)
- The Law on Environmental Noise Protection (Official Gazette of RS, No. 36/09, 88/10)
- The Law on Ionizing Radiation Protection and Nuclear Safety (Official Gazette of RS, no. 36/09)
- The Law on Non-ionizing Radiation (Official Gazette of RS, no. 36/09)
- The Law on Environmental Protection Fund (Official Gazette of the RS, No. 72/09)

- The Law on Waters (Official Gazette of RS, No. 46/91, 53/93, 67/93, 48/94, 54/96, 101/05, 30/10)

### **Economic Development and Competitiveness**

- The Law on Chambers of Commerce (Official Gazette of RS, No. 65/01 and 36/09)
- The Law on Companies (Official Gazette of RS, No. 125/04)
- The Law on Entrepreneurs (Of. Gazette of RS, No. 54/89 and 9/90 and Official Gazette of the RS. No. 19/91, 46/91, 31/93, 39/93, 53/93, 67/93, 48/94, 53/95, 35/02, 101/05)
- The Law on Registration of Business Entities (Official Gazette of RS, No. 55/05, 61/05 and 111/09)
- Cooperatives Act (Official Gazette of RS, No. 41/96 and 12/98 and Official Gazette of RS, No. 101/05 and 34/06)
- The Law on Consumer Protection (Official Gazette of RS, No. 73/10)
- The Law on Trade (Official Gazette of RS, No. 53/10)
- The Law on Electronic Commerce (Official Gazette of RS, No. 41/09)
- The Law on Advertising (Official Gazette of RS, No. 79/05)
- The Law on General Product Safety (Official Gazette of RS, No. 41/09)
- The Law on Innovations (Official Gazette of RS, No. 110/05 and 18/10)
- The Law on Employment and Insurance in Case of Unemployment (Official Gazette of RS, No. 36/09 and 88/10)
- The Law on Tourism (Official Gazette of RS, No. 36/09)
- The Law on Business Registers Agency (Official Gazette of RS, No. 55/04 and 111/09)
- The Law on Concessions (Official Gazette of RS, No. 55/03)

### **Social Policy**

- The Law on Social Protection and Providing Security for Citizens (Official Gazette of RS, No. 36/91, 79/91-other law, 33/93-other law, 67/93-other law, 46/94, 48/94-other law, 52/96, 29/01, 84/04, 101/05-other law and 115/05)
- The Law on Financial Support to Families with Children (Official Gazette of RS, No. 16/02, 115/05 and 107/09)

### **Competition**

- The Law on Protection of Competition (Official Gazette of RS, No. 51/09)
- The Law on State Aid Control (Official Gazette of RS, No. 51/09)

### **Public Procurement**

- The Law on Public Procurement (Official Gazette of RS, No. 116/08)
- The list of international organizations which public procurement procedures may be applied instead of provisions of the Law on Public Procurement (Official Gazette of RS, No. 50/09)

### **Budget Provisions**

- The Law on Budget System (Official Gazette of RS, no. 54/09, 73/10 and 101/10)

- Memorandum on Budget, Economic and Fiscal Policy for 2011 with Projections for 2012 and 2013 (Official Gazette of RS, No. - was not published)
- By the Law on Budget of the Republic of Serbia for 2011 (Official Gazette of RS, No. 101/10)
- The Law on Financing Local Self-government (Official Gazette of RS, No. 62/06)
- The Law on Public Debt (Official Gazette of RS, No. 61/05 and 107/09)
- The Law on Accounting and Auditing (Official Gazette of RS, No. 46/06 and 111/09)

**2. Please answer the following questions about your legal set up relevant for Cohesion Policy. If the answer is affirmative, indicate which law or Government decision is applicable:**

**a) Does your legislation specify one administrative unit or entity responsible for coordination at the national level? Which entity? What is its composition?**

Pursuant to the Article 9 of the Law on Ministries, the Ministry of Economy and Regional Development performs public administration tasks related to: regional development; analysis of available resources and potentials of the region; methodology for calculation of the level of development of regions and local self-government units; **coordination and directing of the activities that promote regional development**; promotion of more balanced regional development and development of underdeveloped areas; building of economic and communal infrastructure; implementation of industrial development concept; providing conditions for access to and implementation of the projects financed by European funds, donations and other types of development assistance; planning, programming and proposing of development projects in the field of regional development and projects of interest for the Republic of Serbia; monitoring and evaluation of development projects; encouraging of inter-municipal, interregional, cross-border and international cooperation; providing material and other conditions for development and promotion of the region.

The Sector for Regional Development and Promotion of Entrepreneurship has been established within the Ministry of Economy and Regional Development wherein two internal units have been formed: Division for regional development policy and IPA projects and Division for development of small and medium-sized enterprises and entrepreneurship policy. The Sector is managed by the state secretary and assistant minister pursuant to the Law stipulating civil servants positions. The Sector has 18 employees.

In addition, pursuant to the Article 26 of the Law on Regional Development, the National Council for Regional Development (hereinafter referred to as: the National Council) coordinates the work of regional development councils. The National Council is formed to secure and improve regional development in the Republic of Serbia and its members are: the ministers responsible for regional development, national investment plan, finance, environment and for activities related to spatial planning, infrastructure, public administration and local self-government, labour and social policy and Kosovo and Metohija, who is at the same time a representative of Kosovo and Metohija region and two more representatives from Kosovo and Metohija region; Mayor of the City of Belgrade who is at the same time a representative of the Belgrade region and two more representatives of the Belgrade region; the president of government of the Autonomous Province of Vojvodina who is also a representative of the Vojvodina region and two more representatives of the Vojvodina region; four representatives of the region of Sumadija and West Serbia; three representatives of the region of South and East Serbia; state secretary of the Ministry appointed for regional

development; director of National Agency for Regional Development; director of European Integration Office, president of the Standing Conference of Towns and Municipalities (SCTM) and National IPA coordinator (NIPAC).

Pursuant to the Article 29 of the Law on Regional Development, the National Agency for Regional Development coordinates the work of regional development agencies. The National Agency for Regional Development is established by the Government in compliance with the law regulating public agencies. The National Agency has four directorates (directorate for regional development, directorate for development of economic societies and entrepreneurship, directorate for management of infrastructure projects and directorate for legal, financial and common affairs), with its seat in Zajecar and an office in Belgrade.

**b) Does your legislation specify one unit, group or entity responsible for decision-making at the national level? Which entity?**

Pursuant to the Article 2 of the Law on Government, the Government is competent for implementation of policies of the Republic of Serbia within the Constitution and law adopted by the National Assembly of the Republic of Serbia. The Articles 42-45 of the Law on Government define acts issued by the Government. The decisions are made on the proposal of competent ministries. The opinions about the above decision proposal are obtained from state administration bodies, whose scope of work is connected to the issue related to the act.

In regard to this, the Law on Regional Development (Article 14-18) defines development planning documents related to regional development and the bodies to adopt them. The development planning documents are: National Plan for Regional Development (hereinafter referred to as: The National Plan), Regional Development Strategy (hereinafter referred to as: the Regional Strategy), Programmes for Financing the Regions and other development planning documents related to the regional development field (strategies, programs, plans, action plans).

The National Plan defines basic development priorities of regional development of the Republic of Serbia and ways to achieve them. The National Plan is prepared by the Ministry, and adopted by the National Assembly upon the proposal of the Government. The National Plan is adopted for a period of ten years.

The Regional Strategy, in compliance with the National Plan, defines basic priorities of development of the regions and ways to achieve them. The Regional Strategies are adopted for a period of five years. The Regional Strategies for the regions of Šumadija and West Serbia and South and East Serbia is adopted by the Government on a proposal of the Ministry, while the Autonomous Province of Vojvodina, through its bodies, adopts the Regional Development Strategy for the territory of the Autonomous Province of Vojvodina (Article 20), and the City of Belgrade, through its bodies, adopts the Regional Development Strategy for the territory of the City of Belgrade (Article 21).

Programmes for Financing the Regions are development planning documents containing overview of the projects for the region and allocation of funds for implementation of those projects for each region in the financial year. Programmes for Financing the Regions are also adopted by the Government upon the proposal of the Ministry in compliance with the National Plan and regional strategies.

**c) Is it specified in your legislation which unit or group functions as the secretariat that prepares the decisions referred to in question b)?**

Pursuant to Article 12 of the Law on Public Administration, public administration authorities shall prepare draft laws, other legislation and general acts for the Government and propose to the Government development strategies and other measures which shape the Government policy. The Law on Regional Development (Article 14-18) defines who is to prepare certain development document. Thus, the National Plan for Regional Development, Regional Strategies and Programmes for Financing the Regions are prepared by the Ministry of Economy and Regional Development apart from Regional Strategy for the territory of the City of Belgrade which is adopted by the City of Belgrade through its bodies and the Regional Development Strategy for the territory of the Autonomous Province of Vojvodina which is adopted by the Autonomous Province of Vojvodina through its bodies.

**d) Does your legislation specify other responsible administrative units?**

Pursuant to Law on Regional Development (Article 19) the subjects of regional development are: The National Agency for Regional Development, regional development agencies, the National Council for Regional Development, regional development councils, the Government, the Ministry of Economy and Regional Development and the ministries responsible for finance and spatial planning, the Autonomous Province of Vojvodina, the Capital City, Agency for Business Registers, Republic Agency for Spatial Planning, Development Fund of the Republic of Serbia and local self government units.

**e) Does your legislation specify decision-making procedures?**

The Law on Public Administration (Article 13-14) defines that public administration authorities shall monitor and identify state in the fields belonging to the scope of their work, study consequences of the identified state and, depending on the competence, either take measures themselves, or propose to the Government the adoption of legislation and taking measures the Government is responsible for. The public administration authorities implement laws, other legislation and general acts of the National Assembly and the Government by passing legislation, making decisions about administrative issues, keeping records, issuing public documents and taking administrative actions.

The Government is responsible to the National Assembly for implementation of the policies of the Republic of Serbia, for implementation of laws and other general acts of the National Assembly, for state in the fields belonging to its scope of work and for the work of public administration authorities (Article 7 of the Law on Government).

Pursuant to the Articles 14-18 and 20-21 of the Law on Regional Development, the National Plan is prepared by the Ministry and adopted by the National Assembly on a proposal of the Government. The regional strategies are prepared by the Ministry and adopted by the Government, with the exception of the Regional strategy for the territory of the City of Belgrade adopted by the City of Belgrade through its bodies and the Regional Development Strategy for the territory of the Autonomous Province of Vojvodina adopted by the Autonomous Province of Vojvodina through its bodies. Specifically, draft regional strategy is prepared by the Ministry in cooperation with one or more line regional development agencies established for certain region and local self government units composing the region for which the regional strategy is to be adopted.



Programmes for Financing the Regions are adopted by the Government on the proposal of the Ministry. If the Programme for Financing the Regions is implemented at the territory of the Autonomous Province of Vojvodina, the Autonomous Province of Vojvodina also gives its opinion on the program through its competent bodies. If the Programme for Financing the Regions is implemented at the territory of the Capital City, the City of Belgrade also gives its opinion on the program through its competent bodies.

The other development planning documents related to regional development (strategies, programs, plans, action plans) must be in compliance with the National Plan and regional strategy. The authorized proposer of other development planning documents related to the regional development field shall obtain opinions of the Ministry and competent regional development council on compliance of those documents with the National Plan and regional strategy.

The National Council for Regional Development shall deliver its opinion on the draft National Regional Development Plan, on regional strategy proposal and on proposal of the Programmes for Financing the Regions in accordance to the Article 26 of the Law on Regional Development, while the regional development councils, in accordance with the Article 33 of the Law on Regional Development, shall deliver their opinion on regional strategy, adopted for the region for which the regional development council is established, on Programme for Financing the Regions for the region it was established for and on other development documents at regional level.

The Law on Regional Development also specifies that development planning documents are prepared after mandatory public debate and ensured public access to draft versions of those development planning documents (Article 14). The Government shall, upon the proposal from the Ministry, further specify the structure, drafting methodology, harmonisation methods, methods of conducting public debate, and the method in which public access to the development planning documents shall be granted as well as its duration. (Article 14).

**f) Does your legislation specify at the national level an administrative unit(s) or entity responsible for implementation/management and monitoring of programs/projects? Which ones? What is the composition of this/these unit(s)?**

Pursuant to the Law on Ministries, the relevant line Ministries are competent for implementation and monitoring of the projects of national interest.

Pursuant to the Article 29 of the Law on Regional Development, the National Agency for Regional Development monitors and implements measures and implements development projects for improvement of infrastructure, development of companies and entrepreneurship, included in Programmes for Financing the Regions, and plans and proposes development projects in the field of regional development and projects of interest for the Republic of Serbia and secures conditions for access to and implementation of projects financed by European funds, donations and other kinds of development assistance.

In regard to implementation and monitoring of implementation of programs/projects financed by EU funds (IPA), please, see the answer to the question no. 31.

**g) Does your country have any specific legislation to regulate domestic regional policy or is such a law (and by-law) planned? Is this legislation compliant with the current IPA framework and future Cohesion Policy framework?**

There is a particular law that regulates domestic regional policy in Serbia. This is the Law on Regional Development (Official Gazette of RS, no. 51/09 and 30/10) adopted in the National Assembly in July 2009 and amended in May 2010. On the basis of the Law on Regional Development, the following by-laws have been adopted:

- Regulation On Defining Methodology For Calculating The Level Of Development Of Regions And Local Self-Government Units (Official Gazette of RS, no. 42/2010),
- Regulation on Nomenclature of Statistical Territorial Units (Official Gazette of RS, no. 109/09 and 46/10),
- Regulation on the Method of Proposing the Candidates for the Members of the National Council for Regional Development (Official Gazette of RS, no. 46/10),
- Regulation On Establishing The Single List Of Development Of Regions And Local Self-Government Units For The Year 2010 (Official Gazette of RS, no. 51/2010),
- Regulation On The Terms, Criteria and Methods Of Accreditation For Performing Regional Development Related Activities And Revocation Of The Accreditation Before The Expiry Of The Set Deadline (Official Gazette of RS, no. 74/10)
- Regulation On The Contents, Method And Procedures Of Keeping The Register Of Measures And Incentives For Regional Development (Official Gazette of RS, no. 93/10) and
- Rulebook on Contents and Layout of the Single Register of Accredited Regional Development Agencies (Official Gazette of RS, no. 89/10).

The Article 14 of the Law on Regional Development defines that the development assistance of the European Union will be complied with the strategic documents and priorities defined by the Article 49 of the Law that envisages all programmes and projects financed by European Union pre-accession funds to be implemented in accordance with provisions of the Law on Ratification of Framework agreement between the Government of the Republic of Serbia and the Commission of the European Communities on the Rules for co-operation concerning EC-financial assistance to the Republic of Serbia in the Framework of the implementation of the assistance under the Instrument for pre-accession assistance (IPA) (Official Gazette of RS, no. 124/07), and with the documents whose issuing and adoption is envisaged by above Agreement. The Law on Regional Development also envisages adoption of development planning documents that will be in compliance with relevant EU level documents.

**h) Where relevant, does your legislation specify a decision-making group, council, unit or other entity at the sub-national levels, i.e. future NUTS2 and future NUTS3 level? Which?**

- Are the members of this entity specified in your legislation? Indicate their appointment procedure.
- Is it specified in your legislation which unit or group functions as the secretariat that prepares these decisions?

The Government of Republic of Serbia is responsible to make decisions at the sub-national levels for Šumadija and West Serbia region and South and East Serbia region (see the answer to question no. 26), except for the City of Belgrade and Autonomous Province of Vojvodina which are responsible for decision making through their own bodies.

The body which prepares decisions is defined within question 2c, while the body which prepares decisions for the City of Belgrade and the Autonomous Province of Vojvodina is defined by the Law on the Capital City and the Law on Establishing Competencies of the Autonomous Province of Vojvodina.

In line with the Regulation on Nomenclature of Statistical Territorial Units (Article 5) NUTS level 3 is composed of local self-government units within administrative districts formed by the Regulation on Administrative Districts for the purposes of performing state administration tasks outside the headquarters of state administration authority. In administrative district the state administration authorities may, at their own decision, perform one or more of the following state administration tasks: adjudicate administrative cases in the first instance, decide on appeals against first-instance decisions of the holders of public powers, oversee the operations of holders of public powers and perform inspectorial oversight. A state administration authority which decides to perform one or more state administration tasks through an administrative district shall establish its district subordinate unit by its Regulation on Internal Organization and Staffing Table.

Also, at the sub-national levels regional development councils are formed in line with the Article 31 of the Law on Regional Development, and regional development agencies in line with the Article 34 of the same law (more on jurisdictions of those bodies see in the answer to question no. 21).

- i) Where relevant, does your legislation specify at the sub-national levels (future NUTS2 and future NUTS3) an administrative unit(s) or entity responsible for implementation and monitoring of programs/projects? Which ones?**  
**- Is this entity independent from the central level or from the decision-making entity? If not, in what way are they related?**

The Law on Regional Development stipulates that the regional development agencies are appointed for implementation and monitoring of programs/projects. A regional development agency is a company or an association established for the purposes of performing regional development activities and promoting regional development, which is accredited in accordance with the Law on Regional Development. At least three local self-government units with their headquarters located in the statistical region in which a regional development agency is established are to be founders of the regional development agency. The Law on Regional Development (Article 34) laid down minimal number of agencies that must be accredited in regions, specifically: 1) Region of Vojvodina, three regional development agencies; 2) Belgrade Region, one regional development agency; 3) Region of Šumadija and West Serbia, four regional development agencies; 4) Region of South and East Serbia, three regional development agencies, 5) Region of Kosovo and Metohija, one regional development agency.

Regulation On The Terms, Criteria and Methods Of Accreditation For Performing Regional Development Related Activities And Revocation Of The Accreditation Before The Expiry Of The Set Deadline (Official Gazette of RS, no. 74/10) envisages conditions and methods of accreditation of regional development agencies whose work is coordinated by the National Agency for Regional Development.

Pursuant to the Law on Local Self Government (Article 20) the local self government units also perform implementation and monitoring of development projects.

**3. Does your legislation specify a national budget for cohesion and/or regional policy (such as transport/TEN, environment, economic development, competitiveness, innovation.) and/or for labour market policy? In what form and at what level?**

Regulations on sectors, stated in the answer to question no. 1, regulate the obligation of financing particular competence according to authority levels (the Republic, autonomous provinces and local self-government units), but not the scope of the funds which is provided by the Act on Budget.

The scope of funds for particular areas is provided by the Annual Law on Budget of the Republic of Serbia, i.e. Annual Decision on the Budget of local self-government.

**4. Does your legislation specify a breakdown of the budget for cohesion and/or regional policy and/or for labour market policy between the central level and other levels of government?**

Regulations on sectors, stated in the answer to question no. 1, regulate the obligation of financing particular competence according to authority levels (the Republic, autonomous provinces and local self-government units), but not the scope of the funds which is provided by the Act on Budget.

**B. Compliance with Union policies**

**5. In order for future operations to be financed by the Structural Funds/Cohesion Fund, what adaptations are necessary to your legislative framework to ensure its compatibility with the following Union policies and legislation:**

**a) Rules on competition (state aid);**

The basis for regulatory framework on state aid control is The Law on State Aid Control, which has been adopted in July 2009 (Official Gazette no. 51/09). In order to implement the Law, in March 2010 the Government has adopted Regulation on Rules for State Aid Granting (Official Gazette of RS, no. 13/10) and the Regulation on Rules and Procedure for State Aid Notification (Official Gazette of RS, no. 13/10). These two regulations have entered into force on 20 March 2010, which has established regulative framework that enables full application of the Law and establishment of the system of state aid control in line with the EU rules in this area. The funds from pre-accession and structural funds will, in regards to these regulations, be treated identically as it is done in the EU practice, without any exceptions.

**b) Rules on the award of public contracts/public procurement;**

It is necessary to align the existing the Law on Public Procurement (Official Gazette of RS, no. 166/08) with the Directive 2004/17/EC, which regulates procedures of awarding contracts for public procurement of goods, services and works and the Directive 2004/18/EC which regulates public procurement in utility sector, above all regarding procedure for awarding contracts on public procurement, since there lie the greatest derogations of the law in force from the rules of the Directives. Also, it is necessary to incorporate the rules from the

Directive 2009/81/EC to the legislative framework (the Directive refers to public procurement in the area of defence and security).

Aligning domestic legislation with the EU regulations on public procurement is one of the goals of the Twinning project “Strengthening the Public Procurement System in Serbia” which realisation has been started on 3 September 2010 and shall last till 3 June 2012. Common (twinning) programme covers larger number of activities for support to work and building up capacities connected to the amendments of the Law on Public Procurement and the legislation on awarding concessions pursuant to the regulations on public procurement from EU Law (Acquis) and European good practice.

**c) Rules on the award of concession (and Public-Private Partnership);**

It is necessary to adopt new legislative framework that is going to be aligned with international standards. In this regard, legislation on PPP is foreseen, or a possible change of the Law on Concessions, or adoption of the new Law on Concessions, together with regulation of properties that belong to local self-government units. To this end, the Working Group has been formed, composed of representatives from the Ministry of Economy and Regional Development and the Ministry of Environment and Spatial Planning that should propose to the Government which of the three afore listed options is the best one.

**d) Rules on environmental protection and improvement (in particular strategic environmental impact, environmental impact assessment, application of the polluter pays principle and definition of the Natura 2000 areas);**

No adaptations of national regulations with regard to strategic impact assessment, environmental impact assessment and integrated prevention and pollution control are needed, because they are fully harmonised with the relevant regulations of the European Union.

The “polluter pays” principle is implemented through the following charges:

- Environmental pollution fee
- A fee for products becoming special waste streams upon use
- A fee for putting the packaging into market (charging starts in 2011)
- Water pollution fee

The Natura 2000 network has not been established in Serbia yet. EU is financing a twinning project “Strengthening administrative capacities for protected areas in Serbia – Natura 2000”. The final goal of this project is to establish and develop the ecological network Natura 2000 in the Republic of Serbia.

**e) Rules on the elimination of inequalities and promotion of equality between men and woman and combating discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementing the Funds and in the access to them as well as on the promotion of equality between men and women?**

Constitution of the Republic of Serbia provides that all are equal under the Constitution and before the law and are entitled without any discrimination to equal protection of the law. All direct or indirect discrimination based on any grounds, particularly on race, gender, national affiliation, social origin, birth, religion, political or other conviction, property, culture,

language, age, mental or physical disability shall be prohibited (Article 21 ((1),(2) and (3)). Also, the state guarantees equality of men and women and develops the policy of equal opportunities (Article 8).

In national legislation these issues are regulated by: the Law on Prohibition of Discrimination (Official Gazette of RS, No. 22/09), the Labour Law (Official Gazette of RS, No. 24/05, 61/05, 54/09), the Law on Gender Equality (Official Gazette of RS, No. 104/09), the Law on the Prevention of Discrimination against Persons with Disabilities (Official Gazette of RS, No. 33/06), the Law on Professional Rehabilitation and Employment of Persons with Disabilities (Official Gazette of RS, No. 36/09), the Law on Ratification of the Convention on the Rights of Persons with Disabilities and the Law on Ratification of the Optional Protocol along with the Convention on the Rights of Persons with Disabilities (Official Gazette of RS, No. 42/09).

For more information on adjustments of legislative framework in this area please see in the part “Political Criteria, II Human Rights” – questions no. 124, 130 and 131 and in Chapter 19, questions 124 and 132.

### **C. Budget planning and implementation mechanisms at national, sub-national (future NUTS2) and (future NUTS3) levels**

#### **6. What adaptations are needed to your legislative framework to allow for multi-annual budget programming with a view to provide the national co-financing for the Structural Funds/Cohesion Fund assistance?**

The Law on Budget System (Official Gazette of RS, No. 54/2009, 73/2010, 101/2010) establishes legal conditions for three-year budget planning. Article 35 of the Law stipulates an obligation of budget beneficiaries to present a plan for the budget year and projections for the following two fiscal years in the course of their budget planning. Also, Articles 2 and 46 of the Law on Budget System prescribes that the budget may be adopted for a period of three fiscal years. Article 28 of the Law on Budget System stipulates that the general part of the Law on Budget contains the preview of expected funds to be obtained from the development assistance of the European Union, as well as an assessment of necessary financial resources for co-financing development programmes which are financed from the development assistance of the European Union. In this way, already in the centralized system of management of EU funds in the Republic of Serbia, the preconditions have been met for incorporating the co-financing obligations in the national legislative framework. These obligations regarding national contribution to EU funded projects are being created each time upon signing of the Financial Agreements for particular National Programmes within available IPA components.

In line with the idea of the legislator that transition to multi-annual financial planning and programme budgeting is to be realised gradually, in compliance to analytical and projection capacities of the budget beneficiaries, in the annual Law on Budget, for the time being, precise financial information on co-financing IPA programme are entered only for the first fiscal year to which the Law applies. Therefore, line ministries, based on the plan of public procurements and payment plan, which are drafted at multi-annual basis, envisage a certain amount of funds for co-financing at annual level for each year separately. Namely, according to the article 27 of the Law on Public Procurement (Official Gazette of RS, no. 116/08) a procuring entity may initiate the public procurement procedure if such procurement is

envisaged by the annual procurement plan and if funds for that particular procurement contract have been set aside in the budget of the Republic of Serbia. If a public procurement contract lasts for several years, the liabilities that will become due in the following years must be stipulated in the amounts provided for by the regulations governing budget execution for each particular year.

Apart from that, each domestic institution which is responsible for co-financing in line with Financial Agreements, submits to the Ministry of Finance assessments of the funds that shall be necessary for this purpose in the second and the third following fiscal year, in order for the Ministry of Finance to include those estimations into limits and medium term expenditure framework for the respective budget beneficiary. In this way, the co-financing obligations are inserted into concept of planning and drafting the budget, which itself undergoes the reform process in the context of a wider reform of public finance management in the Republic of Serbia.

With perspective of introducing decentralised system of EU funds management, the Law on Budget System (Article 68) prescribes that upon the proposal of the Minister of Finance the Government approves the distribution of responsibilities and the mechanism for management of funds for co-financing European Union development assistance as well as the funds of European Union development assistance when the management is officially conferred to the Republic of Serbia. Preparation of the particular act which will address the mentioned issues is in process.

**7. Which implementation mechanisms exist or are planned at national, and, where relevant, at regional and local levels to ensure the proper functioning of the budgetary system?**

The Law on Budget (Official Gazette of RS, no. 54/09, 73/10 and 101/10) regulates planning, preparation, adopting and execution of the budget of the Republic of Serbia, autonomous provinces, local self-government units and preparations and adoption of financial plans of the Republic Fund for Pension and Disability Insurance, Republic Health Insurance Fund and the National Employment Service (organizations for mandatory social insurance); budget accounting and reporting, financial management, control and revision of the users of public funds and the budget of the Republic of Serbia, budget of the local authority and financial plans of organizations for mandatory social insurance; competence and organization of the Treasury Administration, as well as bodies of administration within the Ministry of Finance and the treasuries of the local authorities, other questions relevant for functioning of the budget system.

For a detailed answer see the answer to the question no. 11 in chapter “Economic Criteria”.

**D. Co-financing mechanisms at national, and sub-national level**

**8. What provisions are foreseen in the national budget which allow to transfer budgets of national co-financing between programs, funds and years?**

Pursuant to the Law on the Budget System (Official Gazette of RS, no. 54/09, 73/2010 and 101/10), Article 4, budget system should achieve “...allocation efficiency which shall imply a possibility of setting priorities within the budget, allocating funds in line with the Government priorities within the budget, as well as a possibility of transferring funds from old to new or

from less productive to more productive priorities. Also, Article 61 of this law stipulates reallocation of 5% to 10% for appropriations from the budget, including no limitations for reallocation of appropriations from the sources which do not refer to appropriations from the budget revenue.

By opening a particular budget fund for co-financing EU programmes (please see the answer to question no. 9), it will be possible to manage the funds so that these transfers, if necessary, could be carried out.

**9. How will national co-financing (at central, and, where relevant, at regional or local levels) in the framework of EU assistance be secured? In particular how will you envisage ensuring co-financing of multi-annual programmes, as the state budget is adopted on annual basis?**

In line with the Annual Action Plan for Programming International Development Assistance Resources in the Republic of Serbia and Reporting on International Assistance and Programming IPA, authorised proposal makers for projects within the first IPA component are: line ministries; special organizations; Government services; National Assembly; National Bank of Serbia and independent state institutions (State Audit Institution, Ombudsman etc.). All authorised project proposal makers are also potential obligors of co-financing for the approved project which they have submitted and to which they are the beneficiaries. In order to estimate capacities and to fulfil the duties regarding the national co-financing for the project expected to be financed through IPA, already in the preparation phase of such a project, Sector for Planning, Programming, Monitoring and Reporting of EU Funds and Development Assistance of the European Integration Office, as NIPAC technical secretariat (hereinafter referred to as: Sector), in consultations with the proposal makers, is endeavouring to identify those activities within the project which are suitable for national co-financing by the proposal makers. Furthermore, as by national co-financing in line with the EU financial regulations and legislation connected to IPA, apart from budget funds, loans or donations of international institutions are also eligible, it is very important that in the project preparation phase reliable information are available on possibilities of using these other financial resources, in order to conform to the financial construction with IPA funds. In this regard, the crucial point is the communication and reliable planning between the Sector which coordinates the whole process of programming and project proposal makers, who should incorporate the information on compatible sources of co-financing into their project proposals. Further procedure for punctual determining of co-financing obligation is possible only after respective Financial Agreement with the final review of approved projects is signed.

It is necessary to open a particular budget fund for the purpose of keeping separate track of funds for national co-financing of EU programmes. The funds planned by line ministries on annual level would be transferred to that budget fund out of which necessary amounts for issuing payments would be drawn, upon the request of the National Authorising Officer. The Law on Budget System (Official Gazette of RS, No. 54/09, 73/2010, 101/10), Article 64, envisages opening budget funds, as special recording accounts within the Consolidated Treasury Account, with the special purpose, so to enable that individual expenditures of the Republic of Serbia can be recorded separately. Funds from the budget fund account that are not spent are being transferred to the following year. Such mechanism would allow for the timely planning of co-financing, as well as timely availability of necessary funds.



Apart from funds which originate from the national budget, and the mentioned loans or donations, funds originating from the budget of institutions of the Autonomous Province of Vojvodina and of local self-government units are also eligible as national co-financing, if these institutions are determined as the beneficiaries in the projects approved for financing from IPA. The same goes for financial contributions of the civil society organizations, which are in IPA context most often present as participants and beneficiaries of grant schemes. From the point of view of securing this kind of national co-financing it is important to note that obligors of co-financing (individually whenever possible, or generic in other cases) as well as the respective amounts of the contributions are being determined in the reviews of co-financed projects which are being adopted by the Government of Serbia in the form of Conclusions.. Also, these data are featured in the annual Law on Budget. With answers to questions C6, D8 and D10 it has been pointed in more details on the perspective of co-financing for multi-annual programmes.

No system of securing co-financing at regional or local level is still envisaged.

In the case of IPA Component II (cross-border cooperation), national co-financing at the central level is secured only for the priority of technical assistance, while on the regional and local level co-financing for the projects in the amount of at least 15% of the total value of each individual project is secured through budgets of the institutions in charge of project implementation. Legal bases for national co-financing within the scope of IPA component II are: three-year financial agreements for programmes of cross-border cooperation with Hungary, Romania, Bulgaria and Adriatic Programme, as well as one-year financial agreements for programmes of cross-border cooperation with Croatia, Bosnia and Herzegovina and Montenegro and the Programme on Transnational Cooperation for the Area of Eastern Europe in Transition on the Path of Integration (South-East Europe).

**10. Are financial resources for future co-financing of EU programs and projects available (based on realistic economic forecasts)? If, yes, please specify.**

For introductory notes and clarifications please see answers to the questions C6 and D9.

A detailed instruction for providing funds for co-financing of the projects that are financed from EU funds is being prepared on the basis of signed Financial Agreements, (that specify the projects for which it is necessary to provide national co-financing and amounts of these funds), complemented by the Conclusions of the Government of the Republic of Serbia, which also define competent institutions which are to secure co-financing for an individual project, pursuant to the provisions of the Financial Agreements.

At present we have at our disposal funds for co-financing of IPA components I and II – National Programmes IPA 2008, 2009 and 2010. These data have been presented in detail and confirmed by the Law on Budget of the Republic of Serbia for 2010 and the Law on Budget for 2011, Article 4 in the Special part of these laws, and associated Explanations that constitute integral parts of these laws.

Within the first IPA component for the Republic of Serbia, projects that have been formulated during the process of programming IPA 2008, IPA 2009 and IPA 2010, are classified according to priorities in three main areas:

- political requirements (public administration reform including local self-government, reform of judiciary and interior affairs, solving the issue of refugees and internally displaced persons etc.);
- socio-economic development (reform of education, infrastructure development, encouraging employment etc.);
- reaching European standards (compliance with EU acquis, preparation and execution of strategic documents etc.)

Within each of the listed areas of support it was necessary to provide co-financing in the amount of 10% of the total value of the budget of projects that relate to technical assistance, and in the amount of 25% of the total value of the budget of projects which relate to investments (infrastructural works and purchase of equipment).<sup>4</sup> According to the budgets of the projects approved for financing from IPA funds for 2008, 2009 and 2010, and taking into account stated mandatory criteria, a list of projects that are possible and necessary to be co-financed has been established.

In regard to that, Article 4 of the Law on Budget for 2010 establishes an obligation of providing budget funds for co-financing in the amount of 10,283,006.4 EUR, i.e. 976,885,605 dinars for National Programme IPA 2008, while by Article 4 of the Law on Budget for 2011 established obligation for providing budget funds for co-financing is 16,753,784 EUR, i.e. 1,842,916,240 dinars, which is needed for continuation of co-financing of National Programme for IPA 2008, and for Programmes IPA 2009 and 2010.

For the IPA component II (cross-border cooperation) co-financing of technical assistance priority is determined based on IPA allocation awarded to Serbia. Percent of mandatory co-financing is 15% of the annual allocation of IPA for each budget year. Also, EU rules for implementation of programmes with the EU Member States (European Commission Regulation No. 718/2007 from 12 June 2007 on executing Council Regulation No. 1085/2006 which establishes an Instrument for pre-accession assistance (IPA), Section 2, Articles from 101-138), requires that the state from its budget also pre-finances activities of technical assistance, while after the realisation of expenditures, invoices are being certified and sent to European Commission which verifies them and refunds the spent funds. Although it is not feasible to envisage the dynamics of repayment, even those funds for pre-financing are reserved within the scope of the national budget.

In this regard, Article 4 of the Law on the Budget for 2010 establishes an obligation of providing budget funds for co-financing and pre-financing in the amount of 773,435.3 EUR i.e. 73,476,353 dinars, while by Article 4 of the Law on the Budget for 2011 established obligation for providing budget funds for co-financing is 445,182.36 EUR i.e. 48,970,060 dinars.

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<sup>4</sup> In line with the Regulation of European Commission on IPA implementation – Council Regulation (EK) No. 718/2007; In line with Amendments and Corrigenda of this Regulation – Council Regulation (EK) No. 80/2010 from 28 January 2010; percents are somewhat changed, so it has been established that in the framework of each of these areas of support it is necessary to provide co-financing of at least 10% of the total budget value which refers to technical assistance, **15%** of the total budget value which refers to investments (infrastructure works and purchase of equipment), 10% of total budget value of the projects that relate to grant schemes regardless of whether these activities refer to institutional construction or investments, unless it was defined in a different way in the relevant annual Financial Agreement. These rules shall be applied starting from National Programme for IPA 2011.

**11. Which are the regional and local, economic and social or other partners from whom national co-financing is expected? How will this national co-financing be secured?**

Pursuant to provisions of the Law on Ratification of Framework agreement between the Government of the Republic of Serbia and the Commission of the European Communities on the Rules for co-operation concerning EC - financial assistance to the Republic of Serbia in the Framework of the implementation of the assistance under the Instrument for pre-accession assistance (IPA) (Official Gazette of RS, no. 124/2007, dated 26 December 2007) and the corresponding financial agreements, all project applicants shall secure the corresponding co-financing.

Also see the answer to the question 9.

**12. How are sub-national authorities (including regional authorities and municipalities) financed? Do they have their own funding through local taxes or from other sources? Do they have some autonomy for borrowing funds (are there any limits)? What share of their budget comes from own fiscal resources/transfer from state budgets?**

In Article 25 the Law on Budget System sets out public revenues and proceeds that belong to the budget of local self-government unit (municipality and city) for the financing of their jurisdictions established by the Constitution and law.

By the special law, the Law on Financing Local Self-Government (Official Gazette of RS, no. 62/06), securing the funds for the local self-government units for execution of their original and conferred activities has been regulated to the details. Namely, according to Article 5 of the Law on Financing Local Self-government, budget funds for local self-government units are provided from original and conferred revenues, transfers and proceeds based on borrowing and other revenues and proceeds established by the law.

A) By the Law on Financing Local Self-government methodology and criteria for establishing total level of non-dedicated transfers and their distribution onto individual local self-government units has been precisely established. Total amount of non-dedicated transfers is 1.7% out of realised gross domestic product, according to the last published data from the republic body competent of statistics (Article 37 (1) of the Law). According to the Article 47 of the Law, overview of non-dedicated transfers for each municipality and town is prepared by the Ministry of Finance (Budget Sector) in cooperation with the Commission of Financing Local Self-government and it represents an integral part of revised memorandum.

In Article 37 (2) of the Law on Financing Local-Self-government it has been stipulated that calculation of non-dedicated transfer is performed based on assessment of revenue of the municipalities' and towns' budgets, according to the following methodology:

- calculation basis for determining revenue level in the year for which the assessment is being made consists of realised budget revenues for the last year for which data are available;
- by the Law on Financing Local Self-government it is regulated that equal methodology is used for all local self-government units, by applying the parameters established by Memorandum of the Government of the Republic of Serbia (nominal GDP growth, inflation...) to the calculation basis determined in a described way. Exceptions from the described methodology have not been determined by the Law.

Within non-dedicated transfer, several kinds of transfers are defined by the Law, as well as methodology and criteria for establishing their levels and distribution onto individual local self-government units. These are:

1. Transfer for equalization – it belongs only to the municipalities in which the level of conferred taxes per capita is lower than 90% of the average with municipalities in Serbia.
2. Compensation transfer – is the part of non-dedicated transfer which fills in for the losses of revenue (conferred tax) caused by the tax regulation change.
3. Transition transfer – is given to those local self-government units which have experienced decreased revenue on the grounds of changed methodology of establishing transfers.
4. General transfer – is awarded to all local self-government units according to unique methodology and criteria established by the law, so that to each municipality, i.e. town, belongs the same amount of general transfer per capita, area unit, classes in primary and secondary education, per child covered by direct child care, per object in primary and secondary education and child care.

However, in 2009, 2010 and for 2011, in line with necessary decrease of public expenditures which was executed with the purpose of mitigating consequences of the world economic crisis and recession, non-dedicated transfer from the budget of the Republic of Serbia has been significantly reduced.

B) Original budget revenues of local self-government units:

- 1) property tax, apart from the tax on transfer of absolute rights and taxes on inheritance and gift;
- 2) local administration fees;
- 3) local utility fees;
- 4) residence fee;
- 5) charges for the use of building land;
- 6) charges for the land development;
- 7) charges for protection and improvement of environment;
- 8) revenues from concession fee for performing utility activities and revenues from other concession activities; which local self-government unit can conclude in line with the law;
- 9) the fines imposed in the misdemeanour proceedings for misdemeanours stipulated by an act of the assembly of local self-government unit, as well as seized material gain in the proceedings;
- 10) revenues from leasing, or giving in use some state owned immovable property which is used by local self-government unit and indirect users of its budget;
- 11) revenues from selling movables which are used by local self-government unit and indirect users of its budget;
- 12) revenues which bodies and organizations of local self-government unit realise through their own activities;
- 13) revenues from interests to the budget funds of the local self-government unit;
- 14) revenues based on donations to the local government unit;
- 15) revenues based on self-contribution;
- 16) other revenues established by the law.

C) Conferred revenues (taxes and charges)

- The following taxes belong to local self-government unit, realised on its territory:

- 1) income tax for the citizens, on revenues from:
  - (1) agriculture and forestry,
  - (2) self-employment;
  - (3) immovable property,
  - (4) leasing the movables,
  - (5) personal insurance,
  - (6) 40% of the income tax which is paid according to the employee's residence,
  - (7) other revenues in accordance with the law.
- 2) tax on inheritance and gift,
- 3) tax on transfer of absolute rights.

The Republic is conferring to a local self government unit revenues from charges realised in the territory of the local self-government unit, pursuant to the law, namely:

- 1) annual charge for motor vehicles, agricultural tractors and trailers (100%);
- 2) environmental pollution charge (60% belongs to LSGU);
- 3) charge for using mineral resources (50% belongs to LSGU);
- 4) charge on change of use of agricultural land (40% belongs to LSGU);
- 5) other charges in accordance with the law.

More on system of financing local self-government, including the structure of revenues and expenditures, i.e. local self-governments borrowing, please see in the answer to question 31 within the chapter Political Criteria.

### **13. Which mechanisms are foreseen to take account and attract private co-financing? Is there a legal framework for Public-Private Partnership (PPP) or concessions?**

As stated in the response 5c, a new legislation is needed, especially due to lack of projects and investments in the area of PPP. Existing Law on Concessions (Official Gazette of RS, no. 55/03) contains elements of PPP and foresees the development of local infrastructure, but the implementation of the law has shown that there have not been any successful concessions and legal PPP projects.

Apart from the aforementioned, the process of preparation and adoption of the Strategy of Public Utility Companies (PUCs) Transformation is envisaged in the coming period (the founders of the PUCs being local self-government units). The goal of Government of Republic of Serbia and other line institutions is to apply an optimal model for PUC transformation, in order to preserve public interest and simultaneously ensure their efficient functioning, in line with the standards of the EU countries.

In relation to the above and pursuant to the conclusion of the Government of Republic of Serbia from November 6<sup>th</sup>, 2008 which envisaged the analysis of the situation of local public utilities and drafting a strategy for their transformation, Ministry of Economy and Regional Development has formed the Working Group for PUCs, composed of representatives of Ministry of Economy and Regional Development, Cabinet of the Prime Minister, other line ministries, Privatization Agency and Standing Conference of Towns and Municipalities.

Until now, the first draft of the strategy has been composed. The participants in the drafting process were the representatives of the World Bank, "Municipal Infrastructure Support Programme – MISIP (IPA)", the European Bank for Reconstruction and Development

(EBRD), USAID's "MEGA" project and the German Development Bank (KfW). It is expected that this strategy is adopted during 2011.

It is foreseen that by the strategy which should enable efficient and effective work of those companies (around 600 PUCs) different models will be designated, such as PPP concept (Public-Private Partnership, i.e. concept that implies interaction between private and public sector), concessions, etc., in line with the positive experiences from the European practice.

#### **E. Specific legal provisions on financial control**

#### **14. What is the legal framework related to financial control and audit? Are all public bodies, at national or sub-national level, required to set up financial control and independent internal audit structures?**

Legal framework for establishing internal audit was set up by the Law on Budget System (Official Gazette of RS, no. 54/09, 73/10, 101/10) and the Rulebook on Common Criteria for Organizing, Standards and Methodological Instructions for Internal Audit in Public Sector (Official Journal of RS, no. 82/07).

Internal audit is established with direct beneficiaries of budget resources, organizations of obligatory social security and public companies founded by the Republic of Serbia, i.e. autonomous province, municipality, city and City of Belgrade, legal entities founded by those public companies, i.e. legal entities of which the Republic of Serbia, or local authorities have direct, or indirect control on more than 50% of capital or more than 50% of votes in management board, as well as on other legal entities in which public assets bear more than 50% of total income.

Internal audit does not have to be established with those direct beneficiaries of resources from the budget of the Republic of Serbia which do not have indirect users of the budget resources in their jurisdiction, and have less than 200 employees. Irrespective of that, pursuant to the Article 3 (3) of the Rulebook, internal audit is set up with: Ministry of Foreign Affairs; Ministry of Defence; Ministry of Interior; Ministry of Finance; Ministry of Justice; Ministry of State Administration and Local Self-government; Ministry of Agriculture, Forestry and Water Management; Ministry of Economy and Regional Development; Ministry of Infrastructure; Ministry of Trade and Services; Ministry of Labour and Social Policy; Ministry of Science; Ministry of Education; Ministry of Environment and Spatial Planning; Ministry of Youth and Sport; Ministry of Culture and Security Information Agency.

#### **15. Are there legal requirements with regard to separation of duties, in particular between payment and authorising functions?**

By the Law on Budget System, in Article 72 it is established that the functions of executive officer and accounting officer cannot overlap. Executive officer is an official, i.e. manager of budget funds users, a person responsible for funds management, who assumes obligations, issues orders for payments that are made from the funds of that authority and issues orders to make payments belonging to the budget.

Accounting officer is a person who is, based on general or individual act of the authority, responsible for legality, soundness and composition of documents on business change and other business developments that are related to usage of funds of the authority, i.e. budget

appropriations, as well as for the legality and soundness of composition of documents on business change and other business developments connected to the funds usage and other assets.

Also, by the Regulation on Budget Accounting (Official Gazette of RS, no. 125/03 and 12/06) in Article 16 (10) it has been established that functions of persons responsible for legality, soundness and composition of an accounting document cannot overlap.

## **F. Territorial organisation**

### **16. Please explain briefly the relevant territorial organisation of your country. Are there ministerial/inter-ministerial deconcentrated structures?**

The area of territorial units and other issues important for territorial organization of Republic of Serbia are determined by the Law on Territorial Organization of Republic of Serbia (Official Gazette of RS, no. 129/07). That law stipulates that territorial organization of Republic of Serbia is constituted by municipalities, towns and the City of Belgrade as territorial units and autonomous provinces as a form of territorial autonomy.

Pursuant to this law, the territory of Republic of Serbia covers 150 municipalities, 23 towns and the City of Belgrade as a special territorial unit, or 174 units of local self-government in total.

Deconcentration of ministerial/inter-ministerial structures was carried out by Regulation on Administrative Districts (Official Gazette of RS, no. 15/06) which has established administrative districts and specified their names, as well as their areas and headquarters. Also, that regulation lays down conditions for the ministries, special organizations and administrative authorities within the ministries to form dislocated units for the territory of two or more administrative districts, one or more municipalities, i.e. for a city or an autonomous province. Deconcentration of public administration tasks was conducted by allowing a body of public administration to: deliberate in first instance administrative matters, deliberate on appeal when in the first instance the holders of public powers deliberated, to supervise the work of holders of public powers and perform inspectorial supervision.

The administrative district has its Head of administrative district who:

- 1) coordinates work of district dislocated units of state administration bodies;
- 2) supervises the implementation of directives and instructions issued to the district dislocated units of state administration bodies;
- 3) monitors the execution of working plans of district dislocated units of state administration bodies and ensures their working conditions;
- 4) supervises the work of employees in district dislocated units of state administration bodies and proposes the initiation of disciplinary procedures against them to the Head of administrative body;
- 5) cooperates with dislocated units of state administration bodies which perform state administration tasks for administrative district and are formed for the area larger or smaller than the area of administrative district;
- 6) cooperates with municipalities and towns in order to improve work of district dislocated units of state administration bodies and administrative units which perform administrative tasks for the area of administrative district and are formed for the area larger or smaller than the area of the administrative district;

A Head of the administrative district shall be accountable for his or her work to the Minister of Public Administration and Local Self-government and to the Government.

**17. What is the relevant territorial organisation/breakdown of your country and what are your plans in relation to introducing a provisional NUTS classification?**

In 2007 the Republic of Serbia passed the Law on Territorial Organisation of the Republic of Serbia (Official Gazette of RS, no. 129/07) which specifies the territory of territorial units and governs other issues relevant for the territorial organisation of Republic of Serbia which comprises municipalities, towns and the city of Belgrade as territorial units and autonomous provinces as a form of territorial autonomy.

The adoption of the Law on Regional Development created the basis for statistical regionalization. Article 4 of this Law more closely defines regions as statistically functional territorial entities that are set up for the needs of planning and implementing the policy of regional development in conformity with the nomenclature of statistical territorial units at level 2. Regions are not becoming administrative territorial units and not receiving legal subjectivity.

Regulation on Nomenclature of Statistical Territorial Units (Official Gazette of RS, No. 109/09 and 46/10) has more precisely defined territories under NUTS 2 regions. Besides NUTS level 2, Regulation on Nomenclature of Statistical Territorial Units lays down another two levels of statistically functional NUTS 1 and NUTS 3 territorial units.

Currently, there are 2 NUTS 1, 5 NUTS 2 and 30 NUTS 3 territorial units in Serbia.

**18. Do you intend to create a NUTS 1 level statistical division of your territory in accordance with Regulation (EC) No 1059/2003<sup>5</sup>?**

Regulation on Nomenclature of Statistical Territorial Units (Official Gazette of RS", no. 109/09 and 46/10) has defined, and established, NUTS 1 regions: Serbia - North (consisting of the Region of Vojvodina region and Belgrade Region) and Serbia – South (which comprises the Region of Šumadija and West Serbia, the Region of South and East Serbia and the Region of Kosovo and Metohija).

**19. What type of and how many regions are there in the existing regional breakdown which correspond to the future NUTS level 2? Are they political or administrative or other (define) regions?**

The Law on Regional Development and Regulation on Nomenclature of Statistical Territorial Units have defined 5 statistical territorial units which correspond to NUTS level 2. Those are:

- 1) Region of Vojvodina
- 2) Belgrade Region
- 3) Šumadija and West Serbia Region
- 4) South and East Serbia Region
- 5) Kosovo and Metohija Region

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<sup>5</sup> Regulation (EC) No 1059/2003 of the European Parliament and the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) [*OJ L 154, 21.6.2003, p. 1.*]



They are defined in the Law on Regional Development as statistical functional territorial units, consisting of one or more districts, that are set up for the needs of planning and implementing regional development policy in conformity with the nomenclature of statistical territorial units at level 2; they are not becoming administrative territorial units and do not receive legal subjectivity.

However, it should be mentioned that the territory of Vojvodina and Kosovo and Metohija regions overlaps with the territory of autonomous provinces that are political-administrative units. In addition, the Belgrade Region territorially overlaps the territory of the Capital City, thus the status of the City of Belgrade is more precisely defined by the Law on Capital City (Official Gazette of RS, no. 129/07).

**20. What type of and how many regions are there in the existing regional breakdown which correspond to the future NUTS level 3? Are they political or administrative or other (define) regions?**

Regulation on Nomenclature of Statistical Territorial Units (Official Gazette of RS", no. 109/09 and 46/10) has defined 30 statistical territorial units which correspond to NUTS level 3. The territory in question is the district of Belgrade and the districts which overlap with the territory of 29 administrative districts.

The Belgrade district is at the same time the territory of the City of Belgrade the role of which is specified by the Law on the Capital City, whereas Administrative districts are further defined by the State Administration Act and the Regulation on Administrative Districts (Official Gazette of RS, no. 15/06).

**21. If relevant, do any entities for regional development exist at the regional level at present (in particular at NUTS 2 level)? If yes, what is their legal status, how they are financed, what competences and role do they have?**

Pursuant to the Law on Regional Development, the subjects of regional development on sub-national level are the following:

- 1) the Autonomous Province of Vojvodina;
- 2) the Capital;
- 3) local government units;
- 4) regional development councils;
- 5) regional development agencies.

The Autonomous Province of Vojvodina has legal personality and adopts through its bodies the Regional Development Strategy for the territory of the Autonomous Province of Vojvodina (the Region of Vojvodina), in accordance with the National Plan for Regional Development (hereinafter referred to as: the National Plan) and performs other activities in the sphere of regional development in compliance with the Law on Regional Development. The Autonomous Province of Vojvodina is financed through its own-source revenues, the rate of which is autonomously established by the Assembly of AP Vojvodina, and through an additional transfer from the State budget. AP Vojvodina generates its revenues from the collection of taxes, levies and other charges; revenues from the property over which it holds a legal title; by participating in the revenues of public undertakings and institutions; from public

loans; commercial loans and credits; transfer of budgetary means; receipt of donations and other free-of-charge appropriations; from other sources.

The City of Belgrade, as the capital of the Republic of Serbia, has legal personality and adopts through its bodies the Regional Development Strategy for the Territory of the City of Belgrade (the Belgrade Region), in accordance with the National Plan and performs other activities in the sphere of regional development. The City of Belgrade is financed through own-source and allocated revenues, transfers, borrowings and other revenues and earnings.

To ensure and promote regional development, the Government is to set up regional development councils for each region. Members of the regional development councils are the representatives of local government units constituting the region, representatives of municipalities, representatives of public and civil sectors and the representatives of other institutions and organizations from the territory of these local self government units, and a representative of the Government. A member of the regional development council for the Vojvodina Region is also the representative of the Autonomous Province of Vojvodina, while a representative of the regional council for the Belgrade Region is also the representative of the City of Belgrade.

The Law on Regional Development does not provide for financing the work of regional development councils.

The regional development council performs the following activities:

- 1) publicly promote regional development objectives and their implementation on the territory of the region;
- 2) give comments on Regional Strategy which is adopted for the region for which the Regional Development Council is established;
- 3) give comments on the programme for funding the development of the region for which it is established, this programme being financed from the budget of the Republic of Serbia;
- 4) give comments and proposals for other development planning documents at regional level;
- 5) establish working groups at regional level for issues of importance for considered to be significant for the region;
- 6) adopt the Rulebook on its work;
- 7) submit annual reports on its work to the Government and the National Council;
- 8) perform other activities in accordance with this Act.

An accredited regional development agency is a company or association established for the purposes of performing activities and promoting regional development.

Funds for financing the operations and implementation of development projects and performing the activities of Regional Development Agency shall be generated through:

- 1) revenues collected by performing assigned tasks;
- 2) budget of local government units which are the founders of the Regional Development Agency;
- 3) donations, sponsorships and development aid received from domestic and foreign legal and natural entities;
- 4) other sources, in accordance with law.

Regional Development Agency shall be responsible for performing the following tasks:

- 1) participate in preparation and implementation of development planning documents and monitor their implementation at the level of regions and local government units.
- 2) cooperate with autonomous provinces and local government units in preparation and implementation of local development plans;
- 3) represent the interest of the region in relations with the National Agency and Regional Agency and, within its competence, participate in the implementation of the adopted development documents;
- 4) prepare and implement the programmes of professional training for the purposes of development of economic societies and entrepreneurship, infrastructure, and institutions and organisations, as well as for capacity building of local government units;
- 5) monitor and implement the measures and entrusted development projects;
- 6) perform the activities of international, cross-border and inter-municipal cooperation from its area of competence;
- 7) manage the information system important for the region and the district;
- 8) perform other activities in accordance with the founding Act.

**22. At which future NUTS level are representatives elected?**

- a) Do they play a role in the structures in place for local/regional development?**
- b) In what form?**

The Constitution of Republic of Serbia (Official Gazette of RS, no. 98/06) in Article 97 defines competences of Republic of Serbia, and in the part which relates to territorial organization (Article 176) it guarantees the right to the provincial autonomy and local self-government, which citizens can realise directly or through their freely elected representatives. Delimitation of competencies was conducted in Article 177 of the Constitution, which foresees that local self-government units are competent in those matters which may be realised, in an effective way, within a local self-government unit, and autonomous provinces in those matters which may be realised, in an effective way, within an autonomous province, which is not the competence of Republic of Serbia. What matters are of republic, provincial or local interest shall be specified by the Law.

Therefore, representatives are elected at the national (republic) level, at the level of autonomous provinces and the level of local self-government units.

With present regulations which regulate this matter, NUTS categorization of territorial units according to the listed levels of authorities has not been made.

In Republic of Serbia elected representatives exist only at the level of 3 statistic NUTS 2 regions. Region of Vojvodina and the region of City of Belgrade existed as a traditional whole even before statistic regionalization, and at their levels there are directly elected authorities. Region of Kosovo and Metohija is also traditional administrative unit, but due to peculiarities of the problems existing there (UN Security Council Resolution 1244) it is not explicitly mentioned in the Law as a subject of regional development. Two statistic regions at the territory of Central Serbia (Šumadija and West Serbia region and South and East Serbia region) did not exist before reaching the Law on Regional Development. These two regions serve only in statistic purposes and management of regional development policies. At their levels there are no regional authorities, i.e. authorities which citizens elect directly at the elections.

**23. Do sub-national level governments/municipal governments have a role in:**

- a) Preparing local development strategies and programmes;**
- b) Implementing development strategies and programmes;**

Law on Local Self-government (Official Gazette of RS, no. 129/07) in Article 20 specifies the responsibilities of the municipalities where it is stated, among other things, that the municipality, through its bodies, in compliance with the Constitution and the law: lays down development programmes, adopts programmes of local economic development and conducts such projects; it shall ensure improvement of the general framework for economy in the local self-government unit, protect the environment; it adopts programmes of using and protecting natural resources and environment protection programmes, i.e. local action and restoring plans, in line with strategic documents and own interests and peculiarities and also sets out a special remuneration for protection and improvement of the environment and performs all other tasks which are of immediate interest for the citizens, in line with the Constitution, the law and the statutes. Article 24 of the same Law envisages that the town performs municipality's responsibilities, as well as other jurisdictions and tasks of public administration which are confided to it by the law.

Also, the Statute of Autonomous Province of Vojvodina (Official Journal of APV, no. 17/209), in Article 29 foresees that AP Vojvodina is, among other things, competent to lay down planning documents in the following fields:

**1. Spatial planning**

- adopts regional spatial plan, spatial plan for special purposes and spatial plan for infrastructure networks and networks of the areas or objects with special functions for the regions within the territory of AP Vojvodina and lays down urban, spatial and development planning within the measures of economic policies of Republic of Serbia.

**2. Regional development**

- lays down strategic and other documents in relation to regional development, and in line with the Strategy of regional development of Republic of Serbia;

**3. Agriculture, rural development, water management, forestry, hunting and fishing**

- lays down, conducts and oversees measures of rural policies and measures of rural development in line with the strategy of agriculture development and rural development of Republic of Serbia;

**4. Environment protection**

- delivers the plan and programme of natural resource management and assets in line with strategic documents;
- lays down the programme on environment protection in line with the national programme;

**5. Industry and crafts**

- delivers the plan and programme of balanced economic development of AP Vojvodina, in line with the development plan of Republic of Serbia.

- c) Initiating and selecting projects in the context of government or donor-funded programmes;**

Local self-government units (hereinafter referred to as: LSGU) have the possibility to initiate projects for which realisation funds, partially or in full (as loans or grants), can be provided either from the budget of the Republic of Serbia or from the donations of the European Union and other bilateral donor organizations. LSGU are independent in prioritising and selecting the projects which are going to be realised, in which case it is necessary that process of preparation and implementation of selected projects is being completely harmonized with the procedures that are being applied by the entities which provide funds for project realisation. The grounds for project selection that LSGUs want to initiate are strategic documents of LSGUs, as well as relevant national strategic documents.

Funds from the budget of the Republic of Serbia for financing projects of LSGUs are available through various national funds, among which the biggest one by extent of available funds in the previous period was the Fund of National Investment Plan. According to the kind and purpose of their projects, pursuant to established procedures, for securing necessary funds needed for realisation of the projects LSGUs address the state institution responsible for managing appropriate fund (inter alia, development fund, environment protection fund, fund from the part of budget earmarked earnings collected by organizing games of chance which are used for financing of local self-government etc).

In the case of funds from donations of EU or bilateral donor organizations that are available for LSGUs through so-called schemes of non-returnable assistance (grant-schemes) that are being managed through larger programs or projects, LSGUs prepare, propose and implement projects in line with the procedures for managing grant schemes that are jointly established by charged national institution and donor organization. In previous period several grant schemes have been realised, within which a large number of LSGUs has gotten support for realisation of their projects. These schemes are realised, inter alia, through a sequence of projects that have been an integral part of multi-annual Municipalities Support Programme, which is realised from the donation of the European Union through the CARDS and IPA programs, as well as through cross-border cooperation programmes.

Local self-government units participate in process of identifying priority needs in various areas concerning development of local self-government through participation in researches, analyses and consultations organized for the purposes of preparation of relevant strategic and other documents at national level.

#### **d) Management and/or monitoring of programmes/projects;**

Local self-government units (LSGU) directly or indirectly have the possibility to participate in managing and monitoring of implementation of projects for which realisation funds, partially or in full (as loans or grants) can be provided from the budget of the Republic of Serbia or from the donations of the European Union and other bilateral donor organizations.

In cases of their own projects, LSGUs most often entirely independently manage their implementation, in line with the appropriate procedures (national or procedures of donor organizations, i.e. organizations that mediate in donation) and with respect to relevant laws and other regulations. Indirectly, LSGUs participate in managing projects at national level through participation in management or operational structures for projects implementation. Above all, this refers to participation of some LSGUs in the work of steering committees of projects which deal with issues of local development, as well as in the work of different

professional task-groups organized within the projects for the purpose of implementation of specific project activities.

Also, LSGUs are, as final beneficiaries of support within the projects that deal with issues related to local development, included in evaluation of those projects' results.

**e) Implementing national employment policies and adapting them to local needs;**

The Law on Employment and Unemployment Insurance (Official Gazette of RS, no. 36/09 and 88/10) enables drafting local action plans of employment, as well as co-financing programmes and measures envisaged by the local action plans of employment with the funds from the budget of the Republic of Serbia. That facilitates decentralisation of the employment policy and decision-making related to employment and interventions at the local labour market, at the level which is as nearest as possible to the citizens. A part of the answer to this question is contained in the answer to question no. 29.

**f) Implementing social inclusion policies and adapting them to local needs?**

In the area of social protection local self-governments are also included in the policies of poverty reduction and social inclusion by organizing services primarily for socially marginalized groups (poor families with children, children and youth with behaviour disorders, persons with disabilities, old persons, refugees and internally displaced...). Furthermore, local self-governments, in line with the budget possibilities and various financial fees, support the groups at-risk-of-social-exclusion (subsidies for utility bills, one-off financial support, reimbursed prices of the kindergarten attendance, free meals etc.).

Local self-government is an important player in the implementation of social policies at the local level. According to the law, LSGs are responsible for providing social welfare (social benefits and social services) to their citizens, in line with identified local needs. The social benefits provided by the LSGs from their own resources, which are in cash or in kind <sup>6</sup>, supplement the financial assistance provided by the State at the national level. According to the existing regulations, LSGs also finance and manage community-based social services<sup>7</sup>, and if needed, they can provide additional services beyond those prescribed by law and issue subsidies for communal services to materially deprived households.

The majority of LSGs have also established local Social Policy Councils<sup>8</sup> to make recommendations regarding the design, implementation and monitoring of social strategies at the local level. Local Social Policy Councils are composed of representatives from LSGs and from all relevant organisations and institutions in the field of education, health, employment, police, NGOs, media, local companies and service users.

The Ministry of labour and Social Policy, with significant support from international donors has been supporting LSGs to fulfil better their responsibilities regarding community-based services. As a result, over 120 LSGs have developed strategies and plans to address the needs of local vulnerable groups.

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<sup>6</sup> Such as one-off payments, clothing and incidentals for beneficiaries placed in residential institutions or other family, as well as pre-school attendance cost for children from material deprived families

<sup>7</sup> According to the current law, these are homecare, day care, shelters and safe houses services

<sup>8</sup> Social Policy Councils are established as assembly bodies or as consultative bodies of municipal president

Over the past few years, the MLSP has also been supporting the development of a market of social service providers from the non-governmental and private sectors through its Social Innovation Fund (SIF). Along with grants, SIF has provided technical assistance, training and support for the implementation, monitoring and evaluation of local social services.

Social inclusion at the local level continues to be supported through the IPA funds, with several projects with grant scheme for the LSGs, e.g. IPA 2008 – Fostering social inclusion by strengthening institutions that provide community-based social protection services for children and IPA 2009 - Supporting access to rights, employment and livelihood enhancement of refugees and IDPs in Serbia.

#### **24. What are the competences conferred upon sub-national authorities (transport, environment, education and training, economic development)?**

Legal framework for conferring competences was established by the Constitution of the Republic of Serbia (Official Gazette of RS, no. 98/06) and extended by the State Administration Act (Official Gazette of RS, no. 79/05, 101/07 and 95/10).

**The Constitution of the Republic of Serbia** (Official Gazette of RS, no. 98/06) in Article 178 envisages that the Republic of Serbia may, in accordance with the law, delegate particular matters within its competence to autonomous provinces and local self-government units, and that, according to its decision, an autonomous province may delegate particular matters within its competence to local self-government units. Resources for execution the delegated competencies are provided for by the Republic of Serbia or an autonomous province, depending on who the competences were delegated by. Rights and duties of autonomous provinces and local self-government units and powers of the Republic of Serbia and autonomous provinces in the process of monitoring the execution of conferred competencies are regulated by the law.

By provision of Article 4 of **The State Administration Act** (Official Gazette of RS, no. 79/05, 101/07 and 95/10) it is stipulated that certain tasks of public administration can be conferred by law to autonomous provinces, municipalities, towns and the City of Belgrade, public companies, institutions, public agencies and other organizations (holders of public powers). While executing conferred public administration tasks, the holders of public powers have the same rights and obligations as public administration bodies (Article 51 (1)), and the Government and public administration bodies remain accountable for execution of conferred tasks after the conferral of public administration tasks (Article 51 (2)). Resources for execution of conferred public administration tasks are secured from the budget of the Republic of Serbia (Article 52). When holders of public powers are conferred with passing of legislation, this legislation must correspond by nature and by title to legislation passed by the public administration authorities (Article 53 (1)) and they are obliged to publish legislation whose passing was conferred to them in the Official Gazette of the Republic of Serbia (Article 53 (2)). Public administration tasks connected to shaping of Government policy cannot be conferred to anyone (Article 54 (1)), and the tasks of inspectorial supervision may be conferred only to authorities of an autonomous province, municipalities, city and the City of Belgrade (Article 54 (2)). On basis of Article 35 of The Law on State Administration (Official Gazette of RS, no. 20/92) and in line with Article 93 of the same law (Official Gazette of RS, no. 79/05, 101/07 and 95/10) tasks of administrative inspection for the City of Belgrade, as conferred ones, are performed by the body of the city administration.

In the case of the Autonomous Province of Vojvodina, tasks which it performs as conferred, through its bodies and in line with the law, are laid down by the **Law on Establishing Competences of the AP Vojvodina** (Official Gazette of RS, no. 99/09) and these are certain tasks from the area of spatial and urban planning and construction of buildings, housing, use of agricultural land, cattle breeding and veterinary medicine, water and water management, forestry, hunting and fishery, tourism, protection and improvement of environment, public roads, road, river and railway transport, preschool and primary education and upbringing, as well as secondary and higher education, pupils' and students' standard, sports, protection of cultural properties, cinematography and film art, endowments, funds and foundations, library activities, publishing publications, sanitary inspection, social protection, legal protection of family and guardianship, social childcare, protection of war veterans' and persons with disabilities, protection of civil war invalids, providing of public information, energy, mining and geological exploration, local self-government, official use of language and script, bar examination and state examination of professional competence, permanent court interpreters, expropriation and protection of intellectual property rights.

The same law envisages that supervision of the work of provincial public administration bodies while executing conferred tasks established by the law is done by the public administration bodies whose scope conferred tasks belong, while in the case when AP Vojvodina confers tasks from its competence to local self-government units supervision over performance of conferred tasks is done by administrative bodies of AP Vojvodina pursuant to implementation of provisions of The Law on State Administration on supervising body powers.

As for local self-government units, by **The Law on Local Self-government** (Official Gazette of RS, no. 129/07) it is stipulated that certain tasks of public administration can be conferred by law to all or some municipalities, in the interest of more efficient and more rational realisation of citizens' rights and obligations and satisfaction of their needs of direct interest for their life and work. In Article 22 of the same law it is stated that some tasks of inspectoral supervision as delegated are performed by municipality. Pursuant to Article 24 of the law, this refers also to city as a unit of local self-government. These are tasks of inspectoral supervision from the areas of education, health care, environment protection, mining, circulation of goods and services, agriculture, water management and forestry and other inspectoral tasks in line with the law.

## **Transport**

By **The Law on Establishing Competences of the Autonomous Province of Vojvodina** (Official Gazette of RS, no. 99/09) in Article 31 (1) it is stipulated that AP Vojvodina, through its bodies, in the field of public roads, road, river and railway transport in accordance with the law shall perform inspectoral supervision in the territory of AP Vojvodina, and in paragraph 2 that the tasks from paragraph 1 shall be performed as delegated tasks.

With **The Law on Navigation and Ports on Inland Waters** (Official Gazette of RS, no. 73/10) published on 12 October 2010, Article 7 (2) it is stipulated that inspection tasks on state waterways in the territory of an autonomous province are performed by the shipping safety inspectors of autonomous province, as conferred tasks. In this regard please note that state waterway is a waterway on which state regime of shipping is valid, where shipping under the flag of the Republic of Serbia is allowed without special authorisation.



Paragraph 4 of the same Article stipulates that tasks of technical maintenance of state waterways that are in the autonomous province territory are in competence of authorised legal entity for technical maintenance of state waterways in the territory of an autonomous province.

Paragraph 10 of the same Article stipulates that plans related to development of the state waterways that are in the autonomous province territory are established by a competent body of an autonomous province with the consent of Ministry of Infrastructure.

Article 22 (5) of the same law stipulates that competent body of autonomous province determines winter harbours on state waterways in the territory of an autonomous province open for winter anchorages of domestic vessels, and Article 24 (6) stipulates that a competent body of an autonomous province defines anchorages on state waterways in the territory of an autonomous province.

In Article 44 b (1) of the **Law on Road Transport** (Official Gazette of RS, no. 46/95, 66/2001, 61/05, 91/05 and 62/06) it is conferred to municipal, i.e. city administration to carry out tasks of inspectoral supervision over application of this law and regulations laid down on the basis of this law in local traffic, namely: out-of-line transportation of passengers, in-line and out-of-line transportation of goods, transportation of persons and things for personal needs and taxi transportation.

## **Environmental Protection**

In the field of environmental protection local self-government executes following delegated tasks:

In the area of waste management, pursuant to Article 60 of the **Law on Waste Management** (Official Gazette of RS, no. 36/09 and 88/10), competences of local self-government in the area of issuing permits for waste management are following ones:

- it is conferred to an autonomous province to issue permits for collecting, transport, housing, treatment and disposal of waste for all activities in the territory of autonomous province and for all plants for which construction permit was issued by competent body of an autonomous province;
- to city, the City of Belgrade and municipality it is conferred to issue permits for collection and transport, housing, treatment and disposal of internal and safe waste in their territories.

Based on Article 84 of The Law on Waste Management (Official Gazette of RS, no. 36/09 and 88/10):

- it is conferred to an autonomous province to execute inspectoral supervision over waste management tasks that are completely performed in the territory of an autonomous province and over activities of plants for waste management for which permit is issued by the competent body of an autonomous province on the basis of this law;
- to city, the City of Belgrade and municipality it is conferred to execute inspectoral supervision over tasks of collection, transport, housing, treatment and disposal of inert and non-hazardous waste for which permit is issued by the competent body on the grounds of this law.

**The Law on Integrated Prevention and Control of the Environment Pollution** (Official Gazette of RS, no. 104/08) by Article 25 confers to local self-government unit inspectorial supervision tasks on plants and activities for which an integrated permit was issued by the competent body of local self-government.

Based on **The Law on Strategic Environmental Impact Assessment** (Official Gazette of RS, No. 98/2008 and 88/10) to local self-government units and autonomous provinces it is conferred to perform tasks of the enforcement proceedings of strategic assessments of environmental impacts, plans and programmes laid down by local self-government unit, namely:

- preparation of plan and programme for conducted strategic assessment;
- composition of strategic assessment in line with other strategic evaluations and assessments of project impacts to the environment;
- giving opinion on decisions on the need for composing strategic assessment of impact and plan and programme on the environment;
- conducting proceedings of strategic assessment with participation of interested bodies and organizations or with participation of public;
- assessment of the report on strategic evaluation with application of prescribed criteria;
- giving consent to the report on strategic evaluation of impacts to the environment.

With regard to **protection against noise**, the Autonomous Province:

- 1) establishes measures and conditions on protection against noise, i.e. sound protection in plans, programmes and projects, including those to which it gives consent in procedure of strategic assessment of impacts, evaluation of project influence to the environment, i.e. in the procedure of issuing integrated permit for work of plants and activities;
- 2) it enables composition of strategic noise maps from the competence of an autonomous province;
- 3) lays down an action plan on protection against environmental noise in its territory;
- 4) provides financing of noise monitoring within the environment in its territory;
- 5) performs supervision and control of implementation of measures for protection against environmental noise.

The Autonomous Province with its act determines bodies competent for performing the tasks from paragraph 1 of this Article.

Tasks from paragraph 1 ((1), (2), (4) and (5)) of this Article are executed as conferred tasks. (Article 7 of **the Law on Environmental Noise Protection** (Official Gazette of RS, no. 36/09).

Local self-government unit in the area of protection against noise:

- 1) establishes measures and conditions on protection against noise, i.e. sound protection in plans, programmes and projects, including those to which it gives consent in procedure of strategic evaluation of impact, evaluation of project influence to the environment, i.e. in procedure of issuing integrated work permit for plants and activities;
- 2) performs noise zoning in its territory, specifies measures of prohibition and limitations pursuant to this law;
- 3) provides composition of strategic noise maps within the competence of local self-government unit;
- 4) lays down an action plan on protection against noise in the environment and provides work conditions and ensures its execution;

5) provides financing of noise monitoring in the environment in local self-government unit territory;

6) performs supervision and control of implementation of measures for protection against environmental noise.

Local self-government unit with its act determines bodies and services competent for performing the tasks from paragraph 1 of this Article. Tasks from paragraph 1 ((1),(2),(3), (5) and (6)) of this Article are executed as conferred tasks (Article 8 of previously indicated law).

Article 133 of **The Law on Planning and Construction** stipulates that for all kinds of listed objects (there are 20), construction permit is issued by republic ministry, while it is conferred to Autonomous Province to issue construction permits for building objects which are entirely built within the territory of autonomous province. It is conferred to local self-government unit to issue construction permits for building objects that are not specified in Article 133 of this law, therefore inspectors of local self-government units are competent for inspection of these objects in the area of environment protection.

According to **the Law on Establishment of Competences of the Autonomous Province of Vojvodina** (Official Gazette of RS, no. 99/09) Article 28, AP Vojvodina, through its bodies, in the field of environment protection and improvement and in accordance with the law:

1) performs inspectoral supervision in the field of environmental protection and undertakes measures for environmental illegality in this field, apart from the inspectoral supervision:

- in case of an accident,
- in the field of ionising radiation,
- over cross-border flow of goods subject to the competence of the Republic Inspection for Environmental Protection and whether requirements have been met by the operator to obtain the permit for the cross-border flow of goods (radioactivity, waste, toxins, substances harmful for the Ozone layer, protected species of flora and fauna),
- over particular objects in the territory of AP Vojvodina, which shall be determined in a separate act;

2) gives consent to the study of environmental impact assessment, projects for which building permits are issued by the competent provincial body for matters related to urban planning;

3) gives consent to the report on strategic environmental impact assessment for the territory of AP Vojvodina;

4) issues integrated permits for those plants and activities for which the building permit and approval of the commencement of works, that is, of the execution of performance of activities, was issued by another provincial body;

5) gives previous consent in the process of establishing basis, plans and programmes of environmental protection and improvement of the protected natural goods, flora and fauna, forests and waters in the territory of AP Vojvodina;

(6) sets up the information system for protection and improvement of environment, as part of the unique information system of the Republic of Serbia;

7) decides on appeals against the decisions of municipal and town administration in the territory of AP Vojvodina;

8) performs inspection of use and protection of natural goods and resources.

The tasks from paragraph 1 of this Article are executed as delegated tasks.

On grounds of the Article 109 of The Law on Environment Protection, which represents general normative frame of internal and external system of environment protection, to local self-government units, inter alia, is conferred the task of inspection over execution of the tasks delegated by this law and regulations laid down on the basis of this law.

Pursuant to Article 109a (**Work Supervision**) of **The Law on Environmental Protection**, ministry supervises work of competent bodies of local self-government unit in execution of conferred tasks.

Autonomous province performs inspection over implementation of the activities given by this law and regulations made on basis of it (Article 109).

The appeal against first degree ruling of competent municipal, namely city authority from autonomous province made in the course of tasks performance shall be decided by the competent authority of the autonomous province (Article 114).

**The Law on Non-ionizing Radiation** (Official Gazette of RS, no. 36/09) Article 14 paragraph 4 confers to local self-government unit to execute inspectoral supervision over sources of radiation for which construction permit and commencement of work is issued by competent body of local self-government unit.

With the **Law on Air Protection** (Official Gazette of RS, no. 36/09) to AP and local self-government unit the following tasks are conferred:

- air quality monitoring;
- for air quality monitoring establishing local network of measurement stations and/or measurement places (monitoring for the territory of autonomous province is done according to programme laid down by a competent body of autonomous province and which has to be aligned with the programme established by the Government at the Ministry's proposal);
- execution of tasks on monitoring air quality through the competent legal entity;
- they publicly announce and deliver data on results of the monitoring of air quality to the Agency;
- inform the public in case of exceeding concentrations established by this law and concentrations of a certain polluting matter dangerous for people's health;
- plan of air quality;
- short-term action plans;
- working permits for stationary sources of pollution;
- inspections over execution of measures for air protection against pollution in objects for which competent body of AP and/or local self-government unit issues construction permit, i.e. usage permit;
- tasks of inspection over appeals to the ruling of the competent body of municipality, i.e. town from the territory of AP are conferred to the AP.

With the **Law on Environmental Protection** (Official Gazette of RS, no. 135/04, 36/09 and 72/09) following tasks are conferred to local self-government unit:

- it commences initiative for declaration and declares as protected areas: nature park, nature monument and an area of outstanding features without any cultural assets of outstanding significance, but which entirely lie in the territory of local self-government unit;
- lays down programme on nature protection;

- composes a report on nature's state in its territory;
- performs inspectoral supervision over application of provisions of this law in protected areas that are declared by competent body of local self-government unit.

Also, following tasks are delegated:

- the right of pre-emption (Article 60);
- fee for denial or limiting usage rights (Article 63);
- compensation for damage caused by strictly protected and protected wild species (Article 65);
- compensation for damage caused by an infringing activity – income for autonomous province budget (Article 66);
- competent body of autonomous province establishes fulfilment of conditions for managers of protected area, and the choice of the manager is realised through competition; if that is not possible, the manager is determined by declaring act (Article 67);
- protected area financing (Article 69);
- Provincial Institute for Nature Protection (Article 103);
- competent body of AP gives its consent to the Annual Programme of Natural Properties Protection, prepared by the Provincial Institute for Nature Protection (Article 104);
- The Institute submits report to a competent body of AP on realisation of the Annual Programme (Article 104);
- financing nature protection (Article 107);
- Inspectoral supervision over application of provisions of this law in protected areas situated in the territory of autonomous province is conferred to the autonomous province (Article 119).

With the **Law on Chemicals** (Official Gazette of RS, no. 36/09, 88/10) following tasks are conferred to local self-government unit:

- to issue permits for performing trade of particularly dangerous chemicals to a distributor who is not an importer, manufacturer or further user, as well as permits for using especially dangerous chemicals;
- to perform inspection of tasks conferred to it by this law.

## Education

Pursuant to process of decentralisation and democratisation in educational system, and with respect to the needs of an autonomous province, Article 166 of the **Law on Foundations of Education and Upbringing** (Official Gazette of RS, no. 72/92) confers tasks from education area to the autonomous province. Application of the law started on 11 September 2009.

AP of Vojvodina executes entrusted tasks in this area through an authority body competent for activities of education, i.e. **Provincial Secretariat for Education**.

**The Law on Establishing the Competences of the Autonomous Province of Vojvodina** (Official Gazette of RS, no. 99/09) which has entered into force on 9 December 2009, and is being applied from 1 January 2010, specifies the issues of significance for AP Vojvodina that may be regulated further by acts of AP Vojvodina. Area of education is listed among the issues of provincial significance.

According to both of the laws, **Provincial Secretariat for Education**, in the area of **preschool, primary and secondary education and upbringing**, performs the following tasks, as delegated ones:

- gives consent to the act of the network of primary schools in the territory of autonomous province, which defines the number and spatial organization of institutions which founder is the Republic, autonomous province or local self-government unit, according to their kind and structure;
- gives consent to the institution which holds a ruling on verification that it can perform its activities outside its seat, i.e. in another object, by organizing a branch office;
- decides upon submitted request for institution's verification, within three months from the day of submitting the request;
- gives consent to the decision of management body on extending the activity of institution, i.e. decision that the institution can perform other activities functional for education and upbringing, provided it does not obstruct performance of primary activity of education and upbringing;
- gives consent to decision of the governing body on the change of name or seat of the institution;
- undertakes temporary measures when the governing body establishes that institution does not perform activities in the prescribed way (relieves of duty the governing body, the principal, appoints temporary governing body and the acting principal) and takes action in the case of institutions' work prohibition;
- in the case of school's dissolving, it designates another school in which pupils are entitled to complete the education commenced;
- in case of secondary schools of special interest for the Republic of Serbia and unique schools, it proposes to the assembly of the local self-government unit the following representatives as members of the school board: three distinguished representatives of the Chamber of Commerce, employers association, National Employment Service, trade unions and other parties interested in the work of the school;
- determines irregularities in the procedure of appointing and relieving of duty of the management body of the institution, orders a measure of removal of irregularities, and in case of not acting according to the ordered measures, it dissolves present and appoints temporary management body for the institution;
- appoints temporary management body of the institution if the members of the management are not appointed by the local self-government unit till the end of the term of previously appointed members;
- performs the tasks of examination for obtaining the licence for teachers, educators and professional associates, principal and secretary of institution;
- gives consent to the decision of management body on selection and relief of duty of the principal and lays down an act on refusal of consent if during the procedure it is established that the decision has not been made in line with the law or that such decision affects smooth performance of institution's activities;
- appoints the acting principal for institution if he/she is not appointed by the institution's management body, according to the conditions prescribed by the law;
- lays down a programme of primary and secondary education for the minorities, at the proposal of The National Council of the Minority and the opinion of The National Education Council;
- plans school calendar for the institutions in its territory and gives consent for the its change in special circumstances;
- decides on suspending the education and upbringing activities if it is not decided so by the governing body of local self-government unit and approves the manner in which

the school can compensate for the missed work, after termination of reasons for suspending education and upbringing activities;

- determines the tuition fee for persons who acquired secondary education and wish to be retrained or additionally trained, acquire specialist training or vocational training;
- in the procedure of pupils' rights protection, if pupil believes that his/her rights that are established by this or a special law have been harmed, it warns the school and specifies the deadline for removal of the law breach and decides on the request for the protection of rights if the school does not act according to the warning;
- performs direct inspectoral supervision if municipal or city administration does not do it or if in the local self-government unit inspectoral supervision is not organized and decides on appeals against the first-instance decisions of municipal or town administration enacted during inspectoral supervision;
- in relation to the bodies entrusted with performance of inspectoral supervision, provincial governing body prepares for the minister the proposal on decision on appeal against the first-instance decision of municipal or town authority enacted during inspectoral supervision; performs direct supervision of the work of education inspector, withdraws authorisation of the inspector who failed to perform his/her tasks in a timely, professional, legal and conscientious manner and proposes establishment of responsibilities within the body entrusted to perform the inspectoral supervision; organizes joint actions with inspectors in the bodies entrusted to perform the inspectoral supervision requires reports, information and notifications pertaining to the performance of delegated tasks of inspection and undertakes other duties in accordance with the law governing the field of inspection in general.

In the area of **higher** education, by **The Law on Establishment of the Competences of the Autonomous Province of Vojvodina** and **The Law on Higher Education** (Official Gazette of RS, no. 76/05, 100/2007—authentic interpretation, 97/08 and 44/2010) it is established that province through its bodies performs the following activities, as delegated:

- establishes independent higher education institutions and issues work licences and performs changes and amendments of licences for higher education institutions in the territory of AP Vojvodina;
- performs inspectoral supervision and supervision over the legality of work of higher education institutions;
- carries out checks of submitted documentation in the process of beginning accreditation of higher education institutions;
- upon the proposal from the National Council for Higher Education it adopts an act guaranteeing completion of studies for students of the higher education institution which is terminating its activities;
- decides on dissolving, change of name, seat and status and appoints a founder representative of the council of higher education institution which founder is APV;
- decides on number of the students allowed for enrolment in the first year of the study course financed from the budget;
- gives an opinion on the amount of tuition for the next school year, and for all study courses specified by higher education institution;
- annuls any diploma issued by an unauthorised organization and issues the certificate of destruction or disappearance of archival records;
- obtains information about the international and national higher education institutions for the purpose of validation of international or national study course;

In the area of **pupils' and students' standard, the Law on Establishment of Competences of the Autonomous Province of Vojvodina and the Law on Pupils' and Students' Standard** (Official Gazette of RS, no. 18/2010) it is established that province through its bodies performs the following tasks as delegated:

- establishes the network of pupils' dormitories and students' centres;
- establishes and dissolves institutions for pupils' and students' standard in the territory of AP Vojvodina;
- determines fulfilment of conditions for the start-up and performance of activities of institutions in this matter;
- decides on complaints upon decisions on admission of pupils and students to these institutions;
- decides on deprivation on pupils' and students' rights, conducts a competition for admission to pupils' and students' dormitories;
- determines conditions for granting travel allowances;
- gives approval for the act on systematization of activities of institutions, in accordance with norms prescribed by the minister for the entire territory of the Republic of Serbia;
- appoints and relieves of duty members of the management and supervisory board, and directors of institutions for pupils' and students' standard;
- performs inspectoral supervision and supervision of the legality of work of the institutions.

In the area of non-formal education of adults, by **the Law on Establishment of Competences of the Autonomous Province of Vojvodina**, it is established that the Province, through its bodies and in accordance with the law and Development Strategy on education of adults in the Republic of Serbia specifically regulates issues pertaining to organized and institutional education outside the education system for the purpose of professional training and other training of the adult in the territory of AP Vojvodina, as issues of relevance for the Province.

Novelty in Law on the Basic Educational System are the new tasks entrusted to the Pedagogy Institute of Vojvodina, which refer to national minorities and activities that are conducted in national minorities' languages. These are professional tasks which refer to preparation of programme basis for preschool upbringing and education and syllabus for primary, secondary and artistic education, basis of upbringing programme and part of the syllabus concerning subjects of general knowledge for professional training and educating the adult. The Pedagogy Institute of Vojvodina gives expert evaluation on textbooks for primary and secondary general and artistic education and general knowledge subjects for vocational education and education of adult. Also, it performs tasks of establishing fulfilments of the standards for programmes of professional training when realised in accordance with out-of-school regulations and gives opinion on fulfilment of standards for realising special programmes of professional training. Professional tasks related to improvement of system of constant professional training and professional development of employees from preschool, primary and secondary education and upbringing are performed as conferred tasks; as well as preparation of programmes of introduction of apprentice and programmes for examination to obtain licence for work and approval of programmes of permanent professional training of teachers, educators, professional associates and the principal.

Ministry performs inspectoral and professional pedagogy supervision over work of institutions and the Pedagogy Institute. By Law on the Basic Educational System, Article 146 (2) inspectoral supervision over activities of institutions is entrusted to municipal or city



administration. Inspectoral supervision implies control of conduct of an institution regarding application of the law, other regulations in the field of education and upbringing and general acts, realisation of protection of children's and pupils' rights, their parents' rights, i.e. guardians' and employees' rights and realisation of their rights and obligations. Controlled issues are: securing protection of children, pupils and employees from discrimination, abuse and neglect; organizing and work of a political party in the institution; procedure of pupils' enrolment and termination of it if it was realised conversely to the law; fulfilment of examinations conditions; prescribed evidence and establishing facts in procedure of annulling public documents issued by the institution. Municipal or town administration performs control over fulfilment of conditions as regards to prescribed space, equipment and teaching resources and conditions related to engagement of teachers, educators and professional associates employed temporarily, in the founding process, i.e. process of verification of institutions in the area of education.

**25. Is there a legal framework allowing local authorities to set up inter-municipal structures for general or specific issues (water or solid waste sector for example)?**

Existing legal framework in Serbia allows different forms of cooperation of towns and municipalities. The Law on Local Self-government (Official Gazette of RS, no. 129/07) which has been aligned with the European Charter on Local Self-government, in Article 13 and 88 stipulates that local self-government units cooperate and join in order to realise common goals, plans and development programmes, as well as for other needs of common interest and that, for the purposes of their realisation, they can join the assets and form joint bodies, companies, institutions and other organizations and services, pursuant to the law and the Statute.

The main areas in which, until now, municipal cooperation has shown strong results are utility infrastructure and development of special social protection projects for particular categories of users. Key incentives for establishing successful cases of inter-municipal cooperation in Serbia mostly originate from external sources. Most often, these are private investors, international financial institutions (EBRD) or donors (European Union) that finance projects through commercial loans or grants. At present, such kind of external support is necessary in the process of strengthening capacities of local self-governments so they would be able to establish regional cooperation with private partners for the purposes of improving services in an appropriate way.

By the Law on Waste Management (Official Gazette of RS, no. 36/09 and 88/10), Article 21, it is stipulated that two or more local self-government units provide and execute waste management together, under conditions and in the way established by the law, the Strategy of Waste Management and Agreement of the local self-government units. In this regard, one of the examples of good inter-municipal cooperation which is realised in Serbia is the Regional Project DUBOKO – Solid Waste Management. Nine local self-government units in the Central Serbia (two towns – Čačak and Užice and seven municipalities: Požega, Lučani, Čajetina, Ivanjica, Arilje, Bajina Bašta and Kosjerić) have set out a decision to solve their problem with solid waste by building sanitary dumping site for solid waste disposal. These nine local self-government units have formed a new public utility “Duboko” which will implement the project and manage the dumping site. Public utility “Duboko” will be financed from guaranteed municipal transfers, while municipalities will specify the amount of fees that are going to be collected from the end users.

Also, in the sector of water supply, the European Union, through the Municipal Infrastructure Support Programme (MISP) from IPA 2008 supports project Rasina regional system of water supply. Seven local self-government units participate in project implementation (town Kruševac and municipalities Aleksandrovac, Čičevac, Trstenik, Varvarin, Paraćin and Čuprija). Local self-governments have signed inter-municipal agreement on cooperation and formation of the unit for project implementation in order to build regional water supply system.

**26. Does the existing legal framework allow local authorities/local communities to take part in common projects implemented across national borders? Are there any limitations (e.g. transfer of money between local authorities across borders? Are there any limitations (e.g. transfer of money between local authorities across borders) in participating in cross-border or transnational projects? If these limitations exist, how and when Serbia plans to abolish them?**

In Article 13 of the Law on Local Self-government of the Republic of Serbia (Official Gazette of RS, no 129/2007) „...local government units may co-operate with local government units of other countries, in the framework of the foreign policy of Republic of Serbia with respect for the territorial unity and legal system of the Republic of Serbia, in compliance with the Constitution and the law. The decision on establishing the co-operation, i.e. on concluding the agreement on co-operation with another country's local government unit is adopted by the assembly of a government unit, with the Government consent. “

Accordingly, local government units may, without limitations, participate in the projects of cross-border and trans-national co-operation.

**27. Are there any other, than IPA/CBC, specific administrative/legislative set-ups concerning territorial cooperation foreseen under the national legislation? If yes, what are they?**

No.

**28. Does your legislation foresee a possibility for an entity from your country to participate in a European Grouping of Territorial Cooperation (EGTC) formed under Regulation (EC) No 1082/2006<sup>9</sup> or are there any agreements between Serbia and any EU Member State in this regard (possibly under the Council of Europe Madrid Convention of 21 May 1980 on Transfrontier Cooperation)? If yes, please indicate these provision or agreements.**

Regulations in force in the Republic of Serbia do not enable the participation in European Grouping of Territorial Cooperation (EGTC), because no law stipulates a possibility of setting up entities like EGTC, i.e. a possibility of concluding agreements on joining a legal entity which is registered on the territory of another country (with regard to the need of a special bilateral agreement with EGTC member states, particularly the regulations which regulate relations with EGTC, primarily in terms of a competent institution, special budget resources for the membership, financial controls, arbitration).

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<sup>9</sup> Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC) [OJ L210, 31.7.2006, p. 19].

Article 13 paragraph 2 and 3 of the Law on Local Self-government (Official Gazette of RS, no. 129/07) stipulates that local self-government may co-operate with local self-governments of other countries, in the framework of the foreign policy of Republic of Serbia, with respect of territorial unity and legal system of the Republic of Serbia, in compliance with the Constitution and the law. The decision of setting up the cooperation, namely the conclusion of Agreement on Cooperation with local governments of another country shall be passed by the assembly of a local self-government, with the Government consent. Under Article 88 paragraph 2 of the same law, it is stipulated that local government may cooperate in the fields of common interest with appropriate territorial communities and local governments in other countries, in the framework of the Republic of Serbia's foreign policy, with the respect of territorial unity and legal system of the Republic of Serbia, in compliance with the Constitution and the law. Under these Articles of law it is indirectly defined the competence of the Ministry of Public Administration and Local Self-government (these provisions are in compliance with the European Charter of Local Self-government ratified by the Republic of Serbia).

The Republic of Serbia has not accessed the Council of Europe Madrid Convention on Trans-frontier Cooperation dated 21 May 1980. There are no agreements between the Republic of Serbia and EU Member States that foresee setting up entities similar to EGTC – stipulated by Regulation (EC) 1082/2006 dated 05 July 2006.

**29. Do you have local or regional employment offices in your country? Do local employment offices have a role in:**

- a) Implementing national labour market policies;**
- b) Making use of active labour market policies to combat structural unemployment;**
- c) Management and/or monitoring of projects?**

The Republic of Serbia has a public employment service, named the National Employment Service, that performs employment activities, administers unemployment insurance and exercise of the right derived from unemployment insurance and other rights, and keeps registries in the employment area. The National Employment Service is a legal entity, with the status of an organization for mandatory social insurance, organized in a uniform manner throughout the territory of the Republic of Serbia. For the purpose of more efficient performance of activities, the National Employment Service is organised in provincial employment service, branch offices, and other internal organizational units (services, local centres and offices). The network of organizational units of the National Employment Service, of over 140, covers the entire territory of the Republic of Serbia.

A process of employment policy decentralization started in the Republic of Serbia by means of promotion of the development of regional and local employment policies. Local employment councils are set up on the local government level (so far some 120 have been established). The Law on Employment and Unemployment Insurance from 2009 envisages the possibility of drafting provincial and local employment action plans, to be adopted by the competent local government authority upon obtaining the opinion from the local employment council. The law also introduced the option of co-financing of the programs and measures of regional and local employment policies with the funds from the Republic budget. The co-financing of programs and measures of active employment policy may be approved provided that the local government has set up a local employment council, adopted a local employment action plan, that more than a half of the required funds have been secured for financing of a specific program or measure, that the programs and measures are in line with the priorities

and goals of local economic development and local labour market. The criteria for approving the co-financing of programs or measures refer to the degree of development of a municipality, local labour market indicators, the projected impact of programs or measures and cost effectiveness.

Through its branch offices, the National Employment Service implements the labour market policy and conducts active labour market programmes (ALMP) envisaged under the annual national action plan for employment, being the key instrument for implementation of active employment policy. The expected results are set out in the Performance agreement concluded by the National Employment Service and the Ministry of Economy and Regional Development (the ministry in charge of employment). In accordance with the objectives and priorities of active employment policy, as defined by the National Action Plan for Employment, the National Employment Service adopts the annual work plan and plans active labour market programmes and other activities to be carried out on a local level, taking into account specific features of the local labour market.

By taking measures and activities, the National Employment Service addresses the issue of structural unemployment, acting both on the supply and the demand side of the labour market. In the supply segment, by virtue of career guidance, assessment of employability and establishing of individual employment plans that represent a basis for involving people in further education and training programs aimed at the unemployed acquiring the missing knowledge, skills and competences in line with the requirements of the labour market and also by granting self-employment subsidies. In the demand segment, employment is promoted by granting job creation subsidies to employers, employment is encouraged by means of public works programs, by hiring interns with subsidizing part of their salaries, etc.

The National Employment Service is engaged in the implementation of a number of employment-related projects, either as the lead project institutions or as a project partner. Since the project activities take place on regional and local levels, branch offices of the National Employment Service have an active role in project implementation.

**30. Is there legislation on decentralisation or de-concentration of the administrative and political structures? If not, is a process of decentralisation or de-concentration under way or expected?**

In Republic of Serbia there is no system provision that refers to decentralisation or de-concentration of the administrative structures, but there are sectoral laws which enable gradual flow of decentralisation process as far as possible in compliance with the Constitution and the laws which regulate other sectors.

At present the Strategy of Decentralisation is being made, in compliance with European standards and the experiences of developed European countries, and with the need to continue democratization process in Republic of Serbia through decentralisation.

With the Decision on National Council for Decentralisation of Republic of Serbia (Official Gazette of RS, no. 21/06) the Government of Republic of Serbia has founded National Council for Decentralisation of Republic of Serbia as a body which shall take part in preparation of Strategy for Decentralisation. This body performs different tasks: monitors and studies the experiences of other countries in process of decentralisation, together with the legislation of Republic of Serbia important for decentralization, cooperates with international

institutions in this area, organizes round tables, seminars and other forms of education of public on the essence and advantages of decentralisation and decentralised state. The Council supports and helps the function of competent authorities by giving recommendations within its scope, supports their implementation and initiates setting up working groups.

As a form of de-concentration of public administration, the **Law on Public Administration** (Official Gazette of RS, no. 79/05, 101/07 and 95/10) foresees formation of administrative districts for the purposes of performing public administration tasks outside the headquarters of public administration authorities. In administrative district the public administration bodies may, in accordance with their own decision, perform one or more of the following public administration tasks: deliberate in first instance administrative matters, deliberate on appeal when in the first instance the holders of public powers deliberated, supervise the work of holders of public powers and perform inspectory supervision. A public administration body that decides to perform one or more tasks in an administrative district establishes its district dislocated unit by an act on internal organization and systematization of posts.

The number of administrative districts and their areas and headquarters are regulated by the Government with the **Regulation on Administrative Districts** (Official Gazette of RS, no. 15/06). Based upon the powers from the Regulation the administrative district bodies are left with the possibility to create dislocated units both for territory of single municipality or several municipalities, a city or autonomous province.

The administrative district has a Head who is a civil servant, appointed by the Government upon the proposal of Minister of Public Administration and Local Self-government for the period of five years.

A Head of the administrative district adjusts the work of district dislocated units, supervises the implementation of directives and instructions issued to them; ensures the execution of working plans of district dislocated units and their working conditions; supervises the work of employees in district dislocated units and proposes initiation of disciplinary procedures against them; cooperates with dislocated units of state administration bodies which were established for the area larger or smaller than the area of administrative district; cooperates with municipalities and cities in order to improve the work of district dislocated units and state administrative bodies which perform tasks within the area of an administrative district, and were formed for the area larger or smaller than the area of administrative district.

In administrative district there is a professional service of the administrative district which is responsible for professional and technical assistance to the Head of the administrative district and for joint tasks for all district dislocated units of the public administration bodies. The Head of the administrative district manages the professional service of the administrative district, and he/she decides on rights and obligations of employees in the professional service. Ministry of Public Administration and Local Self-government supervises the effectiveness of work of the professional service, monitors the qualifications of the employees in it and issues instructions by which the organization of work of the professional service of administrative district and the way of work of the employees in it are being directed.

The administrative district has a Council of administrative district which consists of the Head of the administrative district, presidents of municipalities and mayors of cities from the area of the administrative district.

The Council of administrative district adjusts the relationship between district dislocated units of public administration bodies and municipalities and cities from the area of administrative district and gives proposals in regard to the improvement of work of administrative district and district and other dislocated units that public administration bodies have in the area of administrative district.

## II. INSTITUTIONAL FRAMEWORK

**31. Please provide a description of the authorities responsible for the programming and implementation of EU and other assistance in your country, and in particular those bodies and structures which will manage IPA Component III and IV (planning, programming and implementation). The description should also include an overview of tasks and responsibilities for each authority. Particular emphasis should be put on programmes/projects of socio-economic development, including transport and environment infrastructure, SME and regional development and human resources development measures, as well as territorial cooperation.**

In line with the Law on Ratification of the Framework Agreement between the Government of the Republic of Serbia and the Commission of European Communities concerning the rules of cooperation related to the financial assistance of the European Union to the Republic of Serbia within the implementation of assistance according to the rules of the Instrument for Pre-Accession Assistance (Official Gazette of RS, no. 124/07), (hereinafter referred to as: IPA Framework Agreement), the Government of the Republic of Serbia has appointed the following persons and has set up the following structures:

- National IPA Coordinator
- Strategic Coordinator for IPA Components Regional Development and Human Resources Development
- Competent Accrediting Officer
- National Authorising Officer
- National Fund
- Audit Authority
- Operating structures.

### National IPA Coordinator (NIPAC)

In accordance with the Government's Conclusion no: 119-3192/2008, of 21 August 2008, the function of NIPAC is performed by Božidar Đelić, Deputy Prime Minister for European integration. NIPAC's scope of responsibilities is as follows:

1. to ensure partnership relations between the Commission and the Beneficiary and a close link between the general accession process and using of pre-accession assistance under IPA;
2. to have overall responsibility for:
  - connection and coordination of programmes ensured under IPA;
  - annual programming for the component Transition Assistance and Institution Building on National Level;
  - coordination of participation of the Beneficiary in the relevant cross-border programmes with the member states and with other beneficiary states, and participation in transnational and inter-regional programmes or in the sea basins programmes based on other Community instruments;

3. to prepare and, upon verification by the IPA Monitoring Committee, to submit to the Commission annual and final reports on the IPA implementation.

NIPAC's operating activities are performed by NIPAC's technical secretariat. In accordance with the referenced Conclusion and Conclusion no: 119-6857/2010 of 10<sup>th</sup> September 2010, the European Integration Office was designated as NIPAC's technical secretariat.

#### Strategic Coordinator

In accordance with the Government's Conclusion no: 119-214/009-5 of 13 February 2009 and Conclusion no: 119-6857/2010 of September 10th, the function of the Strategic Coordinator is performed by the European Integration Office, while Ognjen Mirić, Deputy Director of the European Integration Office and the Coordinator for EU funds was designated as responsible person for performing the activities of the Strategic Coordinator. The scope of responsibilities of the Strategic Coordinator is as follows:

- to coordinate the assistance approved within the regional development component and the human resource development component
- to draw up the Strategic Coherence Framework
- to ensure coordination among sector strategies and programmes

#### Competent Accrediting Officer

In accordance with the Government's Conclusion no: 119-3192/2008 of 21 August 2008, the function of the Competent Accrediting Officer is performed by Diana Dragutinović, the Minister of Finance. The Competent Accrediting Officer is responsible for issuance, monitoring and suspension or withdrawal of accreditation for the National Authorising Officer and the National Fund.

#### National Authorising Officer

In accordance with the Government's Conclusion no: 119-416/2009 of 29 January 2009, the function of the National Authorising Officer is performed by Vuk Đoković, state secretary in the Ministry of Finance. The National Authorising Officer manages the National Fund and bears overall responsibility for financial management of the EU funds in Serbia. In that regard, his scope of responsibilities entails the following:

1. providing assurance about the regularity and legality of underlying transactions;
2. drawing up and submitting to the Commission certified statements of expenditure and payment applications; he shall bear overall responsibility for the accuracy of the payment application and for the transfer of funds to the operating structures and/or final beneficiaries;
3. verifying the existence and correctness of the co-financing elements;
4. ensuring the identification and immediate communication of any irregularity;
5. making the financial adjustments required in connection with irregularities detected, in accordance with Article 50 of the IPA Implementing Regulation;
6. being the contact point for financial information sent between the Commission and the Beneficiary.

Being responsible for the effective functioning of management and control systems under IPA the NAO shall in particular fulfil the following tasks as regards these responsibilities:

1. being responsible for issuing, monitoring and suspending or withdrawing the accreditation of the operating structures;
2. ensuring the existence and effective functioning of systems of management of assistance under IPA;
3. ensuring that the system of internal control concerning the management of funds is effective and efficient;
4. reporting on the management and control system;
5. ensuring that a proper reporting and information system is functioning;
6. following-up the findings of audit reports from the audit authority, in accordance with Article 18 of this Framework Agreement and Article 30(1) of the IPA Implementing Regulation;
7. immediately notifying the Commission, with a copy of the notification to the CAO, any significant change concerning the management and control systems.

#### National Fund

In accordance with the Government Conclusion no: 110-1740/2008-2 of 5 February 2009, the National Fund, as an internal unit responsible for the conduct of financial management tasks, was set up as a department within the Ministry of Finance. The National Fund is responsible for organizing bank accounts, requesting funds from the Commission, authorising the transfers of funds from the Commission to operating structures or to final beneficiaries and financial reporting to the Commission.

#### Audit Authority

In accordance with the Government Conclusion no: 05 No: 110-6580/2010 of 25 September 2010 the Audit Authority was set up as a separate internal unit within the Ministry of Finance. The Audit Authority is responsible for:

1. defining and fulfilling the annual working plan that entails verification-oriented audits:
  - effective functioning of the management and control system;
  - reliability of the accounting information submitted to the Commission.
2. submission of the following documents, as required, described in Article 29 of the IPA Implementing Regulation:
  - annual report on auditing activities;
  - annual opinion as to whether the management and control system effectively functions;
  - opinion on the final statement of expenditures submitted to the Commission by the National Authorising Officer, pertaining to the closure of any programme or a part of it.

#### Operating structures

Operating structure is set up for each IPA component separately.

#### IPA Component I

In accordance with the Government Conclusion no.: 110-1740/2008-2, of 5 February 2009, in addition to the National Fund Department for EU Funds Management, the Department for



Contracting and Financing of EU Funded Projects was set up within the Ministry of Finance of the Republic of Serbia.

In accordance with the Government Conclusion no: 119-1166/2009 of 26 February 2009, Arleta Manojlović, assistant minister for the Department for Contracting and Financing of EU Funded Projects within the Ministry of Finance, was appointed as the Programme Authorising Officer –PAO.

In accordance with the Government Conclusion no: 119-7279/2009 of 12 November 2009, 16 Senior Programme Officers (SPO) were appointed. In the line ministries which are the beneficiaries of IPA funds, a process is underway for setting up relevant internal units for programming and implementing EU-funded projects (PIU/IPA Units) headed by the Senior Programme Officer (SPO).

## IPA Component II

In accordance with the Government Conclusion no: 337-8105/2010 of November 4th the European Integration Office, the Sector for Cross-Border and Transnational Cooperation Programmes was designated as the Operating Structure within the transitional system of managing cross-border cooperation programmes. The same decision designated the European Integration Office as the national authority for management and implementation of cross-border cooperation programmes within the system of shared responsibilities, while the Ministry of Finance, Department for Contracting and Financing of EU Funded Projects as the body to perform the activities of first-degree control. At the same time, Ognjen Mirić, deputy director and coordinator for EU funds, was appointed as responsible person in performing the activities of the Operating Structure and the National Authority.

## IPA Component III and IV<sup>10</sup>

In accordance with the Government Conclusion no: 021-6746/2009-001 of 5 November 2009, Department for Contracting and Financing of EU Funded Projects in the Ministry of Finance was designated as the Authority Responsible for the Operating Programme of IPA Component III, and the Department for Employment within the Ministry of Economy and Regional Development was designated as the Authority Responsible for the Operating Programme of Component IV. Under the same Conclusion, the Department for Contracting and Financing EU-Funded Projects and Programmes within the Ministry of Finance was designated as the authority in charge of contracting and financing the programmes and projects within IPA components III and IV.

In accordance with the Government Conclusion no: 021-6746/2009-001 of 5 November 2009, Arleta Manojlović, assistant minister for the Department for Contracting and Financing of EU Funded Projects within the Ministry of Finance, was appointed as the Head of the Operating structure for IPA component III – Regional Development. In accordance with the same Conclusion, Ljiljana Džuver, assistant minister for the Employment Department in the

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<sup>10</sup> Internal units of operating structure shall be confirmed (or changed, if necessary) upon obtaining the comments by the General Directorate for Regional Policy and the General Directorate for Employment with respect to priority axes and measures. Likewise, the names of internal units (departments, divisions or sections) designated as parts of Operating Structures are based on the current classification of line ministries and may be altered in future.

Ministry of Economy and Regional Development, was appointed as the Head of Operating structure for IPA component IV – Human Resources Development.

In addition to the Ministry of Finance, the Operating Structure for IPA Component III consists of the following authorities:

- Ministry of Infrastructure, European Integration Division;
- Ministry of Environment and Spatial Planning, Department for European Integration, International Cooperation and Project Management;
- Ministry of Agriculture, Forestry and Water Management, Section for EU-Funded Project Management and Water Management Directorate;
- Ministry of Mining and Energy, Division for EU Integration and International Cooperation;
- Ministry of Economy and Regional Development, Department for EU Funded Project Management;
- Ministry of Science and Technological Development, Department for International Cooperation and European Integration.

Besides the Ministry of Economy and Regional Development and the Ministry of Finance, the Operating Structure for IPA Component IV comprises the following authorities:

- Ministry of Education, European Integration Division
- Ministry of Labour and Social Policy, Division for International Cooperation, European Integration and Project Management

#### Scope of responsibilities of the operating structures

The operating structures are responsible for management and implementation of the relevant IPA programme(s) in conformity with the principles of responsible financial management. In that regard, the scope of responsibilities of the operating structures is as follows:

1. preparation of draft annual and multi-annual programmes;
2. monitoring the implementation of programmes and guiding the work of the sectoral monitoring committee, as defined in Article 36(2) of the IPA Framework Agreement and in Article 59 of the IPA Implementing Regulation, particularly through providing documents required for monitoring the quality of programme implementation;
3. compilation of the sectoral annual and final implementation reports, as defined in Article 38(1) and (2) of the IPA Framework Agreement and in Article 61(1) of the IPA Implementing Regulation. Following a review of reports by the sectoral monitoring committee, the operating structures shall deliver the same to the Commission, NIPAC and the National Authorising Officer;
4. selection of the project to be financed in compliance with the criteria and mechanisms applicable to programmes, and ensuring that the same comply with the relevant Community and national rules;
5. setting up the procedure for maintaining all documents pertaining to expenditure and auditing activities as are required to ensure an adequate audit trail;
6. organizing public procurement procedures, grant awarding procedures, conclusion of the contracts following these procedures and effecting payments to and recovery of funds from the final Beneficiary;

7. ensuring that all authorities involved in project implementation maintain separate accounting systems or separate accounting codification;
8. ensuring that the National Fund and the National Authorising Officer receive all required information regarding the procedures and verifications carried out with regard to expenditures;
9. setting up, maintaining and updating the reporting and information system;
10. performing verifications to establish whether the declared costs have been truly incurred in accordance with the applicable rules, whether the products have been delivered and services rendered in compliance with the approval decision, and whether the payment requests from the final beneficiary are correct: these verifications shall cover administrative, financial, technical and physical aspects of operating activities, as appropriate;
11. ensuring internal audit of different constituent bodies;
12. ensuring irregularity reporting;
13. ensuring compliance with the information and publicity requirements.

Establishing of internal audit units is currently underway for each ministry within the Operating Structure that are responsible for carrying out regular audits of management and control systems and the submission of management reports related to effectiveness and efficiency, along with recommendations for corrective actions.

**32. What are the preparations for decentralised implementation and accreditation for that purpose under the IPA instrument for component III and IV? Is there a strategy and action plan? How does the institutional set up under IPA decentralised management for component III and IV differ from the current set up? Please describe the main structures as referred to in Regulation (EC) No 718/2007<sup>11</sup>.**

In accordance with the IPA Framework Agreement, the Government Conclusion 05 no. 48-1759/2008-2 of 24 April 2008 endorsed a Strategy for Establishing Decentralized System for the EU Fund Management in the Republic of Serbia.

Based on the Strategy, the National Authorising Officer has prepared the Roadmaps for the introduction of a decentralized implementation system of EU funds management (DIS Roadmap) for IPA components I and II and III and IV.

Following the completion of the first stage of the Roadmap, so called gap assessment, a Gap Assessment Report was prepared regarding the introduction of the decentralized implementation system for IPA components I and II and III and IV. Based on the said reports, the Gap Plugging Action Plans have been prepared that represent fundamental documents for the implementation of gap plugging stage for IPA components I and II and III and IV.

In setting up Operating Structures for IPA components III and IV, the existing institutional framework related to IPA component I was taken into account. In that regard, the competences of the current Project Implementation Units for IPA projects within the IPA component I have been extended so as to include the activities of the Operating Structure for IPA components III and IV. Likewise, the Ministry of Finance, Department for Contracting and Financing EU-Funded Programs and Projects, in addition to the competences pertaining

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<sup>11</sup> Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) [OJ L 170, 29.6.2007, p. 1].

to contracting and financing IPA components I and II, has taken over the competences of contracting and financing for components III and IV as well.

The only difference refers to specific nature and diversity of certain rules related to different IPA components, thereby affecting some procedural and institutional differences as well, or specific features (e.g. designating new structures such as the Strategic Coordinator).

Description of the main structures as referred to in Regulation (EC) No. 718/2007 is a part of answers to question no. 31.

**33. How is co-ordination between the authorities or bodies at the central level being assured (arrangements foreseen for ensuring inter-ministerial co-ordination)?**

In accordance with the Law on Ratification of Framework Agreement between the Government of the Republic of Serbia and the Commission of the European Communities on the Rules for Co-operation concerning EC-financial Assistance to the Republic of Serbia within the implementation of assistance in accordance with Instrument for pre-accession assistance rules (Official Gazette of RS, No. 124/07), (hereinafter referred to as: IPA Framework Agreement), the National IPA Co-ordinator (hereinafter referred to as: NIPAC) is responsible for the overall co-ordination of assistance in the framework of IPA programme.

Besides NIPAC, the key role in the process of co-ordination between structures and authorities at central level is played by the Commission for Programming and Management of EU funds and Development Assistance that was set up by a Decision of the Government on setting up a Commission for Programming and Management of EU funds and Development Assistance (Official Gazette of RS, No. 113/07, 72/10). The Commission is chaired by NIPAC and it comprises nine ministers and Director of European Integration Office as well. The Commission tasks are:

- to examine the draft documents to be presented to donors;
- to propose priorities in the use of international development assistance funds, particularly in the use of pre-accession EU-funds;
- to examine and give proposals to the Government on other relevant issues related to the use and management of EU-funds and development assistance.

On the basis of this Decision and by decision of Director of European Integration Office, eight working groups for the programming of IPA component I have been formed, out of which four are responsible for the programming of IPA components III and IV as well, as follows: the public administration reform, the rule of law, civil society, media and culture, transport, competitiveness, the environment and energy sector, the human resources development and agriculture and rural development. The above working groups refer to IPA components I, III, IV and V, but also to development bilateral donors and are composed of all ministries, special Government organisations and departments, the National Bank of Serbia, the National Assembly and civil society organisations.

Depending on an IPA component, the working group tasks have certain peculiarities. General tasks of the working groups are:

1. giving recommendations on priorities for the programming of IPA and international development assistance and as required, giving proposals on amending the priorities during annual revisions of Multi-annual Planning Document, a document "Needs of the Republic of Serbia for International Assistance", etc;

2. the identification of project proposals during the programming of IPA and international development assistance and their consideration from the aspect of relation to previously approved projects and the projects planned for the coming period having regard to defined priorities, alignment with the priorities defined in the National Programme for Integration and other national strategic documents and priorities defined in the European Partnership, Multi-annual Indicative Planning Document, EC Annual Progress Report and other relevant documents, as well as from the aspect of feasibility,
3. the identification of shortcomings and problems throughout the programming of IPA and international development assistance and proposing measures to the competent institution/s for their removal;
4. the consideration of possibilities for national co-funding the proposed programmes and projects;
5. monitoring the implementation of selected programmes and projects funded by EU-funds and international development assistance;
6. the implementation of measures proposed by the Commission for programming and management of EU-funds and development assistance and reporting on the measures and activities undertaken;
7. regular reporting by the Commission for programming and management of EU-funds and development assistance on the implementation of its activities and the state of affairs in the sector;
8. mutual co-operation with a view to coordination, exchange of work experience, preparation of recommendations and opinions on the work improvement of project groups;

The coordination of IPA components III and IV is performed by the Strategic co-ordinator. In compliance with the Government Conclusion number: 119-214/009-5 dated 13 February 2009 and Conclusion no: 337-8105/2010 the position of Strategic co-ordinator is held by European Integration Office, whereas Ognjen Mirić, Deputy Director of European Integration Office and the coordinator for EU-funds has been appointed as the person responsible for Strategic co-ordinator duties. The competences of Strategic co-ordinator represent a part of an answer to the question 31.

On the basis of IPA Framework agreement and Article 27 of the Regulation on principles of internal organisation and systematisation of work posts in Ministries, special Government organisations and departments (Official Gazette of RS, no. 81/07, 69/08), a Joint body for the preparation of Strategic Coherence Framework (SCF) has been set up (hereinafter referred to as the Joint body). The Joint body is also comprised of four working groups for programming and coordination Operational programme drafting (working groups for transport, the environment and energy sector, competitiveness and human resources development).

The responsibilities of Joint body, from the aspect of IPA components III and IV and Working groups are:

1. analysing a draft Strategic Coherence Framework and assessing its alignment with priorities laid out in national strategies adopted by the Government and the priorities defined by the European partnership and Multi-annual indicative planning document;
2. the analysis and coordination of the preparation of Operational programmes which will be prepared by competent ministries;
3. making conditions for the Strategic Coherence Framework and Operational programmes to be prepared within the set time limit;

4. the identification of shortcomings and problems during the process of programming IPA components III and IV and proposing measures for their removal to the Strategic co-ordinator and National IPA co-ordinator.

One of underlying instruments for the exchange of data between competent state authorities is ISDACON information system ([www.evropa.gov.rs](http://www.evropa.gov.rs)).

**34. How is co-ordination between the central level and, where relevant, the regional/local level assured:**

As regards IPA funds and international development assistance funds, co-ordination between the central and local/regional level is ensured by the participation of Standing Conference of Towns and Municipalities (SCTM) in working groups which are part of an answer to the question 33 and through the work of Joint Monitoring Committees, Joint technical secretariats and Antenna offices.

As regards IPA component II, apart from the European Integration Office, Joint monitoring committees also involves the Republic of Serbia and representatives of other state authorities, SCTM and autonomous provinces. Meetings of Joint committees are held at least twice a year and therein final decisions on all current issues related to certain programmes are made, the main guidelines for activities to be undertaken are given and programme documents are adopted. In addition to the regular meetings, representatives of competent institutions also make decisions by means of written procedure in cases when it is necessary to urgently come to a decision on an important programme issue.

Assistance in the work of Operating structures and Joint monitoring committees is provided through Joint technical secretariats and Antenna offices. At the same time these bodies are in daily contact on potential applicants and partners whose projects have been approved within the programme of cross-border co-operation.

An additional co-ordination mechanism is foreseen through the work of National Council for Regional Development and five Regional Councils. In compliance with the Law on Regional Development, members of the councils are representatives of local self-governments which constitute a given region, representatives of town municipalities, representatives of public and civil sectors, other institutions and organisations from a given territory, as well as Government representatives.

One of the basic instruments of data exchange in the interest of a local/regional level is ISDACON IS ([www.evropa.gov.rs](http://www.evropa.gov.rs)).

**a) Are there regular co-ordination meetings?**

Regular co-ordination meetings are ensured through the work of eight sector working groups for programming IPA funds and international development assistance funds and through organizing joint conferences/workshops dedicated to programming and implementing the projects funded from IPA funds and funds of international development assistance (e.g. identification of priorities and measures in the interest of a regional/local level within the document of needs assessment of the Republic Serbia for international support, consultations regarding projects within IPA component I and consultation on the preparation of Strategic Coherence Framework and Operational programmes for IPA components III and IV),

preparation, participation in the work of project survey committees, participation in joint monitoring committees within the cross-border co-operation programme.

Likewise, regular conferences and meetings are organised with the representatives of civil society organisations (e.g. the Chamber of Commerce, non-governmental organisations, trade unions and the like).

#### **b) Who participates in these meetings?**

Besides Government representatives, the conferences/workshops are attended by the representatives of municipalities and towns, Autonomous provinces and regional development agencies.

Depending on the type of project, meetings of steering committee are attended by designated representatives of Standing Conference of Towns and Municipalities, Autonomous provinces and regional development agencies (e.g. in the work of a project "Regional project of socio-economic development 2" which is financed from IPA 2007 programme the representatives of SCTM and regional development agencies take part).

Meetings of eight working groups for programming and joint monitoring committees within the programme of cross-border cooperation are attended by designated representatives of SCTM and/or Autonomous provinces.

The work of all above co-ordination mechanisms also involves the representatives of civil society organisations and the donor community.

#### **c) How often are they organised?**

Conferences/workshops on programming and implementing IPA funds and the funds of international development assistance are organised several times a year. The meetings of steering committee of projects are organised quarterly.

The meetings of eight working groups for programming are organised at least three times a year, whereas meetings of Joint monitoring committees in the framework of cross-border co-operation programme are organised minimum two times a year.

If required it is possible to organise the meetings more frequently (e.g. in the period September - December 2010 three meetings of eight sector working groups were organised, as well as one conference with the representatives of towns and municipalities and one conference with civil society representatives).

### **35. Do the different line ministries benefit from sufficient autonomy for designing their investment strategies and related planning documents?**

Article 12 of the Law on State Administration (Official Gazette of RS, No. 79/05 and 101/07) stipulates that state administration authorities shall prepare draft laws, other regulations and general acts for the Government and propose the Government development strategies and other measures which shape the Government policies. Administration bodies operating as a part of the ministries participate in shaping the Government policy through their respective ministries. Article 16 of this law stipulates a restriction in adoption of regulations in the sense

that ministries and special organisations may draft regulations only when explicitly authorised by a Government law or regulation. Additionally, ministries and special organizations may not adopt such regulations which pertain to regulate their competencies, or the competencies of others, nor can they force upon any natural or legal entity rules or obligations which are not otherwise regulated by law. With regard to the above, and pursuant to the provisions of this law and the Government Rules of Procedure, ministries and special organisation shall produce their annual work plans as inputs for preparation of the Annual Government Work Plan. The plans contain the information about the legislation that the ministries plan to draft in the forthcoming year, within their scope of authority: legislation that the Government forwards to the National Assembly for adoption, the acts which are adopted by the Government and the regulations which are adopted by a minister.

Ministries and special organisations are largely autonomous in setting their goals and activities for the next budget year in accordance with the Government strategic and financial priorities, as well as their scope of authority determined in the Law on Ministries or a special law.

The procedure for development of plans of the Government bodies, and the Annual Government Work Plan, the links between strategic planning and budgeting and inter-ministerial co-ordination are explained in more detail in answers to the questions no. 19, 20 and 22 in the section Political criteria/the Government.

**36. What entity ensures the role of coordination and arbitration? (resources, political support) Which entity would have overall responsibility?**

In accordance with Article 88 of the Government Rules of procedure the overall role of co-ordination and arbitration regarding questions of policies is awarded to the Government of the Republic of Serbia.

In accordance with a Government decision the overall responsibility for co-ordination and arbitration of questions in the framework of IPA instruments is awarded to the National IPA co-ordinator and the European Integration Office as a technical secretariat of the National IPA co-ordinator. A certain role in the co-ordination and arbitration is also played by the Commission for programming and management of EU-funds and development assistance (see an answer to the question no. 31).

In the case of cooperation with the European Commission, the role of coordination and arbitration regarding IPA questions shall be performed by a joint monitoring committee, the meetings of which are organised twice a year.

**37. What is the role of the Ministry of Finance with regard to the coordination of other Ministries?**

Pursuant to Article 6. of the Law on Ministries (Official Gazette of RS, no. 73/2010 dated 12 October 2010.) the Ministry of Finance is responsible for, among other things, public administration tasks related to: the budget of the Republic; establishing the consolidated balance of public revenues and expenditures; tax system and policy; public spending policy; management of available public resources of the Republic of Serbia; coordination of activities in relation to planning, ensuring and using donations, European assistance and other forms of foreign development assistance; payment methods and payment system; budget control and



financial audit of direct and indirect beneficiaries of either central or local government budgets or the budgets of autonomous territories. The Ministry of Finance plays the central role of the coordinator of all of the above mentioned tasks.

Also, in of the system of EU funds management, the Government of the Republic of Serbia has appointed the Minister of Finance the Competent Accrediting Officer (Government Conclusion No. 119-3192/2008, dated 25 February 2009.) whereas the State Secretary in the Ministry of Finance has been appointed the National Authorising Officer (Government Conclusion No. 119-419/2009 dated 29 January 2009).

The Rulebook on Internal Organisation and Systematization of Job Posts (Government Conclusion No. 110-1740/2008, dated 25 February 2009) establishes the Department for National Fund for Management of EU Funds within the Ministry of Finance. The Department performs its tasks in accordance with the responsibilities of the National Authorising Officer. Those tasks relate to financial management and control of assistance on the basis of the Instrument for Pre-Accession Assistance (IPA). The Department also provides support to National Authorising Officer in establishing and supervising the Decentralised Implementation System and management of EU funds in accordance with the Law on Ratification of the Framework Agreement between the Government of the Republic of Serbia and the Commission of the European Communities on Rules for Co-operation concerning EC-Financial Assistance to the Republic of Serbia in the Framework of the Implementation of the Assistance under the Instrument for Pre-Accession Assistance. Thus, the Ministry of Finance has assumed the central responsibility for the overall coordination of establishment and effective functioning of the overall system of financial management and control of EU funds.

Furthermore, in the Ministry of Finance the Department for Contracting and Financing of EU Funded project has been founded - for implementation of programs and projects from IPA components I, II, III and IV and for coordinating the management of programs and projects from IPA III component - Regional Development.

### **38. Does one ministry or other entity hold a central responsibility in the domain of State reform and Institutional capacity of public bodies?**

In Republic of Serbia there is no ministry or any other body which has central responsibility in the domain of State reform and Institutional capacity of public administration.

**The Constitution of the Republic of Serbia** (Official Gazette of RS, no. 98/06) in Article 123 paragraph 1 point 1 establishes that the Government as one of the executive bodies lays down and conducts the policy of Republic of Serbia. Cited constitutional provision was extended by the Law on Government (Official Gazette of RS, no. 55/07, 71/05, 101/07 and 65/08) in Article 2 paragraph 1 which envisages that the Government establishes and conducts politics of Republic of Serbia within the framework of the Constitution and laws and other general acts of the National Assembly. Ministries, within the framework of their scope, prepare law drafts, other provisions and general acts for the Government (regulations, decisions etc.) and propose the Government development strategies and other measures which shape the Government policy. Also, by monitoring the situation in the areas from their scopes and studying the consequences of the confirmed circumstances to the society, ministries take measures that they are authorised for or propose the Government to bring regulations or take measures for which it is authorised.

**39. What are the partnership structures that exist in your country: coherent, independent and representative network of civil society representatives, socio-economic partners?**

The Law on Associations (Official Gazette of RS, no. 51/09) represents legal framework for setting up, work and action of domestic and foreign associations in the Republic of Serbia, pursuant to the Constitution, international acts and adopted standards.

Before this law entered into force, registration was made on the grounds of two laws in three different ministries, so there were no uniform records on associations. Since October 2009 uniform Associations Register was established in the Serbian Business Registers Agency (SBRA), and it contains, as at 4 January 2011, total of 5 589 entered associations. Since the deadline for harmonizing the acts of existing associations is April 2011, that is the expected time when it will be possible to make reliable analysis on number of associations, their sectors, activities and capacities. The assessment is that there will be 10 000 to 12 000 associations in the Associations Register.

In line with the practice in European Union, in the Republic of Serbia there is a noted trend of thematic networking of civil society organizations (CSO). For instance, more CSOs have, by signing memorandums or cooperation protocols, founded following networks of CSOs in Serbia: FENS – Federation of Non-governmental Organizations of Serbia, Coalition Against Discrimination, CHRIS – Network of Human Rights Committees, Network Against Poverty – Serbia, Coalition for Promotion of Social Entrepreneurship, Network of Civil Society Organizations for Children of Serbia etc.

When speaking about social partners, at the level of the Republic of Serbia representative social partners are the following unions: Confederation of Autonomous Trade Unions of Serbia and United Branch Syndicates “Independence”, and employers organizations: Union of Employers of Serbia. In this regard, please note that tripartite social dialog pursuant to The Law on Socio-economic Council (Official Gazette of RS, no. 125/2004) is made within the framework of the Socio-economic Council of the Republic of Serbia at the national level and through the function of socio-economical councils at sub-national level (level of territorial autonomy unit and local self-government unit).

**40. How is partnership (stakeholder participation) organised in the preparation, financing, monitoring and evaluation of assistance?**

Process of programming international development assistance, including EU financial assistance that is secured through the Instrument for Pre-accession Assistance (IPA) is realized in line with the Action Plan on Programming International Development Assistance (hereinafter referred to as: Action Plan) that is prepared by the European Integration Office. Action plan defines jurisdictions and responsibilities of all participants in programming process including project applicants, their mutual relations and a calendar/dynamics of programming.

Also, Action Plan specifies key documents i.e. strategic framework for programming, with particular reference to Enlargement Strategy, EC Progress Report, European Partnership, Multi-annual Indicative Planning Document. In this regard, as pursuant to paragraph 2 Article 4 of IPA Implementing Regulation national strategic/planning documents are basis for programming, the Government each year adopts the Needs Assessment for International

Development Assistance of the Republic of Serbia which defines priorities and measures for their realisation on three-year basis. When defining them, apart from national strategic documents (please see the answer to question no. 48) documents prepared by the European Commission are taken into account, such as Multi-annual Planning Indicative Document. With the view to provide the largest consensus and support for realisation of these priorities and measures, while defining them the widest consultations are being held with donor community representatives, civil society organizations (CSO) and local self-government units.

Apart from regular conferences/meetings dedicated to process of programming international development assistance, pursuant to the rules of procedure, it is envisaged that representatives of civil society organizations take part in the work of eight sectoral groups for programming (more on competences of sectoral working groups and their significance for the programming process please see in answers to questions 33 and 34). In this regard, activities financed by SIDA and DFID funds are being carried out currently. Their result should be the establishment of permanent institutional mechanism of consultations in planning, programming and monitoring of EU funds and international development assistance. Management over this mechanism should, upon its establishment, will be delegated to the Office for Cooperation with Civil Society.

### III. ADMINISTRATIVE CAPACITY

#### **41. What overall staff levels (also breakdown per organisation if available) are involved in programming and implementation of EU assistance in your country? What is the staff turnover ration?**

Please find below the number of staff per institution involved in programming and implementation of EU assistance in the Republic of Serbia

Institution	No. of systematized	No. of employed
Ministry of Finance / Department for Contracting and Financing of EU Funded Projects	17	13
Ministry of Finance / National Fund Department for EU Funds Management	10	7
Ministry of Agriculture, Forestry and Water Management / Directorate for Agricultural Payments (future IPARD agency)	70	66
Ministry of Agriculture, Forestry and Water Management / Rural Development Sector	11	11
Ministry of Agriculture, Forestry and Water Management	5	2
European Integration Office / Department for Planning, Programming, Monitoring and Reporting on EU funds and Development Aid	17	12
European Integration Office / Department for Cross-border and Transnational Cooperation Programmes	9	6
Ministry of Culture	3	2
Ministry of Health	2	2
Ministry of Interior	13	7
Ministry for Kosovo and Metohija	2	2
Ministry of Infrastructure	6	6

Ministry of Trade and Services	7	6
Ministry of Justice	2	0
Ministry of Environment and Spatial Planning	6	5
Ministry of Economy and Regional Development (IPA component I)	5	4
Ministry of Economy and Regional Development (IPA component IV)	5	5
Ministry of Labour and Social Policy	6	6
Ministry of Education	8	7
Ministry of Finance	3	3
Ministry of Public Administration and Local Self-Government	8	8
Ministry of Telecommunications and Information Society	3	2

**42. Has (Is) training been (being) organised for staff in EU assistance programmes? What training plans for developing management capacity, project management, public procurement, evaluation capacity and financial management and control are envisaged?**

Training for EU assistance programmes has been implemented in an intensive and planned way for the last three years. In its annual general programmes of professional training (for 2007, 2008, 2009 and 2010) the Human Resource Management Service has planned and implemented training of civil servants in relation to the project cycle management with a special emphasis on the preparation and implementation of projects in the context of IPA. Within a thematic field "Projects in state administration" training courses for the preparation and implementation of projects for IPA components 1, 3 and 4 have been delivered. Planned training courses are carried out throughout a year, being time-harmonized with the stages of programme cycle in the current year.

Training courses for project management have been prepared and realised in continuity through co-operation of the Human Resource Management Service with the departments of the Ministry of Finance, European Integration Office and authorities in the Cabinet of Government vice-president for European integration.

Professional training is primarily intended for the managers and civil servants employed in units for the preparation and implementation of IPA projects in order to ensure efficient usage of assistance.

For the last three years the following programmes of project management have been realised:

1. Basics of project preparation and management
2. The procedure of programming the international assistance and the identification of a draft project proposal
3. The production of a project logframe matrix
4. The production of IPA project proposals
5. A feasibility study and cost-benefit analysis
6. The production of a project budget
7. General principles of public procurement preparation (PRAG, ToR)
8. PRAG – procurement of supplies
9. PRAG – procurement of services

10. PRAG - Execution of works
11. PRAG – Managing grants (donations)
12. Basics of IPA project monitoring and evaluation
13. The importance of human resources management in the preparation for DIS accreditation for the use of funds from IPA III and IV
14. Basics of the Decentralised Implementation System (DIS) of EU funds

During 2008 the Human Resource Management Service carried out, in the form of training courses and seminars, 14 training events on project management which were attended by the total of 400 civil servants, in 2009 there were 29 training courses with 621 participants and in 2010, 21 training courses with 511 participants were held. Besides, the Human Resource Management Service has carried out training of 10 trainers (ToT) for IPA component 1 who were engaged to deliver training in 2010, as well as training of 20 trainers for IPA components 3 and 4, whose engagement in the realisation of training is planned for 2011.

Regarding the area of management and governance in state administration, in the last few years the Service supported by the French cultural centre and the French National School of Administration has implemented training programmes for the development of managerial skills (leadership skills, change management, time management, teamwork etc.) and in cooperation with the Secretariat General of the Government, it has realised training courses on medium-term planning (objective-oriented planning). In addition, training courses in the field of project monitoring and evaluation and medium-term plans of entities have been carried out.

With the aim of capacity building in the field of public finances, training courses on financial management and control have been carried out, as well as training courses in the field of public procurement for the civil servants who conduct the procedure of public procurements and the ones who participate in the procedure. When training in this area is concerned in 2010, the emphasis was on the ethics in conducting the procedure of public procurement.

The Human Resource Management Service has included all the above thematic fields in a proposal for the General Programme of Professional Training of Civil Servants in 2011. In addition, the proposal of the Programme for 2011 for the first time envisages the realisation of a training programme related to the application of different quality management tools, which contributes to the enhancement of efficiency of state administration entities.

By adopting the Action Plan for the preparation of accreditation for DIS in the Republic of Serbia, the Government has also adopted a Training Plan for the preparation of accreditation for DIS which covers 14 modules:

- Module 1: General framework of IPA
- Module 2: Process of programming
- Module 3: IPA Component V
- Module 4: IPA inter-institutional relations
- Module 5: IPA DIS process of accreditation
- Module 6: Control environment
- Module 7: Publicity and visibility
- Module 8: Tendering and procurement
- Module 9: Contract management
- Module 10: Financial management

Module 11: Monitoring and evaluation  
Module 12: Accounting  
Module 13: Human resources management  
Module 14: Irregularities and frauds

The main purpose of training in this field is improving theoretical and practical knowledge and skills of civil servants involved in programming or implementing the assistance from IPA components, internal auditors and high-ranking and middle-ranking managers in competent ministries and other Government institutions that are beneficiaries of IPA funds (or are involved in IPA funds management).

The above modules are also included in the proposal of the General Programme of Professional Training of Civil Servants in 2011. The realisation of the above modules shall be coordinated by the Ministry of Finance, National Fund Department for EU Funds Management, with the support of the Human Resource Management Service.

Also, as the coordinator of eight programmes of cross-border and trans-national cooperation in which the Republic of Serbia takes part, the European Integration Office in cooperation with institutions at central, provincial (European Affairs Fund of Autonomous Province of Vojvodina), local level and non-governmental sector is working on capacity building for the management and/or preparation and implementation of programmes/projects through:

1. organising seminars and workshops in the following fields:
  - project cycle management,
  - logical approach and logical matrix
  - preparation of project proposals,
  - assessment of project proposals,
  - implementation of public procurements in accordance with EU procedures,
  - horizontal measures (cross-cutting issues),
  - promotion of project activities,
  - reporting and
  - evaluation and monitoring.
2. organising forums for the search of project partners (Partner Search Forum),
3. professional training (attendance at seminars, professional practice in EU institutions)
4. production of handbooks and other accessory material.

**43. Are there institutions responsible for the continuous training of civil servants (at national and sub-national levels)?**

The Law on Civil Servants stipulates that, within the framework of provisions on principles of civil servants' activities, the civil servant has the right and obligation to professional training according to the needs of the state authority.

Professional training is based on programmes that determine types and contents of professional training and amount of necessary assets. Pursuant to The Law on Civil Servants, the Government passes the General Programme of Professional Training for Civil Servants in public administration bodies and services for each year, at the proposal of the Human Resource Management Service. The Human Resource Management Service is a Government service, founded upon the Regulation on Establishing the Human Resource Management Service (Official Gazette of RS, no. 106/05 and 109/09), pursuant to The Law on Civil Servants. The Human Resource Management Service provides professional tasks connected to

personnel management in ministries, special organizations, Government services and professional services of administrative districts such as preparation of proposals for the Government on General Programme on Professional Training of Civil Servants and organizing professional training in line with the laid down programme.

General Programme on Professional Training is based on horizontal, common needs of public administration bodies in line with mutual, horizontal tasks or tasks which take place in all or most of the public administration bodies.

Until now, upon the proposal of the Human Resource Management Service, the Government has delivered four General Programmes on Professional Training of Civil Servants: for 2007, 2008, 2009 and 2010. Programmes are intended to satisfy the needs for professional training of different categories of civil servants, depending on hierarchy (civil servants in appointed positions, Heads of smaller internal units, newly employed civil servants and other civil servants). At the same time, those programmes are designed to satisfy the needs of civil servants regarding the kind of work they perform.

Professional training of civil servants in public administration bodies is also organized as a special training conducted by the public administration bodies on grounds of Programme for Special Professional Training. Programme for Special Professional Training is laid down by the Manager of the public administration body for each year, according to the special needs of the public administration body.

Specific training on EU, which includes training on EU and special topics from areas of competence of particular ministries, is conducted by the European Integration Office. European Integration Office is the service of the Government of the Republic of Serbia, established by the Regulation on the establishment of European Integration Office of the Government of the Republic of Serbia (Official Gazette of RS, no. 126/07, 117/08, 42/10, 48/10). In line with this Regulation, the European Integration Office, inter alia, performs professional, administrative and operational tasks related to organization of trainings on EU, in cooperation with other public administration bodies and Government services.

The topics of trainings on the area of European integration are selected on the grounds of training needs analysis, the National Programme for Integration in EU and the Annual Report of European Commission on Progress of Serbia in European Integration Processes (Progress Report).

During 2008 and 2009, with respect to SAA and the beginning of its implementation, in the frames of realized trainings number of sectoral topics has been increased so that priority was given to those related to harmonization of national law with certain areas of EU acquis, experiences of the countries from the region that have acceded to EU and external and internal coordination of European affairs. Techniques of negotiation and lobbying were especially examined, and the target groups, apart from employees in European integration units close to the ministries and members of sub-groups of the Expert Group for Coordination of Accession Process and Legislative Institutions, have been expanded with members of working groups that have been preparing some laws (including representatives of civil sector), agriculture inspectors, judges, prosecutors, those employed in culture and media. Special support for capacity building was given to the Sector for Translation Coordination in the European Integration Office.

During the last period focus of the trainings is on the special aspects in application of harmonized legislation and institutional enhancing, specific and almost individualised forms of professional training and acquiring specific, vocational training in certain areas of EU acquis. Target group has been expanded to the employees of local self-government bodies.

**At the level of the Autonomous Province of Vojvodina** it was envisaged by The Provincial Assembly Decision on Provincial Civil Servants, Article 22, that provincial civil servant is obliged to improve his/her professional skills and get vocational training with the aim of his/her own promotion and an increased work efficiency of the provincial administrative body. An obligation of provincial administrative bodies and the Human Resource Management Service, as a professional service founded for this purpose, was established to ensure professional training of provincial civil servants through organizing workshops, exercises, seminars and courses.

The Executive Council of the Autonomous Province of Vojvodina has brought the Decision on Establishing the Human Resource Management Service, (Official Journal of APV no. 18/2006) as an independent provincial body and for its function assets are secured from the budget of the Autonomous Province of Vojvodina. The Human Resource Management Service organizes and coordinates professional training and additional education of the employees from public administrative bodies, conducts detailed analysis of the needs for professional training of the employees and monitors and analyzes the effects of employees' professional training.

Professional training of provincial civil servants is realised according to The General Programme of Provincial Civil Servants Professional Training, delivered by the Government of the Autonomous Province of Vojvodina on proposal of the Human Resource Management Service. Programmes of general professional training of provincial civil servants and dynamics of their realisation is based on expressed needs of provincial civil servants, set out through analysis of the Questionnaire on Needs for Professional Training filled by provincial civil servants.

Until now, the Government of the Autonomous Province of Vojvodina has delivered four General Programmes on Professional Training, for 2007, 2008, 2009 and 2010. Selection of trainings included in general programmes of professional training was aimed to satisfy the needs for professional training of different categories of provincial civil servants, depending on the kind of work they perform and the hierarchy of the job positions they are allocated to. Trainings have included also provincial civil servants employed at the Assembly of the Autonomous Province of Vojvodina.

Significant part of the training from 2008 to 2010 was focused on provincial servants' education in the sphere of acquiring specific knowledge from areas of preparation, management, implementation, monitoring and evaluation of the projects within the framework of IPA programme. For the purpose of more complete and higher quality training, cooperation has been established with the lecturers and donors from the Republic of Hungary. Due to specificity of the topic area, target group of those seminars has been expanded to the employees in local self-government units on territory of the Autonomous Province of Vojvodina.

The European Affairs Fund of the Autonomous Province of Vojvodina is responsible for education in the field of the European integration in the Autonomous Province of Vojvodina



in line with the article 6 of the Provincial Assembly Decision on the establishment of the European Affairs Fund of the Autonomous Province of Vojvodina (Official Gazette of AP Vojvodina, No. 13/2009 and 2/2010)<sup>12</sup>

**At local self-government level**, the Training Centre of Standing Committee of Towns and Municipalities (as a part of the Sector for Services to Members of Standing Committee of Towns and Municipalities) realizes activities that contribute establishment of a sustainable system of professional training at local level as one of the key mechanisms for building up highly professional, responsible and efficient local management.

The Standing Committee of Towns and Municipalities – Union of Towns and Municipalities of Serbia is an independent, non-party, non-governmental and non-profit organization into which towns and municipalities of Serbia enter voluntarily for an indefinite time in order to develop and improve local self-government, protect it and achieve their common interests. All towns and municipalities in Serbia are members of SCTM.

Basic activities of the Training Centre of Standing Committee of Towns and Municipalities are: regular monitoring and analysis of needs of Standing Committee of Towns and Municipalities members for building up capacities/training (through annual questionnaires about member's needs, activities of the Standing Committee of Towns and Municipalities Board, direct contacts with the members etc.); building up partner relations and improvement of cooperation of key players in the process of planning and realization of trainings meant for local self-government units; continuous gathering and dissemination of relevant information, training materials and example of good practice towards membership and all key partners at local, national and international level; improvement of standards in the area of preparation, realisation, monitoring and evaluation of trainings composed for local self-government units; creating thematic training programmes and organizing and realising trainings targeted for local self-government units coherent to identified needs; development and implementation and other forms of professional and expert support to local self-government units in order to build up their capacities (through so called municipal support packages).

**44. Have the relevant organisations prepared human resources or organisational development strategies? Do these organisations develop annual work plans and workload analyses?**

A special strategy on human resource development (organizational level) has not been adopted in the Republic of Serbia. With regard to the bodies and authorities which deal with annual planning, analysis and reporting please check answer to the question no. 19 from the Chapter on Political Criteria.

In the process of establishing system for financial management and control of EU financial assistance, with respect to international standards of organizational management, business ethics, internal audit and risk management, strategic management plans are developed for each structure included in the process of programming and implementing EU financial assistance. These plans also include a plan for human resources development – work load analysis, based on set goals and tasks, employment plan (dynamics and necessary

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<sup>12</sup> For more information on the European Affairs Fund of the Autonomous Province of Vojvodina please see Annex to the question 23 Political criteria containing Provincial Assembly Decision on the establishment of the European Affairs Fund of the Autonomous Province of Vojvodina.

qualifications) and plans and methodological instructions for evaluation of workload and assessment of employees.

**45. What changes are foreseen with regard to IPA and decentralised implementation? What are the staff increase plans?**

In the process of establishing decentralised system of managing EU funds, under coordination of the National Authorising Officer, there are regular assessments of the scope of work and the needs for the employees in all relevant structures. Based on those assessments, in cooperation with the relevant structures, the changes of the regulations on internal systematisation are being made, if necessary, as well as employees' job descriptions, which, after adoption by relevant Ministry and the Government of Serbia, result in allocation of funds in the budget for financing the employees' salaries.

**46. Recruitment: What are the recruitment procedures (efficiency and transparency)? Does the administration face difficulties in recruiting and retaining officials? Are there substantial differences related to working conditions between ministries hampering mobility?**

Filling vacancies in public administration bodies is regulated by the Law on Civil Servants, Articles 45-75 (Official Gazette of RS, no. 79/05, 81/05, 83/05, 64/07, 67/07, 116/08 and 104/09), by the Regulation on conducting internal and public competitions to fill vacancies in the state authorities (Official Gazette of RS, no. 41/20 – consolidated version and 109/09) and the Rulebook on professional qualifications, knowledge and skills that are verified in the selection procedure, the modes of their testing and criteria for the selection to the job position (Official Gazette of RS, no. 64/06, 81/06, 43/09 and 35/10).

The Law on Civil Servants contains the principle of equal access to job positions; during the employment of civil servants in public administration bodies, all job positions are accessible under equal conditions to the candidates, and the selection between them is based upon their professional qualifications, knowledge and skills. An adult citizen of Republic of Serbia who holds prescribed vocational training and fulfils other conditions specified by the law and other regulations, as well as the Rulebook on internal organization and systematization of the job positions within the public administration body may work as a civil servant.

In order to start the process of filling in the vacancies, it is required that this position is foreseen with the **Rulebook on internal organization and systematization of job positions** and that it is in accordance with the adopted Human Resource plan. The Human Resource plan defines number of job positions which can be filled in during each budget year and for each public administration body, in compliance to the funds which are secured for those purposes in the budget of Republic of Serbia.

Job positions of civil servants are classified into appointed job positions and executive job positions. Appointed job positions in public administration bodies, Government services or professional services of administrative districts are: Assistant Minister, Secretary of the Ministry, Director of the Administrative Authority within the Ministry, Assistant Directors of the administrative authority within the Ministry, Director of special organization, Deputy and Assistant Director of special organization, Director of the Government Services, Deputy and Assistant of Director of the Government Services, Deputy and Assistant of the Government General Secretary and the Head of the administrative district.

Modes of filling in the vacancies depend on whether it is an appointed or executive job position. Pursuant to the Law on Civil Servants, a vacancy for executive job position is always filled by transfer/reassignment of civil servant within the same or from other public administration body or by establishing employment relationship with the selected candidate who has not been a civil servant prior to that. The vacancies for appointed positions in public administration bodies, Government services or administrative districts are always filled by appointment by the act of Government.

When all legislative requirements are fulfilled for filling in the vacancy for executive position, the Principal (of State administration body) passes the decision if he will fill the position by transferring a civil servant within his/her own public administration body or, on the grounds of the agreement on transferral from another body, by conducting internal or public competitions. Public administration body or Government service which are filling in the vacancies are obliged to lay down a decision on filling in and to deliver it, together with the evidence about fulfilment of the conditions for the required position and the statement from the Principal about the mode of filling in the job position, to the Human Resource Management Service which is authorized to determine if all conditions for filling in the position have been fulfilled.

If internal competition is being conducted, it is prepared by the Human Resource Management Service and publicised at its web page, on its notice board and within the facilities of the public administration body for which this job position is being filled. Public competition is advertised by the body which fulfils the vacancy in daily newspapers and Official Gazette of Republic of Serbia, and Human Resource Management Service announces it at its web page.

An advertisement on internal/public competition contains data on the public administration body, job position, requirements for employment to that job position, working location, professional qualifications, knowledge and skills which are evaluated in the selection procedure and modes for their verification, the time limit for the submission of application, the date of the beginning of selection, evidence enclosed with the application, personal name of the person responsible for giving information on advertisement etc. The time limit for submission of application for the internal/public competition may not be shorter than 8 days from the day of advertisement. An advertisement on internal competition contains also information on which civil servants have the right to take part in it, and advertisement on public one on probation period.

For carrying out an internal competition rules of a public competition are applied. That means that the rules on the selection procedure that is being conducted by the Selection Panels and on the duty of a Principal of the public administration body to select one candidate from the selection list, which is defined within the institute of a public competition, are implemented within the institute of an internal competition.

Internal and public competition for filling vacancies for executive job positions in public administration bodies is conducted by the Selection Panel that is appointed by the Principal of the body and in which one member must be a civil servant employed in the Human Resource Management Service. The task of Selection Panels is to conduct the selection procedure whose aim is to, through different elimination phases, select and employ the best candidates.

Criteria for selection of candidates in the procedure that has been run in order to fill vacancies for executive job positions and appointed positions in public administration bodies and Government services are laid down in the Rulebook on professional qualifications, knowledge and skills that are verified in the selection procedure, the modes of their testing and criteria for the selection to the positions, which is determined by the High Civil Service Council.

Selection Panels select the candidate by testing professional qualification, knowledge and skills of the candidates who participate in the selection procedure. Professional qualification, knowledge and skills can be tested in writing and orally through different methods. The way in which professional qualification, knowledge and skills are tested depends on prescribed working conditions at the job position and other demands that are arising from the description of tasks for the job position. Members of the Selection Panel for filling in the vacancies for executive job position decide alone and in advance (in cooperation with the employee from the Human Resource unit of the body) what and how, i.e. by which method, they are going to check in the selection procedure, by establishing criteria for marking and preparing tasks/questions for knowledge testing. When in the selection procedure skills of logical and analytic reasoning are tested, as well as organizational and management skills of the candidates, the tests are conducted by psychologists employed at the Human Resource Management Service indirectly, through standardized tests from designated professional organizations.

Candidates that have reached criteria prescribed for the selection with the best scores are chosen for the selection list by the Selection Panel. The choice list with maximum three candidates is delivered to the Principal of the body who is responsible to choose the candidate from that list. Before reaching the decision, the Principal of the body may conduct an interview with the proposed candidates. If the candidate selected is not a civil servant, the Principal issues a ruling on his/her admittance into the employment, and if the candidate selected is already a civil servant, the Principal issues a ruling on his transfer. Internal/public competition is not successful if the Selection Panel establishes that none of the candidates have met the criteria prescribed for the selection.

A ruling on employment or a ruling on transfer is delivered to all candidates that have participated in the selection procedure. A candidate that has participated in the selection procedure has the right, within eight days from the day of the delivery of the ruling, to appeal to the Appeals Commission of the Government if he/she considers that the selected candidate does not fulfil the conditions for being employed at that job position or that during selection procedure such irregularities occurred which could influence objectivity of its outcome. The candidate who participated in the selection procedure has the right to, under the monitoring of an official from the public administrative body, examine the whole documentation of the public competition.

All who start their employment within the public administration body for the first time, except for the trainees, civil servants who work in the cabinet and civil servants who are appointed, are subjected to probation work. A probation period for non fixed-term employment lasts for six months. The probation work of a civil servant is monitored by his or her direct superior who shall, upon the expiry of the probation, submit a written opinion to the Principal in which the superior shall state if the civil servant was successful on the probation period. If the civil servant was not successful on the probation period, his employment is being terminated, without the right of compensation for dismissal.

Internal or public competition is undertaken in order to fill vacancies for appointed position. Internal competition is compulsory when the vacancy for appointed position is filled by the Government. A civil servant may, upon expiry of the time for which he or she was appointed to the position, be re-appointed to the same appointed position without undertaking the internal or public competition, upon the proposal of the one responsible for his or her appointment.

The first competition for appointment to all appointed positions after the Law on Civil Servants enters into force is to be conducted as a public competition. The vacancies for appointed positions in public administration bodies, Government services or administrative districts, internal/public competition is advertised by the Human Resource Management Service, and implemented by the Selection Panel.

Appointment of the Selection Panel is within the jurisdiction of the High Civil Service Council, a body whose members are appointed by the Government for the period of six years and from the line of the appointed civil servants and professionals from the areas significant for work of public administration. The Selection Panel for each individual appointed job position that is being filled is appointed by the High Civil Service Council among its members and professionals for the certain area, one of whom can be a civil servant employed in the body in which the vacancy is being filled. When internal competition is being organized for the vacancy for appointed position, the following have the right to participate: civil servant from public administration body and services of the Government fulfilling the requirements for promotion to the appointed position, and in the previous two years have been graded with the mark “outstanding”, those who already work in appointed position or those whose work in the appointed position terminated due to the resignation, expiry of time for which they were appointed or abolishment of the position. The selection procedure is undertaken by the Selection Panel. The rules from the Rulebook on professional qualifications, knowledge and skills that are verified in the selection procedure, the modes of their testing and criteria for the selection to the positions are applied to the work of the Selection Panel. For all appointed job positions there are obligatory verifications of the skills of logical and analytical reasoning, organizational and management skills, and an interview with the candidates who participate in the selection procedure. After ending selection procedure the commission draws the list of maximum three candidates who have fulfilled the criteria prescribed for the choice to the appointed job position with the best scores and delivers it to the Principal of the body, i.e. to the one responsible for proposing the Government the candidate for the position.

Internal and public competitions have not succeeded if the Government is not proposed a candidate for appointing to job position or if the Government does not appoint the proposed candidate.

As stated above, vacancy can be fulfilled also by transferring the civil servant within the same body or transferring according to the agreement on transfer of civil servants from another public administration body. This possibility refers only to executive job positions. In order to transfer a civil servant from lower to higher executive job position, he/she is required to fulfil conditions for promotion that are prescribed by the law and concern the evaluation of his/her work. A civil servant can be promoted to the next higher job position if two times in a row he/she has been given the mark “highly outstanding” or four times in a row the mark “outstanding”.

Since the Law on Civil Servants has entered into force, the Human Resource Management Service in line with its competencies participates in the work of Selections Panels for filling executive job positions in public administration bodies and monitors balanced treatment during employment of the new staff.

Experience acquired to date of the Human Resources Management Service on the work of selection panels shows that, generally observed, the interest in working in public administration bodies has been decreased since 2008, and that there is a decrease in number of candidates applying to the advertised competitions. The most frequent motivation factor that potential candidates have while applying for the job when it comes to working in a public administration body is a permanent, secure job and a regular salary. Younger candidates also point out progress in a career.

The practice has shown that the greatest number of candidates apply for the competitions for filling vacancies for executive job positions which are filled by accepting trainees. The smallest number of candidates applies for the job positions for which a relevant several-years work experience in a professional area has been foreseen, as well as certain knowledge, skills and capabilities (managers of smaller internal organization units and appointed job positions). Special difficulties have been manifested when employing the professionals who possess specific knowledge and skills, and the younger civil servants who have certain potentials and capacities for development and acquiring new knowledge and skills, especially from the area of European integration.

The Human Resources Management Service keeps a monthly record about the number of employed civil servants and appointees. Register on number of employees shows that there is a certain fluctuation of the employees within the public administration body, as well as an outflow of employees from it. Although the problems of constant work motivation of civil servants, fluctuation of employees and their outflow from public administration reflect to the efficiency of the public administration bodies, there is no official analysis on which categories of civil servants are the most prone to fluctuation and which are the reasons for voluntarily leaving public administration as an employer. Also, there are no official analysis on how many civil servants leave public administration per year and how many new employees are accepted to those vacancies. Pursuant to the Law on Civil Servants the Human Resource Management Service keeps Central register on staff about the civil servants and appointees in the public administration bodies and Government services. Central register on staff is kept in a form of a computer data base, where each body provides the data about its employees for that register. All public administration bodies have not yet been included in the system of Central register on staff, and there is a problem of updating the entered data.

**47. Remuneration: is the level of remuneration in the public service competitive with the private sector in order to recruit skilled and stable staff? Are there extra wages, remunerations (bonuses), other incentives?**

The right of civil servants and general service employees to their salary, elements that compose the salary, the beginning of usage of that right, payment of the salary, protection of the right to the salary, remuneration and other earnings and provision of funds for it are all established by the provisions of the Law on Salaries of Civil Servants and General Service Employees (Official Gazette of RS, no. 62/06, 63/06, 115/06, 101/07 and 99/10). According to this law, the salary consists of: basic salary and supplements to the basic salary.

The salary includes taxes and contributions that are paid from it. The commencement of exercising the right on salary for civil servants and general service employees is from the day they enter into job position, and it ceases on the day their employment ceases.

Civil servants and general service employees have the right to monthly salary. It is paid during the current month for the previous month. Protection of the right to salary, remunerations and other earnings is realised for: civil servants according to the law which regulates the position of civil servants, and for general service employees according to the general labour regulations.

Funds for salaries, remunerations and other earnings of civil servants and general service employees are provided from the budget of the Republic of Serbia. By the Law on Salaries of Civil Servants and General Service Employees it is established that the basic salary of civil servants is defined by multiplying coefficient with the base for calculation and payment of the salary, which is uniform and is established by the Budget Law of the Republic of Serbia for each budget year.

The right to the basic salary belongs to civil servant who works full working time or who works working hours that are considered full time. Civil servant who does not work full time has the right to basic salary which is proportional to length of his/her working hours.

Each appointed job position and each executorial job position are classified into one of 13 salary groups – which determine appropriate coefficients. Job positions are listed into salary groups from I to V: in ministry, special organization, Government service, court, public prosecutor's office, the Republic Public Attorney and at the position of the Head of an administrative district – is included in the salary group that corresponds to the group in which he/she was classified by **the Regulation on Classification of Job Positions and the Criteria for Description of Civil Servants' Job Positions**. Appointed positions in services of the National Assembly, president of the Republic, Constitutional Court and services of the bodies which members are elected by the National Assembly are determined by their acts. Executive jobs are classified into salary groups from VI to XIII. For each salary group in which executive job positions are classified there are eight salary grades, which express promotion at the same executive job position.

Principles of determining coefficients in their acts are general rules for classification of job positions, as well as aspiration that they are equally evaluated as similar job positions in ministries, Government services and courts. Public administration body to which the National Assembly gives consent on the Rulebook on Internal Organization and Systematization of Job positions is obliged to specify the salary group to which each job position is classified in the Rulebook.

Coefficients are determined differently for the appointed job position compared to the executorial job position. For an appointed job position coefficient is being determined according to the salary group in which position is situated, and for the executive job position a coefficient is defined according to the salary grade of the salary group to which the executive job position belongs.

Coefficients for the appointed/executive job position:

Groups of appointed/ executorial job positions and	Salary group	Salary grade							
		1	2	3	4	5	6	7	8

job titles									
The first group of the appointed job positions	I	9.00	0						
The second group of the appointed job positions	II	8.00	0						
The third group of the appointed job positions	III	7.11	0						
The fourth group of the appointed job positions	IV	6.32	0						
The fifth group of the appointed job positions	V	5.62	0						
Senior Adviser	VI	3.96	4.15	4.36	4.58	4.81	5.05	5.30	5.57
Independent Adviser	VII	3.16	3.32	3.49	3.66	3.85	4.04	4.24	4.45
Adviser	VIII	2.53	2.66	2.79	2.93	3.08	3.23	3.39	3.56
Junior Adviser	IX	2.03	2.13	2.23	2.34	2.46	2.58	2.71	2.85
Associate	X	1.90	1.99	2.09	2.19	2.30	2.42	2.54	2.67
Junior Associate	XI	1.65	1.73	1.82	1.91	2.00	2.10	2.21	2.32
Clerk	XII	1.55	1.63	1.71	1.79	1.88	1.98	2.07	2.18
Junior Clerk	XIII	1.40	1.47	1.54	1.62	1.70	1.79	1.88	1.97

Coefficient is specified by the decision on coefficient in which it is defined: salary group to which position belongs; number of salary grade and the coefficient level.

Determination of coefficients is done by the person or body, depending on whether it is an appointed job position or an executive job position: for the appointed civil servant who manages state administration body, body competent for his appointment; for executive job position, Principal of the state administration body, i.e. a person that is designated by a special legislation; for presidents of appeal committees of the Government and judiciary and advisers of the President and the Vice-president of the Government – who are employed (they are entitled to the coefficient of the appointed position) – it is determined by the Government.

**For civil servants in executive job positions**, in specific status and in particular circumstances, coefficients are specified in the following way: to one who is just starting his/her employment, the coefficient is determined from the first salary grade in the salary group in which the job is situated; for the trainee a coefficient of 80 % of the first salary grade coefficient of the salary group in which the job position that one would be situated in after his/her traineeship is determined; in the cases of promotion to the next higher job position, the coefficient is determined of the first salary grade of the salary group in which the job position is situated, and if it happens to be lower than the coefficient employee had had before the promotion, then the coefficient is determined so that it is the next higher to the coefficient one had before the promotion; for the person entering into job position of the Head of an internal unit the coefficient is being increased for two salary grades; who ceases to manage the internal unit, coefficient is being decreased for two salary grades; who is permanently or temporary transferred to other job position in the same position as the job he/she was transferred from (suitable job) is determined the coefficient one had until the transfer. This does not influence the rules on coefficient determination for the Head of the internal unit, who has been transferred to a lower job position that is adequate to his/her professional education due to change in organization of the public administration body and with his/her consent. He/she is being determined a coefficient of salary grade which ordinal number is equal to



ordinal number of salary grade from salary group to which job position from which he/she has been transferred belongs.

After the transfer the coefficient is increased: during the first year for 80% of disparity between the coefficient of the job from which one was transferred and the coefficient of the job to which one has been transferred; in the second year it is increased for 50% of that disparity; in the third year for 20% of that disparity and three years after the transfer the right on increasing the coefficient ceases. For civil servant who has been transferred from the appointed job position to the executive job position due to expiry of time for which he/she was appointed, resignation or because the position was abolished, the coefficient of the highest salary grade of the salary group to which the job position he/she was transferred to belongs is determined. After the transfer coefficient is being increased according to the same rules, as for the civil servant who has been transferred from the higher job position to the lower with his/her consent.

Civil servants have the right to the following supplements to the basic salary: **for the period they were employed** (total employment time) – 0.4% of the basic salary, for each year of work while employed; **for the night work**, from 22 p.m. to 6 a.m. the next day, for each hour of the night work 26% of the value of the basic salary working hour; **for work on the holiday which is a non-working day by the law**; for each hour of work 110% of the value of the basic salary hour; **for additional burden** (if by written order of the superior employee performs the tasks which are not in his/her job description since the workload has been temporary increased or because employee is filling in for the absent civil servant): of minimum 10 working days monthly is 4% of the basic salary; i.e. 5% of the basic salary if one is filling in for the Head of an internal unit and of minimum 20 working days a month is 8% of the basic salary; i.e. 10% of the basic salary if one is filling in for the manager of an internal unit; **for overtime work on superior's order for each hour which one has worked longer** than the full working time (overtime work) one is entitled to one and a half hour free; **for permanence**, the civil servant who outside working hours has to be available (in permanence) so that he/she can, if needed, perform some task from his job's scope, one is entitled to the permanency supplement, which is for each hour (of the permanency) 10% of the value of the basic salary working hour.

The civil servant who works in an appointed job position has the right only to the supplement for the time they were employed (total employment time).

The right for a supplement and the amount of it to the basic salary is determined with the special decision laid down by the Principal of the State administration body, or a person or body which is determined to do so by special provision. Just for the supplement for the time they were employed (total employment time) a special decision is not issued; it is a component of coefficient and is defined in the decision on the coefficient.

Civil servants have the right to remuneration of the salary to the amount of the basic salary during the time of their annual holiday; during the paid leave – pursuant to the general labour regulation or special collective agreement for the administrative bodies; if he/she did not work on the holiday which is envisaged as a non-working day according to the law, if one has answered the call for the military training or if one has answered the call from the public administration body.

Remuneration of the salary to the civil servant who does not work for 30 days due to illness or an injury (temporary work unavailability) is 65% of the basic salary for the month in which he/she has been absent due to illness or injury out of work; 100% of the basic salary for the month of his/her leave due to professional illness or injury at work. Thus calculated and paid remuneration to the salary cannot be lower than the minimal salary (established by general labour regulations).

Remuneration of the salary, which right and amount is established according to the general labour regulation, is paid to the civil servant who is at maternity leave and who is absent from work due to child or some other persons' care.

While without a job position, civil servants are entitled to remuneration of the salary which is 65% of the basic salary for the month which is prior to the month in which a first-instance decision has been laid down (of one being without the job position).

Due to the commencement of disciplinary procedure because of severe violation of duties when employed, civil servant, while removed from work, has the right to remuneration of salary which is 50% of the basic salary for the month which is prior to the month in which the first-instance decision on removal has been laid down. Civil servant against whom the disciplinary procedure has been terminated, or the one who has been released during the disciplinary procedure, has the right to the disparity between the paid remuneration and the full amount of the basic salary.

Civil servant who has been ordered detention has the right for remuneration of the salary which is being paid at the cost of the body which has ordered the detention.

General service employees, as well as civil servants, have the right to the basic salary which is determined by multiplying the coefficient with the base calculation and payment of the salaries, which is uniform and established by the Budget Law of the Republic of Serbia for each budget year.

The right to the basic salary belongs to general service employees who works full time or works working hours that are considered as full time working hours. The general service employee who does not work full time has the right to the basic salary which is proportional to length of his/her working hours.

Determination of coefficients is realised by classifying each general service employee into one of six salary groups, so that the salary group corresponds to the kind in which that job position is classified according to the Rulebook on Internal Organization and Job positions Systematization.

For general service employees salary grades are not established because for them there is no work evaluation procedure as with civil servants. By the Law on Salaries of Civil Servants and General Service Employees **following coefficients have been established for the general service employees:**

Salary group I	2.53
Salary group II	2.03
Salary group III	1.9
Salary group IV	1.5

Salary group V	1.2
Salary group VI	1

For general service employees, in specific status and in particular circumstances, determination of coefficients is realised in a special way: for the trainee a coefficient of 80 % of the salary group to which the job position one has signed the employment contract for belongs; for the general service employee enters into the job position of the manager of an internal unit the coefficient is being increased for 10%; and when one ceases to manage the internal unit, coefficient is being determined for the salary group his/her job position belongs to; when general service employee is transferred to other job position coefficient is determined for the salary group to which job position he has been transferred to belongs.

On the change of a salary group or a coefficient a decision is being adopted, which, by the force of law, replaces suitable provisions of the contract of employment.

General service employees exercise rights to supplements to the basic salary on two grounds, i.e. to supplements realised according to the same conditions and in the same amount as for civil servants, as well as bonuses for the accomplished results.

Supplements that general service employees realise under the same conditions and at the same level as civil servants are: 0.4% of the basic salary for the time they are employed (total employment time) for each year of work while employed; for the night work, from 22 p.m. to 6 a.m. the next day, for each hour of the night work 26% of the value of basic salary working hour; for work on the holiday which is envisaged as a non-working day by the law - 110% of the value of the basic salary hour for each working hour; for each hour which, by the order of the superior, one works longer than the full working hours (overtime work) one has the right for an hour and a half free; during permanency one has the right to the permanency supplement, which is for each hour of permanency 10% of the value of the basic salary working hour.

General service employees have the right to supplement for the accomplished work results which represents substitution for promotion through salary grades that civil servants realise. By the Budget Law of the Republic of Serbia, for each administrative body a percentage (from the total of the established amounts for the salaries) intended for the supplement for accomplished results of the work by general service employees is established. General service employee exercises this right once in three months (from January to March, from April to June, from July to September and from October to December) if he/she has realised above-average results in scope and quality of work. Realised supplement can be up to 50% of the basic salary, and is paid with the salary for March, June, September and December. Decision on the supplement for the realised work results and its amount is laid down by the head of the administrative body at the proposal of the head of the internal unit in which general service employee works – which is given after appraisal with the person who is his direct superior.

Provisions of the Law on Salaries of Civil Servants and General Service Employees which imply to remuneration of salaries, cost compensations and other earnings of civil servants are applied to general service employees (apart from the provisions on the compensation salary right due to removal from work when the general service employees has the right on salary compensation according to the general law regulations).

#### IV. PROGRAMMING

**48. Do national planning documents and sector strategies, including for transport, environment, economic development, SME/business development, R&D or human resource development exist? If yes, for what period and what are their main features in terms of socio-economic analysis, strategy formulation and objectives, priorities of investment, concrete measures to be taken as well as implementation arrangements?**

National planning documents related to specific sectors are defined and provide directions of development in these areas.

In particular, the inter-sectoral programming document “**Needs of the Republic of Serbia for International Assistance 2011-2013**” defines the approach of the Government to multi-annual programming of international development assistance, donor coordination and cooperation mechanisms, as well as prioritized measures within the relevant sector. The document is based on the existing national strategic framework and defined mid-term objectives and sets out the framework for developing projects that are ideally suited for financing by the donor community. The purpose of the document is to contribute to the implementation of the reforms and strategic objectives of the Government by introducing a three-year programming framework and providing necessary level and structure of international assistance. The process of preparation of a document was organized using so called sector-wide approach (SWAP) by engaging and coordinating all relevant stakeholders in defining priorities and measures for defined sectors.

**National Programme for Integration of Serbia into the European Union (NPI)** is a comprehensive national planning document that presents the plan of legislative, institutional and administrative measures which the Republic of Serbia intends to take in the process of fulfilling the obligations of EU membership.

Strategic documents related to the sectors of transport, environment, economic development, SME/business development, R&D, human resources are available and determine policies and priorities of the Republic of Serbia in the above areas. The following strategies are under implementation for relevant areas:

##### **Transport**

**Strategy of the Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia for period 2008-2015** dealing with development of transport modes, modernisation and improvement of free movement of passengers and goods on the national and international markets. The Strategy incorporates principles of EU Transport Policy, the requirements of the SAA, and the Community Strategy Guidelines on Cohesion and the MIPD. The Strategy determines directions for future transport sector development, taking into account the principles of efficiency and economy, safety, interoperability and intermodality, application of innovations and new technologies, and covers all modes of the transport sector in Serbia.

**The National Plan of Republic of Serbia for road and railroad infrastructure** development for period 2008-2012 indicates activities in road and railway infrastructure for implementation to 2015, including estimation of costs and framework for infrastructure

development financing from the national budget and IFIs loans. A total cost of infrastructure projects considered for implementation to 2015 is estimated to be €2.9 billion. Implementation of the National Plan started in 2008; the Action Plans are adopted and evaluated annually. Specific objectives of the Strategy and the National Plan will be achieved by implementation of projects introduced in the General Master Plan for Transport in Serbia (October 2009) and the Master Plan and Feasibility Study Inland Waterway Transports for Serbia (2005).

**The General Master Plan for Transport in Serbia** was adopted in 2010. It sets out priority projects for transport infrastructure development up to 2027 and it includes road, railway, air, inland waterway and intermodal transport, and has been synchronized with the country's development programme. The total costs of public investment required for transport infrastructure development in 2010-2027 have been calculated as €15 billion.

## **Environment**

**The National Sustainable Development Strategy (NSDS) of the Republic of Serbia** was adopted in 2008. The objective of the National Sustainable Development Strategy of the Republic of Serbia is to establish a balance between the three key factors, or three pillars, of sustainable development: sustainable economic growth and economic and technological progress, sustainable social development, based on social balance, environmental protection accompanied with reasonable use of natural resources, embracing them in one whole supported by an adequate institutional framework. Strategy defines also sustainable development indicators for Serbia. Strategy is accompanied by the spacious Action Plan for years 2009-2017, which is issued and adopted as a separate document in March 2009. The provisions of the National Sustainable Development Strategy cover both the short-term (2009-2011) and longer term (2009-17).

**Waste Management Strategy** for period 2010-2019 provides conditions for rational and sustainable waste management at level of Republic of Serbia. Different specific waste streams have been analysed. Strategy includes proposals to establish 12 regional waste management centres in Serbia by the year 2019 (and defines 29 waste management regions), to repair the existing dumps, which represent the greatest risk to the environment and the location of "hot spots" of historical hazardous waste pollution and to establish hazardous waste management system. Included is Financial Plan with costs assessments. Action Plan for 2010-2014 determines necessary activities for transposing EC waste directives.

**The National Programme for Environmental Protection (NPEP)** was adopted in 2010 and will be implemented through Action Plans and remediation plans adopted by the Government for the period of five years. Individual action plans are developed by the ministry in charge of environmental protection in cooperation with the relevant sectoral ministry. The National Programme of Environmental Protection lays down a set of objectives for Government policy over 2010-2019.

## **Economic Development**

**The National Strategy for Economic Development** for period 2006-2012 is the first development document defining, in a consistent and integral way, the country's basic development priorities. The main development goals are to increase the standard of living of all citizens as well as dynamic and sustainable economic development. This implies the basic

strategic orientations: (i) creating an attractive business environment as a basic condition for increasing the overall competitiveness of Serbian economy; (ii) Knowledge-based development; (iii) development of efficient economic infrastructure: energy, transport, water, etc; (iv) balanced stabilising, developmental and social role of the state; (v) balanced regional development; (vi) sustainable development The Strategy does not anticipate specific financial framework for implementation.

**The National Strategy of Regional Development** for period 2007-2012 was the first planning document whatsoever dealing with regional development and disparities in Serbia, and thus it was more a descriptive one, without listing concrete actions and indicators for measuring its realisation.

The Strategy defines following objectives: i) sustainable development; ii) increasing regional competitiveness; iii) preventing regional disparities and poverty; iv) reducing negative demographic movements; v) accelerating process of decentralization; vi) economic integration of Serbs community in Kosovo and Metohija; vii) development of institutional regional infrastructure.

Law on Regional Development envisages the preparation of new, a more operational document - National Plan for Regional Development (10 year period) and 5 Regional Development Strategies, one for each region (five year period). These are to be in line with already adopted local development strategies, regional and national strategies. The Strategy does not anticipate specific financial framework for implementation.

**The Strategy for Development of Competitive and Innovative Small and Medium-sized Enterprises** for period 2008-2013 is built on 5 pillars:

Pillar 1: Promotion & Support for Entrepreneurship and Establishment of New Enterprises.

Pillar 2: Human Resources for a Competitive SME Sector.

Pillar 3: Financing SMEs and Taxation.

Pillar 4: Competitive Advantage for SME on Export Markets.

Pillar 5: Legal, Institutional and Business Environment for SMEs.

**Tourism Development Strategy of the Republic of Serbia to 2015** defines long-term objectives of tourism planning and development in line with overall economic, social, environmental and cultural-historical development. The Strategy aims to improve the competitiveness of tourism, to increase foreign currency income, domestic tourist traffic, as well as employment growth, **in order for** the Republic of Serbia to become a competitive tourist destination. It also aims to promote the development of the positive image of the country in the world market, the protection and sustainable use of the environment and the cultural heritage as resources for the tourism development, to improve the quality of life for citizens, and to protect tourist consumers, according to the experiences of developed European countries. Each year, for the implementation of the Tourism Development Strategy of the Republic of Serbia to 2015, the funds are provided from the national budget, which is allocated through the Ministry responsible for tourism, as well as from the budget of local self-government units. The funds from the pre-accession funds are also used (IPA 2007 – the project Support to implementation of the National Strategy for Tourism Development is under way, which, inter alia, aims to develop the capacities of the National tourist development corporation). Pursuant to the Strategy to 2015, the funds should be directed by clusters to:

restructuring, rehabilitation and increasing quality of existing facilitations of the tourism offer; development of a new accommodation offer, as well as huge, so-called "urban conversion" projects.

The estimated total amount of investments in accommodation offer of Serbia to 2015 is approximately 4 billion euros, by clusters: Vojvodina – 625.9 million euros or 15.4%; Belgrade region – 1,134.7 million euros or 28.0%; South West Serbia -1,567.8 million euros or 38.8% and South East Serbia – 717.3 million euros or 17.7%.

The strategy provides the following group of investment stimulations: financial stimulations and facilitations (direct investments in development of the tourist and capital infrastructure, operating grants, development loans under beneficial conditions); quasi-financial stimulations and facilitations (public guarantees for repayment of commercial loans, subsidising of «marketly» defined interest rates with the aim to reduce the cost of capital); fiscal stimulations and facilities for increasing profitability of specific investment projects and investments; other stimulations and facilitations (staff training programs, repatriation of profit, possibility of engagement of foreign experts, marketing operations etc.).

**Trade Development Strategy of the Republic of Serbia** was adopted in February 2009. The Strategy will be put in place by 2012. The Strategy has been developed in line with other strategic documents in the field of economy, in order to include the Republic of Serbia into tendencies of the single market of the European Union. The strategy defines trends of development of trade until the joining the European Union and has a crucial role in the process of building a modern market economy, with emphasis on the competition as intensive as possible. The main objectives of the Strategy are maintenance of small and medium enterprises in the area of trade, strengthening of the competition and the expansion of retail activities outside Serbia, including also as large as possible presence of foreign retail chains on our market. During the period of realization of this Strategy, the harmonisation of adopted regulations with the European Union legislation will be done.

**Strategy of Scientific and Technological Development** for the period 2010 – 2015, sets out a vision of Serbia as an innovative country where scientists have attained European standards, contributing to the overall level of knowledge of the society and promoting the technological development of the economy. The Strategy defines national priorities, partnership arrangements, its implementation and key benchmarks. The Strategy reflects the intentions of the governing structures to restructure Serbian R&D sector and stimulate urgently needed measures with this purpose. It envisages investing in science and technology as the only way for Serbia to create a sustainable economy and society. Among the primary goals that the Strategy tries to achieve is that of re-organising and capacity building of existing R&D institutes, ensuring application of knowledge based innovations into production that will enhance Serbian knowledge based on economy and its competitiveness. Innovation results from effective R&D through effective technology diffusion, and policies to better integrate national innovation and education systems. The implementation of the strategy requires definition and planning of the following actions:

- Integrated R&D programmes;
- Programme of technological development;
- Programme of incentives for development of innovations;
- Programme of knowledge transfer

The timeline for the **Strategy for Information Society Development in the Republic of Serbia** is until 2020, the financial framework is not defined and the priorities are listed as follows. Activities being undertaken with the aim of developing the Information Society should be focused on the priorities in the following areas:

1. Electronic communications, where the following priorities are established:
  - 1.1. open broadband access
  - 1.2. digital television and radio program broadcasting and digital dividend
  - 1.3. communication infrastructure of public sector
2. E-administration, e-health and e-judiciary, where the following priorities are established:
  - 2.1. electronic identity in public sector services
  - 2.2. use of ICT in public administration bodies and entities exercising public powers
  - 2.3. use of ICT in the health care system
  - 2.4. use of ICT in the judiciary
3. ICT in education, science and culture, where the following priorities are established:
  - 3.1. academic computer network
  - 3.2. ICT in education
  - 3.3. research and innovations in the ICT sector
  - 3.4. digital contents
4. Electronic commerce (e-commerce), where the following priorities are established:
  - 4.1. elimination of regulatory barriers to e-commerce development
  - 4.2. electronic bills and electronic payment
  - 4.3. encouragement of e-business development
  - 4.4. protection of consumers in e-commerce
  - 4.5. e-business development co-ordination
5. Business ICT sector, where the following priorities are established:
  - 5.1. human resource development
  - 5.2. development of start-up and innovative companies
  - 5.3. export and cross-border outsourcing
  - 5.4. protection of intellectual property of software and digital contents
6. Information security, where the following priorities are established:
  - 6.1. improvement of legal and institutional framework of information security
  - 6.2. protection of critical infrastructure
  - 6.3. fight against high-technology criminal
  - 6.4. scientific-research and development activities in the information security sector

### **Human resource development**

Medium term national employment policy is defined in the **National Employment Strategy** sets the following priorities for the period 2005-2010:

- Towards Sustainable Employment Growth
- Towards Enhanced Quality and Productivity of Work
- Towards Strengthening Social Cohesion in Labour Market



The National Employment Strategy 2005-2010 was made operational through three National Employment Action Plans: NEAP 2006-2008, NEAP 2009 and NEAP 2010<sup>13</sup>. Each NEAP defines priorities and objectives of employment policy and stipulates programmes and measures that need to be established for the achievement of those priorities and objectives. The objectives and priorities to be achieved with employment policy in 2011 defined in NEAP 2011 are as follows:

**Objectives:**

1. Increase employment;
2. Invest in human capital;
3. Social Inclusion.

**Priorities:**

1. Matching labour market demand and supply;
2. Job creating;
3. Improvement of education and training measures with a view to developing qualified labour force;
4. Promotion of employment of difficult-to-employ groups and vulnerable groups;
5. Decentralisation and stimulation of development of regional and local employment policy.

The period covered by the Strategy is about to expire and the preparations of the new one to cover the period from 2011 until 2020 are underway. A Draft study “Evidence-Based Policy Making Initiative in Employment” was recently prepared. It provides an analysis of the current labour market situation in the framework of the results achieved with the previous strategy. The results of the analysis will feed into the new Strategy, whose first draft will be ready by September 2010. Under the new employment law, National Employment Action Plans (NEAPs) are adopted on an annual basis, defining the employment priorities for the forthcoming year. A report on the implementation of each NEAP is produced to feed into the drafting of the new NEAP. Employment policy is created on the basis of labour market information produced by the Republic Statistical Office in the form of Labour Market Surveys conducted twice a year. In addition, the National Employment Service has its own register of unemployed used for keeping records on the situation on local labour markets and monitoring the status of persons included in ALMPs.

**The Strategy for the Development of Secondary Vocational Education**, adopted in December 2006, defines the main objective of the VET system, which is “to provide youth and adults with the opportunities to gain knowledge, skills and competencies needed for work and employment and to ensure conditions for further education and learning in the perspective of the society’s sustainable development”. The Strategy’s goals are reflected in the new Law on the Foundations of the Education System (2009). The Action Plan for the implementation of the Strategy was adopted in 2009.

The VET development strategy and its Action Plan revolve around the following themes:

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<sup>13</sup> The 2009 Law on Employment and Unemployment Insurance stipulates the annual adoption of National Employment Action Plans.

- development of social partnership in vocational education in Serbia through further institutional development enabling cross-sectoral approach in further reform of the VET system;
- development of the National Qualifications Framework as the cornerstone of the education system including VET;
- Establishment of quality assurance system and transparent accreditation and certification system;
- establishment and development of the system of career guidance and counselling in vocational education in Serbia;
- development of entrepreneurship in vocational education.

**The Adult Education Strategy** was adopted in 2006, and the Action Plan for its implementation in 2009. The Adult Education Strategy includes the following priorities:

- the establishment of partnership mechanisms with social partners;
- the demarcation of responsibilities and competencies between ministries;
- the development of adult education programmes (primary and vocational);
- the promotion of quality of adult education and training.
- the strengthening of the capacity of training providers.

**The Strategy for Career Guidance and Counselling** and the Action Plan for its implementation (2010-2014) were adopted in March 2010. The main strategic objective is the establishment of a system of career guidance and counselling promoting a better use of human resources through links between the worlds of work and education. Such a system would also contribute to the objectives of social equality and inclusion.

**Strategy for Development and Promotion of Socially Responsible Business Operations in the Republic of Serbia** for 2010-2015 is an act which comprehensively regulates the situation in the area of socially responsible business operations. In order to implement the general objective of the Strategy, promotion of the sustainable growth and development of business operation which encourages the social inclusion and prevents damages to the environment, the following, mid-term and long-term objectives are identified: promotion of the concept of socially responsible business operations; development of socially responsible business practices; and creating incentives and legal obligations which will provide development of the environment favouring expansion of socially responsible business operations. Funds for implementation of the Strategy may be secured from the EU pre-accession funds, bilateral and multilateral donations, as well as from the budget of the Republic of Serbia.

**Strategy for Development of Social Protection** (Official Gazette of RS No. 108/05) was adopted in 2005 and defines basic components of the reform of social policy: Deinstitutionalisation, decentralisation and democratisation of social protection services - inclusion of local community in provision of social services and partnership with civil society. Pursuant to the Strategy, reforms are managed by the following principles: Taking care of needs of individuals in the context of family and community; emphasizing the participation of users in conception and provision of social services; ensuring diversity of services and choices available to users; greater provision of services within communities than through institutions (as part of the deinstitutionalisation process); and promotion of pluralism of service providers.

The main objective of the social protection system reform defined by the Strategy is development of the integrated social protection in which social players use the existing and

develop new resources in the most efficient way, by the means of available, quality and diversified services, in order to preserve and improve the quality of life of vulnerable and marginalised individuals and groups, to train them to lead a productive life in community and to prevent the dependence on social services. Specific objectives of the Strategy are (1) improvement of the protection of the poorest (individual objectives: securing an existential minimum and more efficient system of financial support) and (2) development of a network of community-based services (individual objectives: Integrated assessment and planning in the community, introduction of the system of quality and territorially and functionally available services).

The time-frame for the implementation of the Strategy is not specified. A number of the activities is defined by 2009, and a number- continuously.

The abovementioned strategic objectives are implemented through the realisation of the project “Support to the Implementation of the Strategy for Development of Social Protection” (the Government of the United Kingdom and the Government of the Kingdom of Norway have provided part of the funding for the period of three years, starting in 2006). A very significant number of tasks set out in this document are realised in the previous period (adopted laws and other legal acts, introduced system of quality and service standard, implemented new method of work in the Centres for Social Work, developed services in the community for particularly vulnerable groups of citizens, introduced system for the accreditation of the training programmes for the employees in the system of social protection etc.). The objectives of the reform contained in the Strategy are being actively implemented.

**National Strategy for the Improvement of the Position of Women and the Advancement of Gender Equality for the Period from 2010 to 2015** is adopted as a first step towards the improvement of the position of women and introduction of the gender equality (Official Gazette of RS No. 15/09). The Action Plan for implementation of the Strategy has been prepared on the basis of its main task – to provide opportunities that will ensure the drafting of systematic, institutional and development solutions for the realisation of the policy of equal opportunities in different aspects of the lives of men and women. The Strategy contains six general objectives (and ten individual objectives): Increase of the participation of women in the decision making processes and achieving gender equality; improvement of economic position of women and achieving gender equality; achieving gender equality in education, improvement of women’s health, and promotion of gender equality in the health policy, prevention and combating all forms of violence against women and provision of a comprehensive system of the protection of women victims of violence; and eliminating gender stereotypes in public media and promotion of gender equality. Within each general objective in the Strategy are defined long- term objectives aimed at the achievement of the general objective. In this Action Plan are defined activities for each long-term objective which contribute directly to the achievement of each individual long-term objective, and indirectly, through long-term objectives, contribute to the realisation of the general objective. The activities are planned for a period of six years, from 2010 to 2015, but part of them refers to long-term period as well, after 2015. A large number of activities stand for initial activities that have yet to evolve into a system or a continuous process.

Funds for the realisation of measures and activities provided for in the Action Plan will be secured in part from the budget of the Republic of Serbia. The allocation of funds from the budget of local self-governments, from donors, including private sector, as well from

international partners will be stimulated. Funds for the coordinative function of the Administration of Gender Equality will be secured from the budget of the Republic of Serbia.

**Strategy for Improvement of the Position of Persons with Disabilities in Serbia** for the period 2007-2015 was adopted in 2006 (Official Gazette of RS No. 1/07). Strategic objective set in this document is to improve the position of persons with disabilities to the position of citizens with equal rights enjoying all the rights and having the same responsibilities.

In accordance with set frameworks, the Strategy envisages that the following general objectives are met by 2015: Incorporation of the issue of the position of the persons with disabilities in general development plans with creation of the institutional framework and operationalisation of the cooperation of multiple departments and sectors on the activities of planning and monitoring the policies in this field; development of efficient legal protection, with developed and implemented plans for preventing and combating discrimination of persons with disabilities, as well as plans for the sensitising the society on disability issues; formation of available social, health and other services based on the rights and needs of users, in accordance with the modern internationally accepted methods of assessment of persons with disabilities and assessment of needs; development of measure policies and application of programmes, in particular in the field of education, employment, work and housing which offer to persons with disabilities equal opportunities and encourage independence, personal development and leading an active life in all the fields; ensuring access to the built environment, accessible transport, information, communications and the services intended for public, for persons with disabilities and through development and implementation of the plan of eliminating barriers and construction of accessible objects and services; securing adequate standard of living and social security for persons with disabilities.

Total costs of the implementation of the Strategy are secured in the budget of the Republic of Serbia – in the budget funds and in the budget of the local municipalities. Funds for the realisation of the projects realised by associations and organisations of persons with disabilities, in addition to the Budget of RS and local municipalities, may also be secured from national and foreign donors.

**Strategy on Health and Safety at Work in the Republic of Serbia for the Period from 2009 to 2012** is the act of the Government which determines in a comprehensive manner the situation in the field of safety and health at work in the Republic of Serbia and the measures to be taken for its development, i.e. defines basic objectives and directions of the improvement of this field.

Individual objectives of the Strategy are: establishing, maintaining, progressively developing and periodically reviewing the system of safety and health at work in consultation with the representative organisations of employers and employees, adoption of laws, by-laws, collective agreements and other general acts on safety and health at work (alignment with EU regulations); adoption of mechanisms and procedures for the implementation of the regulations on safety and health at work (integrated labour inspection); introducing special insurance against accidents at work and occupational diseases; introducing information system in the field of safety and health at work (register of accidents at work and occupational diseases, etc.); education of relevant tripartite bodies constituted by the representatives of the state authorities, employers and employees, responsible for the safety and health at work in accordance with law and practice; determining priorities in resolving matters related to the safety and health at work: Small and medium-sized enterprises, high risk departments; groups

of vulnerable employees; discrimination and ill-treatment; gender equality; product safety, relating to the equipment, machines and other means of work and safety at work; safety of services, in particular services of maintenance and repair of equipment, machines and other means of work; promoting the culture of prevention and good practice in the field of safety and health at work at all levels of organisation of employers, employees, teaching establishments and the State (association of employees, trade unions, labour inspection, education, funds for pension and invalidity insurance and health insurance, etc.); presenting initiatives for the introduction of legislative framework within the meaning of defining the financial and budget resources in the field of safety and health at work; launching the initiative for the establishment of the reference laboratory for the purpose of the control of the quality of work of legal persons with licence in the field of safety and health at work which perform inspections and controls of working equipment and inspection of working environment conditions; launching initiatives for establishment of the Education Centre (for employees, employers, persons responsible for safety and health at work, labour inspectors, etc.) in the field of safety and health at work; cooperation in the field of safety and health at work (further cooperation at international level and at national level improved and enhanced inter-ministerial cooperation).

Action Plan for Implementation of the Strategy on Safety and Health at Work for the period from 2009 to 2012 (Official Gazette of RS No. 3/10) elaborates the measures for the implementation of individual objectives from the Strategy on Safety and Health at Work. Funding for the implementation of the Strategy may be secured from pre-accession funds of EU, bilateral and multilateral donations, as well as from the budget of the Republic of Serbia.

**National Strategy for Young People (NSYP)** was adopted in 2008 and represents the first step towards the systematic resolution of the position of young people in the Republic of Serbia. In addition to NSYP, the Government of the Republic of Serbia adopted on 22 October 2009 the Action Plan for Implementation of the National Strategy for Young People APNSYP (Official Gazette of RS No. 7/09). Time-frame for the realisation of NSYP and APNSYP is the period from 2009 to 2014.

Objectives/priorities and measures for their implementation:

1. encouraging young people to participate actively in the society;
2. developing cooperation of young people and securing the conditions for participation in decision making through sustainable institutional framework, and on the basis of the needs of the young and in partnership with the young people;
3. building up the information system for the young people at all levels and in all fields;
4. securing the exercise of the right to equal opportunities of all the young in the society, and in particular of the young people living in difficult conditions;
5. encouraging and appreciating the exceptional results and achievements of young people in different fields;
6. improving the opportunities for the quality leisure time of young people;
7. developing open, productive, effective and fair system of the formal and informal education, available to all the young people and in accordance with global trends in education and with the context of education in the Republic of Serbia;
8. promoting and stimulating all forms of employment, self-employment and entrepreneurship of young people;
9. improving safety of young people;
10. safeguarding and improving health of young people, reducing the risks and main disorders of health and developing health protection adapted to young people;

11. empowering young people for initiatives and activities which are in accordance with the main objectives of the sustainable development and healthy environment.

For the realisation of NSYP in 2009 are allocated 16,689,576.26 dinars directly from the budget of the Republic of Serbia. International donors in cooperation with the Ministry of Youth and Sports in 2009 allocated the funds in the amount of EUR 2,160,000.00 and U.S. 440,000.00 for the projects aimed at the implementation of NSYP. In 2010, the Ministry of Youth and Sports allocated 160,450,000.00 dinars for the realisation of NSYP directly from the budget of the Republic of Serbia.

The Government of the Republic of Serbia adopted in 2010 the **Strategy for Career Guidance and Counselling (SCGC)** and the Action Plan for its implementation. Time-frame for the realisation of SCGC and APNSYP is the period from 2010 to 2014. This strategy is the initial step in strategic and programme conceptualisation of the human resource development in the Republic of Serbia. Action Plan defines numerous activities that should secure accomplishment of the main objective of the Strategy- establishing and developing the system of career guidance and counselling. Realisation of following four specific objectives is envisaged for the realisation of this objective:

1. Establishing the system of career guidance and counselling;
2. Developing the system of career guidance and counselling in education;
3. Developing the system of career guidance and counselling in employment;
4. Continuous promotion of career guidance and counselling.

On the basis of 2010 Law on Budget of the Republic of Serbia are provided funds for activities which are planned to be implemented in 2010 in the amount of 11,000,000.00 dinars, and from other sources (EU funds, donor funding and other) 7,000,000.00 dinars. The funds necessary for implementation of the activities to be carried out in 2011, 2012, 2013 and 2014 in the amount of 29,560,000.00 dinars, will be applied through proposals for financial plans of the Ministry of Youth and Sports, the Ministry of Economy and Regional Development and the Ministry of Education.

**The Poverty Reduction Strategy for Serbia** was adopted by the Government of the Republic of Serbia in 2003. The Strategy defines poverty as a multi-dimensional phenomenon which, in addition to insufficient income for securing livelihood, implies the inability first place clean water and air. The main goal set out in this document was to reduce poverty by half by 2010, which was already achieved by 2007. The strategy has helped mainstream concerns about poverty and social exclusion across all relevant policy fields and coordinate public and private efforts in favour of the poorest and socially most vulnerable groups.

**The Social Welfare Development Strategy** has been guiding reforms in the sector since 2005. The Strategy sets out two main objectives for the reform process:

- Improvement of social welfare for the poorest citizens, by securing an "existential minimum" a more efficient system of financial support;
- Development of a network of integrated community-based services reflecting the needs of local beneficiaries and complying with minimum quality standards.

#### **49. If no, do you envisage preparing such a plan and strategies and for what period?**

Upon the initiative of the President of the Republic of Serbia, an expert team has been formed which has prepared a draft of the Strategic document Serbia 2020. The draft of that document

defines basic elements of socio-economic development of the Republic of Serbia till 2020. It follows the structure proposed and adopted by the European Commission while they were composing Strategy Europe 2020, taking into account specificity of the Republic of Serbia. Based on consultations and public discussion, the Government will consider operationalisation and preparation of the final text of Strategy Serbia 2020.

**50. Is there a linkage between these plans/strategies and the process of national investment and budget planning and, if yes, how is it ensured?**

Pursuant to the Law on the Budget System, by the mid-term plan, i.e. strategies (general or sectoral developmental strategy) a process of national investment and budget planning is going on. Mid-term plan which represents comprehensive plan of the budget user (it contains detailed elaboration of all programmes, projects and activities for the budget year with the projections for the next two years, according to the established mid-term goals and priorities), serves as the basis for development of an explanation of the financial plan of that user, and it is being drafted according to the instruction on the budget preparation.

Namely, in line with the budget procedure for budget preparation, the minister gives instruction on proposing priority areas of financing. On the basis of that instruction, users of the Republic's budget deliver their proposals for establishing priority areas of financing.

Apart from that, by sectoral strategies, which establish main strategic goals of development that are going to be conducted in the period for which the development strategy has been adopted, priority programmes and projects are envisaged, which represent strategic priorities in the particular area.

By the Law on the Budget System it is stipulated that provisions which relate to the preparation of mid-term plans are applied in the procedure of preparation and adoption of the law on the budget of the Republic of Serbia for all ministries for 2011, through gradual implementation for other users of the budget.

**51. Which authority(ies) or body(ies) were/will be responsible for (or involved in) the preparation of these plans and strategies?**

In the process of preparation strategic documents various institutions whose activities are related to the topic of a specific strategic plan are being consulted. Also, the representatives of civil society are consulted during the preparation of strategic documents.

Article 26. of the Law on Government (Official Gazette RS, No/ 55/05 and 71/05 corrigendum and 101/07) defines the government decision making process, while the Article 46. of the Government Rules on Procedure defines the consultation procedure before enacting primary and secondary legislation (laws, decrees, decisions) and also the consultation procedure related to budget memoranda, development strategies, declarations and conclusions. Moreover, the right to propose to the Government the adoption of strategic documents sits with the public body which is responsible for the subject of the document. The documents are supplied to the Government via the General Secretariat that in accordance with Article 29. of the Law on Government performs expert and other tasks for the Government.

Republic Secretariat for Legislation and Ministry of Finance are both consulted on the draft development strategies although the subject matter does not necessarily have to concern them directly. The Ministry of Finance (Budget Sector) has to make a opinion concerning every strategic document so as to assure that the implementation of priorities (i.e. goals which are defined in the specific plans and strategies) is financially feasible. Also, all institutions which are in some way concerned with the subject matter of the documents are invited to give their opinions. This ensures the involvement of all relevant bodies in the process of document adoption. If a strategic document is concerned with foreign relations of the Republic of Serbia, the Ministry of Foreign Affairs will be consulted.

Furthermore, in accordance with the provisions laid in Article 8. of the Law on National Assembly, the Assembly is responsible for adoption of laws, budgets, final bills, development plans, spatial plans, rules of procedure, strategies, declarations, resolutions, recommendations, decisions, conclusions and authentic interpretations of law. Thus, Article 190. of the Law on National Assembly's Rules of Procedure defines who is authorised to propose declarations, resolutions, recommendations and strategies, while the Article 191 defines the procedure for their adoption. The Rules of Procedure stipulate the procedure to be followed for the adoption of these documents unless it is stipulated otherwise in the Rules of Procedure themselves. Articles 150-169 stipulate the procedure for the adoption of laws.

**52. Which are the procedures in place or foreseen for preparing these plans and strategies and for ensuring inter-ministerial co-ordination as well as a wide and effective association of relevant partners (regional and local authorities, economic and social partners etc.)?**

The development of strategic documents and plans requires a broad consultation process of all institutions which are concerned with a specific topic strategic document is covering. To ensure the inter-sectoral coordination a number of meetings and round tables is organised so that the parties can exchange their views. Formally, the inter-sectoral coordination is ensured by a mechanism defined in Regulation on Internal Organisation and Systematization of Jobs in Ministries, Specific Organisations and Government Services (Official Gazette RS, No. 81/07 and 69/08). The Regulation offers the possibility to establish:

- Coordinating body
- Project group
- Joint body
- Special working group

Coordinating body



Coordinating body can be established by adoption a decision the Government. Coordinating body is established to coordinate certain activities which are under the competence of more than one ministry or special organisation. The coordinating body is comprised of Ministers and guided by the Prime Minister, or Deputy Prime Minister of the Government, or the Minister that is in charge of the Ministry which is predominantly concerned with the issue.

#### Project group

Project Group can be established for the purpose of executing a task which requires cooperation from multiple bodies i.e. assembling bodies, and that can not be completed during everyday activities of public servants. Project group is established by a decision of the Manager of a specific public body or a Director of a body which is predominantly concerned with the tasks of the project group. Decision which establishes the project group, also determines the group's composition, chairman, the time frame for conducting of the tasks and the issue of availability of involved civil servants.

#### Joint body

Joint body can be established to carry out activities whose nature requires the participation of multiple public bodies i.e. bodies in its composition. Joint body is managed by a representative of the body that is concerned with the majority of tasks due to be executed. Participants and tasks of the joint body and other issues that are related to its work are mutually agreed.

#### Special working group

Manager, director of a body or director of a government service who is responsible to the General Secretary of the Government can establish a special working group and appoint experts from different fields to offer specialist assistance in the conducting most complicated tasks. Decision which establishes a special working group contains provisions on group's activities, composition and management, time frame for execution of tasks and other issues related to its work. Most often, the inter-departmental cooperation during the preparation phase of documents and plans is ensured through establishment of Project groups and Joint bodies. In relation to the coordination with civil society's representatives, see question 51.

### **53. How will it be ensured that the basic principles of programming (decision-making on the basis of objective criteria) will be respected?**

Process of programming international development assistance, including EU financial assistance that is secured through the Instrument for Pre-accession Assistance (IPA) is realized in line with the Action Plan on Programming International Development Assistance (hereinafter referred to as: Action Plan) that is prepared by the European Integration Office. Action plan defines jurisdictions and responsibilities of all participants in the programming process including project applicants, their mutual relations and a calendar/dynamics of programming. Also, Action Plan specifies key documents i.e. strategic framework for programming, with particular reference to Enlargement Strategy, EC Progress Report, European Partnership, Multi-annual Indicative Planning Document. In this regard, as pursuant to paragraph 2 Article 4 IPA Implementing Regulation and national strategic/planning documents are basis for programming, the Government each year adopts the Needs

Assessment for International Development Assistance of the Republic of Serbia which defines priorities and measures for their realisation on three-year basis. When defining them, apart from national strategic documents (please see the answer to question no. 48) documents prepared by the European Commission are taken into account, such as Multi-annual Indicative Planning Document. With the view to provide the largest consensus and support for realisation of these priorities and measures while defining them, the widest consultations are being held with donor community representatives and civil society organizations (CSO).

When adopting the Needs Assessment for International Assistance of the Republic of Serbia, the European Integration Office organizes meetings with project applicants, in order to present them with the oncoming stages in programming process pursuant to the Action Plan, including detailed calendar.

Draft project proposal that contain proposal of potential donor are submitted to the European Integration Office, together with the signature from the Minister or the State Secretary and are entered into ISDA CON Information System. The European Integration Office performs technical evaluation of the draft project proposal (i.e. it evaluates harmonisation with the prescribed format and the instruction for filling in draft project proposal) entered into ISDA CON information system according to the following criteria:

- a) harmonisation with the project proposal template;
- b) clear description of objectives, results and activities;
- c) proposed draft of the project proposal does not overlap with the projects financed by other bilateral and multilateral donors, nor with the projects financed from national funds;
- d) the user of project proposal draft is clearly defined and
- e) strategic framework of project corresponds to selected target donor.

Informing on formal weaknesses of proposed projects, as well as changes and amendments of draft project proposal by authorised project applicants, in the case of formal weaknesses, is done electronically, within the deadline established by the European Integration Office, pursuant to the Instruction on Data Entering on Draft Project Proposal Drafts into ISDA CON Information System. Whereas the standard form envisages defining target donor for proposal project financing, the European Integration Office evaluates, while technically testing the projects, whether they are marked for financing from IPA funds, acceptable for financing from those funds (if not, it has to be clearly stated as a comment in technical evaluation of the project).

On the basis of technical evaluation of the project, project applicants define the list of project proposals for financing ranked by priorities and develop them into suitable format (project fiche) after which the European Integration Office delivers them to the Project Evaluation Group (formed by the representatives from the European Integration Office and the Ministry of Finance). Project Evaluation Group performs assessment of draft project fiche according to the defined criteria and composes a proposal of wider list for financing from the IPA Annual Programme. Basic criteria that are applied in the procedure of proposed projects selection are relevancy, efficiency, effectiveness, influence and sustainability. These criteria are extended to the details in a form of Evaluation Grid which is an integral part of the Action Plan. Wider list of project proposals for financing from IPA is being delivered to the Commission for Programming and Management of EU Funds and Developmental Assistance for authorization, i.e. for eventual changes and amendments. During programming process, in the phase of identification and formulation of project proposals, consultations are being organized with

civil society organizations.

In cooperation with authorised project applicants, the European Integration Office consults with the European Union Delegation (EUD) in order to exchange opinions and secure compliance regarding identified project proposals. After consulting EUD and improving draft project proposal, the European Integration Office organizes the meeting of the Project Evaluation Group that forms a shortlist proposal of projects to be financed from the IPA Annual Programme, which is delivered to the Commission for Programming and Management of EU Funds and Developmental Assistance for authorisation, i.e. eventual changes and amendments. After its adoption, the list of shortlisted projects is through EU Delegation delivered to the European Commission for comments/suggestions and adoption.

**54. Which are the sectoral priorities in terms of national public or equivalent structural expenditure (covering areas such as basic infrastructure, human resources, productive environment etc.)? Please provide a detailed breakdown.**

By the revised Memorandum on Budget, Economic and Fiscal Policy for 2011 with Projections for 2012 and 2013, mid-term macroeconomic and fiscal framework have been defined. Pursuant to the Memorandum, sectoral priorities have been determined, which are, above all, related to agro industry (agriculture and food industry), export oriented industry branches, traffic, i.e. complete infrastructure, as well as strengthening human capital (education and science).

By the Law on Budget of the Republic of Serbia for 2011, as key priority expenditures and outflows that the funds were assigned for, above all are allocated for: attracting direct investments, encouraging production and export, investments of special interest (car industry etc.), production of other vehicles (busses and trucks) and construction machinery, encouraging equal regional development, incentives for development of agriculture and agriculture production, financing current reproduction in the field of railway, underground coal exploitation etc.

Thus, the budget of the Republic of Serbia allocated significant funds for development of all science and research activities, especially in programmes of basic researches, researches in the area of technological development and programmes of transfer of knowledge and technologies in 2011.

A comprehensive review of national priorities which financing is planned from the development assistance is incorporated into the document named the **Needs of the Republic of Serbia for International Assistance (NAD)**. With its programme character this document represents an example of application of methodology for translating priorities and needs of the Republic of Serbia into specific measures which financing should be provided at the project principle. Priorities and measures are defined based on strategic documents of the Republic of Serbia, taking into account strategic framework of donor support to the Republic of Serbia. Also, according to its content, this document has been inserted into multi-annual national sectoral plans (which have been drafted by methodology of annual operation planning – AOP, applied to the mid-term) in sectors in which such plans exist, since this is also one of the processes that should be uprooted pursuant to progress of the concept of policies coordination in the Republic of Serbia. In this regard, NAD pretends to allocate only those priorities and measures for their implementation that have been assessed as appropriate and realistic to be financed from the international assistance, or (most often) in combination of domestic funds

and finances provided from developing partners. As such, NAD should contribute to sustainable socio-economic development and European integration of the Republic of Serbia through planning, programming and promotion of effectiveness of the development assistance pursuant to national strategic framework and priorities. The document is being revised at annual basis, in order to cover the new three-year perspective and the new programme and project priorities, as well as an overview of already secured financing, realised progress and reform results which have been achieved in the previous period.

A draft of this document which refers to period 2011 - 2013 has been prepared and its adoption is expected in February 2011. While identifying sectors for development assistance in this period, the following criteria were applied:

- level of priority and importance of support in particular area in line with the existing strategic documents;
- achieved level of reforms and their contribution to strategic and reform targets;
- importance of international technical support and expertise for execution of activities planned in particular area;
- possibilities for providing finances from other sources and complementary features with them (budget funds, for instance, or loans, private investments etc.) and
- capacity for absorption of the funds in particular sector.

The NAD 2011-2013 draft defines priorities and measures in the prioritised sectors of support. The projects contributing to the implementation of these measures and multi-annual sectoral plans (AOP) should be identified/prepared for implementation in short or mid-term. According to its content, the measures refer to regulatory framework improvement, socio-economic development and implementation of sectoral strategies (please see answer to the question no. 48), institutional capacity building and implementation of investment plans. They are grouped into eight sectors:

1. Rule of law;
2. Public administration reform;
3. Civil society, media and culture;
4. Competitiveness;
5. Human resources development;
6. Agriculture and rural development;
7. Transport;
8. Environment and energy industry.

**55. How have cohesion policy/regional development and human resources development measures/projects under IPA components I and II been programmed/prepared? What national authorities/institutions have taken part in the process and to what extent? Have local/regional level bodies taken part in the process or have they been consulted?**

### **IPA Component I**

Process of programming and preparing all projects within the framework of the first IPA component is being realised in line with the Annual Action Plan on Programming International Development Assistance to the Republic of Serbia and reporting on international assistance and programming Instruments for Pre-accession Assistance IPA (hereinafter referred to as: Action Plan) that is prepared by the European Integration Office. Action Plan

establishes basic principles and uniform programming procedure as well as participants and their responsibilities during the process of establishing priorities and project proposals in line with basic programming documents, particularly emphasising preparation of projects, evaluation and selection of proposed projects within the framework of the first IPA component. Action Plan also clearly defines calendar of EU assistance programming.

Pursuant to annual Action Plan, in present modality of centralised managing of EU funds when exclusively the first two IPA components are at disposal to the Republic of Serbia, competent project proposal applicants are particularly institutions at the central level of public administration. Nevertheless, when analysing needs for international assistance (including IPA funds), it is expected from the central level institutions to include practically all interested parties within the framework of their competence and, if necessary, on their behalf (and in their favour) candidate the projects as empowered proposal applicants, while retaining coordinative role in the project. In this regard, connected to the projects which concern areas of regional and local development, key partners at the central level are competent ministries (Ministry of Economy and Regional Development and Ministry of Public Administration and Local Self-government) and the Cabinet of Deputy Prime Minister for European Integration, while local self-government units are included in the process through cooperation with their national association – the Standing Committee of Towns and Municipalities. (please see answer to question no. 53 for more information on programming process and the project preparation within the first IPA component; while involvement of partners from regional and local levels, as well as representatives of civil society organizations is organized and executed in a manner described in answers to questions no. 33 and 34).

## **IPA Component II**

Process of programming and preparing programme documents within the framework of second IPA component is performed in cooperation with other participant countries in individual programmes. The Republic of Serbia participates in eight programmes of cross-border and trans-national cooperation. Preparation of operative programme documents is done with active participation of institutions at national, provincial (the European Affairs Fund of the Autonomous Province of Vojvodina) and local level in countries which participate in the programme. A detailed SWOT analysis of the territories covered by programmes was conducted and, based on national strategy analysis and research results, priorities and measures have been defined. In the Republic of Serbia the process was coordinated by the National Body / Operating Structure. Since June 2010, the European Integration Office has been nominated by the Government of RS to perform function of the bodies mentioned.

Representation of national, regional and local institutions in programming and execution of programmes of cross-border and trans-national cooperation is reflected in members of the Common Supervisory Board of the Programme. Members of the Board are nominated by relevant ministries of the Republic of Serbia, the Government of Vojvodina (in three programmes: Hungary, Romania and Croatia), the Standing Committee of Towns and Municipalities and in assembly of observers nominated by relevant local self-governments from the territory covered by the programmes.

The Board is a joint body which consists of the mentioned representatives of RS and relevant representatives from other countries which participate in an individual programme. The term of the Board is to adopt proposed programme documents with the proposed priorities within which the activities that are to be financed from EU funds are nominated.

**56. What is the stage of preparations of programming documents for IPA components III and IV including the Strategic Coherence Framework and Operational Programmes? What bodies will take the lead on this programming process?**

The first draft of Strategic Coherence Framework was submitted to the European Commission in February 2010. After delivering comments by the General Directorate for Regional Policy and General Directorate for Employment and following consultations with civil society organisations, the second draft document was submitted to the European Commission in July 2010.

First drafts of Operational Programme for Economic Development (IPA component III) and Operational Programme for Human Resources Development (IPA component IV) were submitted to the European Commission in November 2010.

Bodies which take the lead in programming IPA components III and IV are the European Integration Office in the role of the Strategic co-ordinator for IPA components III and IV, the Ministry of Finance in the role of Head of Operating Structure for IPA component III and the Ministry of Economy and Regional Development in the role of Head of Operating structure for IPA component IV.

**57. Does a pipeline of mature projects exist in order to ensure absorption under IPA component III and IV (and later under Structural Funds/cohesion fund)? If not,**  
**- when will the project pipeline be prepared (time plan)?**  
**- which bodies will be responsible for project preparation?**  
**- which body will coordinate at national level the preparation of project pipeline for IPA (Structural Funds/Cohesion Fund)?**  
**- how will the preparation of projects be financed (sources of financing)?**

The Republic of Serbia made drafts of the Operational Programmes referring to IPA components III and IV. Principles of coherence, complementarity, co-ordination, continuity, stability, partnership and concentration are applied in the course of Operational Programs' preparation as defined in Article 3 of the Regulation on IPA implementation. Operational Programs' were sent to European Commission's DG for Regional Policy and DG for Employment.

There are two types of projects that can be supported by the IPA Components III and IV:

- Major projects (investment projects worth more than EUR 10 million); IPA Components III and IV
- Non - major projects (worth less than EUR 10 million); IPA Components III and IV

Indicative list of major projects which relates to priority axes of the Operational Programmes for Economic Development was identified and represents annex of the Operational Programmes. Every identified project is analysed so as to ensure that the project is ready for implementation and results of the analyses can be found in the Annex of the Operational Programmes. Identified projects are related to infrastructure development and include the preparation of relevant project documentation. According to established dynamics the documentation for the identified projects is being prepared for the second half of 2012. at the latest. Besides that, Operational Programme for human resources includes project descriptions intended for financing in the framework of this Operational Programme.

As a Strategic Co-ordinator, the European Integration Office co-ordinates activities for preparation of projects (using the indicative project list) and corresponding project documentation. Institutions that are part of the Operating structure prepare the projects including the project documentation. Therefore, the preparation of documentation for projects that are on the indicative list is carefully planned and funded from national and donor funds including IPA component I.

So far, under the IPA component I, 4 Project Preparation Facility projects have been approved for financing of project documentation preparation. The beneficiary is the European Integration Office and they are part of IPA 2007, IPA 2008 and IPA 2010 National Programme. Furthermore, the project where beneficiary is Ministry of Environment and Spatial Planning aims to prepare project documentation for construction of a Hazardous Waste Treatment Facility. The project is part of the IPA 2009 National program. From the national budget funds part of project documentation was prepared for water supply system in Loznica and from donations part of project documentation for regional landfill Kalenić. Also, in the drafts of the Operational Programmes for Economic Development and Human Resource Development is envisaged funding for preparation of documentation for future projects to be implemented between 2014 and 2020.

**58. Do regional/local planning documents (strategies, programmes) exist at sub-national levels? If yes, are they coherent with the national sectoral plans? Have the line ministries participated in the development of these plans, have they been consulted? For what periods these plans have been developed? Do they include also the financial aspect of planned actions?**

Law on Local Self-government (Official Gazette of RS no. 129/07) in Article 20 specifies the responsibilities of the municipalities where it is stated, among other things, that the municipality, through its bodies, in compliance with the Constitution and the law: lays down development programmes, adopts programmes of local economic development and conducts such projects; it shall ensure improvement of the general framework for economy in the local self-government unit, protect the environment; it adopts programmes of using and protecting natural resources and environment protection programmes, i.e. local action and restoring plans, in line with strategic documents and own interests and peculiarities and also sets out a special remuneration for protection and improvement of the environment and performs all other tasks which are of immediate interest for the citizens, in line with the Constitution, the law and the statutes. Article 24 of the same Law envisages that the town performs municipality's responsibilities, as well as other jurisdictions and tasks of public administration which are confided to it by the law.

Also, the Statute of Autonomous Province of Vojvodina (Official Journal of APV, no. 17/209), in Article 29 foresees that AP Vojvodina is, among other things, competent to lay down planning documents in the following fields:

1. Spatial planning

- adopts regional spatial plan, spatial plan for special purposes and spatial plan for infrastructure networks and networks of the areas or objects with special functions for the regions within the territory of AP Vojvodina and lays down urban, spatial and development planning within the measures of economic policies of Republic of Serbia.

## 2. Regional development

- lays down strategic and other documents in relation to regional development, and in line with the Strategy of regional development of Republic of Serbia;

## 3. Agriculture, rural development, water management, forestry, hunting and fishing

- lays down, conducts and oversees measures of rural policies and measures of rural development in line with the strategy of agriculture development and rural development of Republic of Serbia;

## 4. Environment protection

- delivers the plan and programme of natural resource management and assets in line with strategic documents;
- lays down the programme on environment protection in line with the national programme;

## 5. Industry and crafts

- delivers the plan and programme of balanced economic development of AP Vojvodina, in line with the development plan of Republic of Serbia.

The last (4.) mapping of strategic/action plans (June 2010) which is conducted every year by Standing Conference of Towns and Municipalities (SCTM) has registered 618 planning processes in local self-government units (that include adopted plans, plans in the process of developing as well as developed plans that have not been adopted by the local assemblies) and 476 adopted plans. That means that towns and municipalities in Serbia have 2.8 adopted strategic/action plans on average (some have 5-6 plans, and some only 1), while some 0.9 are ongoing (under process of preparation) or have already been developed, but not adopted in local assemblies.

The largest number of adopted plans - 27% - are comprehensive development strategies (which include sustainable development strategies, too), which means that significant majority of towns and municipalities has such strategy. In addition, here are strategies which cover the areas of social policy/protection (20%), plans that cover area of support to refugees, displaced and internally displaced persons (8%) and the area of economic development and environment protection (6% each). Other plans at the local level cover issues of specific groups such as children, youth, Roma, but also solid waste management, agriculture, tourism and capital investments.

Process of development of majority of plans is supported by international partners (donors). Comprehensive strategies, including the strategies for local sustainable development, are mostly financially supported through development programmes financed by European Union. Also, preparation of 15 of such plans at the territory of Vojvodina was supported by Province Secretariat for Local Self-government of AP Vojvodina. SCTM has, together with the line ministries, domestic and international partners and with support of European Union programme in 2009, developed a methodology for planning local sustainable development aiming at establishment of standardized approach for future planning at the local level. Such methodological approach was tested in 25 local self-government units.

Strategies related to establishment of social protection services are mostly supported by EU through the Fund for social innovations, including DFID and Norway with support and participation of Ministry of Labour and Social Policy.



Most local ecological action plans are supported by the Regional Centre for Environment Protection from Budapest, and plans for solid waste management by the German Development Agency (GTZ). Local action plans for children are supported by UNICEF, and local plans for youth by Ministry of Youth and Sports, whereas action plans that deal with problems of refugees and displaced persons with the assistance of international donors were supported by Commissariat for Refugees of Republic of Serbia.

Majority of strategic and action plans refers to 5 years period. Strategies that cover the period of 10 years are most often comprehensive strategies (mainly sustainable development strategies).

Most frequent time period that plans are made for is 2008 - 2012 because during that period the greatest initiative has been made (in more than 80 local self-government units) by the Ministry of Labour and Social Policy with the help of international partners.

In 2010 significant part of strategic plans has expired, over 70 of them (i.e. around 15% of adopted plans), most of which are local ecology action plans and comprehensive strategies (in total almost 50%). Most of the plans will expire in 2012 (mostly strategies for improvement of social protection/policies).

Certain number of strategies incorporates action plans with framework financial needs and means necessary for implementation as well as potential resources, while most indicate only targets and activities.

## **V. MONITORING AND EVALUATION**

### **59. Are there entities with sufficient experience and capacity to perform monitoring and independent evaluations of public investment programs? Do they have experienced experts?**

Public investments represent one of the mechanisms of realisation of the policies of the Government of the Republic of Serbia. In the area of public investments in the Republic of Serbia the competence has been divided among the ministries which realise the public investment programmes.

Public investments are subject to previous analysis through the methods relevant for development of feasibility studies. Feasibility study, inter alia, estimates social, financial, market and economic feasibility of the investment. As regards investments which are related to the construction of infrastructure, feasibility studies represent the integral part of documentation that is subject to professional control. Professional control is performed by the Audit Commission which is formed by the minister competent for constructing activities.

At present, monitoring public investments is primarily related to financial monitoring of realisation of the investment programmes. For the purposes of coordination of public policies and priorities of the Republic of Serbia, which represent strategic framework for the public investments of the Government of the Republic of Serbia, Sector for Planning, Monitoring and Coordination of Policies is formed within the General Secretariat of the Government of the Republic of Serbia. This Sector has its goal to develop monitoring mechanism of realisation of the Government policies at mid-term plan, through the system of indicators, which are clear and measurable indicators of the achieved results' success.

With reference to evaluation of public investments, the Ministry of National Investment Plan is developing a mechanism of ex-post evaluation of all authorised investment programmes until now. Evaluation of programmes authorised within the framework of the Ministry of National Investment Plan is performed in relation to the criteria which were crucial at the moment of selection of the specific projects/programmes.

Also, the Republican Development Bureau, as a special organization, performs professional activities which cover development of strategic analysis and forecasts of economic, social, regional and demographic development. While developing numerous analyses, reports and strategies of economic, regional and industrial development, public enterprises from the area of economic infrastructure are also being analysed, together with investment analyses. Furthermore, in the annual analyses of regional development a special accent is given to the analysis of incentives of the Fund for Development of the Republic of Serbia and analysis of NIP funds, from the aspect of dynamics and intensity of investment and the effects of an encouraging policy of the state in order to provide more equal regional development.

Whereas in the earlier period (until 1990), the Republican Development Bureau was evaluating socio-economic feasibility of the investments which are of interest to the Republic of Serbia (in line with existing legal obligation for those investments, for which a special methodology has been established), there is particular experience, i.e. preserved potential in analytical staff, who are capable of performing evaluation of public investment programmes (their basic job is to analyse economic structure and the effects of reallocation of resources and impacts of particular sectors to the total economic development).

In particular cases competent institutions do not have suitable capacity for performance of activities of monitoring and evaluating public investments.

On the grounds of acquired experiences, mechanisms of monitoring and evaluating public investments are going to be improved in the following period. At the same time, along with their improvement, it is necessary to conduct continuous training.

**60. Is there a monitoring and evaluation system in place in your country to monitor the implementation of programs/projects which are co-financed by the EU? If this is the case, please describe this system (actors involved, allocation of tasks, key data/indicators, collection and transfer of data etc.).**

### **IPA Component I**

Having in mind that Serbia is a potential candidate country for the EU membership, EU assistance is implemented in a centralised implementation system, i.e. European Union Delegation is responsible for monitoring and evaluation of the programmes and projects. Currently, process of introduction of decentralised system for implementation of projects financed by the EU is underway, including introduction of a system for monitoring and evaluation, which will be operational at the moment of conferral of management powers for EU funds to the Republic of Serbia.

Monitoring the implementation of development assistance, including EU funds, is performed by the European Integration Office, while system for evaluation of programmes/projects financed by EU funds does not exist. Monitoring the implementation of development

assistance is executed in accordance with the Action Plan for Programming and Reporting on International Development Assistance which is prepared on annual basis. Monitoring is realised through ISDACon information system, where data on estimated disbursement of international assistance is being updated. In cooperation with the European Union Delegation and the European Commission, regular annual meetings are organized with the aim to monitor the implementation of programmes/projects financed from IPA funds. At the project level, line ministries and other institutions who are beneficiaries of the projects financed by the EU funds participate in the work of the committees competent for monitoring and/or project management, together with the representatives of the European Union Delegation and other relevant institutions.

## **IPA Component II**

In the case of IPA Component 2 – programmes of cross-border and transnational cooperation, Operating Structure/National Authority for this IPA component under the centralised system of management is the European Integration Office of the Government of Serbia – Sector for Cross-Border and Transnational Cooperation Programmes. This competence is regulated by the Conclusion of the Government of Serbia 05 no. 337-8105/2010 from 4 November 2010 by which Operating Structure/National Authority for management and implementation of programmes for cross-border cooperation and the Head of Operating Structure/National Authority is appointed. Pursuant to that, Operating Structure/National Authority is competent for coordination of all activities and monitoring and evaluation of programmes of cross-border and transnational cooperation and to that end:

- a. appointing members of Joint Monitoring and Steering Committee of each programme
- b. participation in activities of the Joint Monitoring and Steering Committee
- c. coordination of Serbian representatives in Joint Monitoring Committee, including organizing the meetings which will precede to each meeting of the Joint Monitoring Committee with the aim of establishing positions of the Serbian party for each item of agenda of the session.

Institutional composition of the Serbian part of the Joint Monitoring Committee for all programmes – JMC (the Government of Vojvodina is in the committee of programmes in which the territory of AP Vojvodina is included – programmes with Bosnia and Herzegovina, Croatia, Hungary and Romania):

1. The European Integration Office
2. Ministry of Foreign Affairs
3. Ministry of State Administration and Local Self-government
4. Ministry of Infrastructure
5. Ministry of Environment and Spatial Planning
6. Ministry of Economy and Regional Development
7. Standing Committee of Towns and Municipalities
8. Government of AP Vojvodina

In line with the above mentioned, the European Integration Office holds regular preparations and informative meetings of Serbian representatives in JMC. Informative meetings are organized with intention of informing JMC members on the progress of programmes and implementation of projects and preparation meetings for presenting the materials on which it is going to be ruled at the sessions of JMC for each programme and eventual exchange of opinions and positions related to the items on the agenda.

Pursuant to EU legislation which relates to implementation of cross-border cooperation programmes, the European Integration Office in cooperation with all programme bodies and partners from the participating countries monitors the implementation of programmes but also decides on:

- performing ex ante evaluation which is annexed to every cross-border programme and
- performing mid-term evaluation linked to the monitoring of the cross-border programmes, in particular where that monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of cross-border programme.

Since all evaluations of cross-border programmes are conducted by independent experts or bodies, JMC of the programmes prepares project task for evaluation, analyses findings of the evaluation and decides on their inclusion in cross-border programme or influence to the decisions related to further management of the programme.

Apart from these activities which execution is regulated by the EU regulations, the European Integration Office – Sector for Cross-Border and Transnational Cooperation Programmes through information system ISDACON monitors implementation of all programmes in which Serbia participates and reports to the Government of Serbia on the annual basis on programmes implementation. It also monitors: execution of project goals, impact assessment and contributions of projects to the developmental processes in the territories covered by the programmes at the whole territory of the Republic of Serbia, connecting related projects aimed at achievement of better results and greater programme impact, assessment of the examples of the best practice and promotion of those examples at national and international level.

## **VI. FINANCIAL MANAGEMENT AND CONTROL**

### **61. Which authority or body has overall responsibility for giving guidance or instructions on financial management?**

Responsibility for giving guidance or instructions on financial management rests upon the Government of the Republic of Serbia, i.e. Ministry of Finance in cooperation with other competent institutions. Pursuant to the Law on Ministries (Article 6), the Ministry of Finance executes the tasks of public administration which, inter alia, refer to: budget of the Republic; consolidated balance sheet of revenue and expenditure; system and policy of taxes, fees and other public revenues; public expenditure policy; management of available funds of public finances of the Republic of Serbia; public debt and financial property of the Republic of Serbia; public procurements; macroeconomic and fiscal analysis; quantification of economic policy measures; foreign exchange system and credit relations with foreign countries; supervision over application of regulations which refer to free circulation of goods and services with foreign countries and performance of undertaking abroad from the point of view of foreign exchange operations and external credit transactions and other activities of foreign exchange inspection pursuant to the law; system of financial relations with foreign countries and international financial organizations etc.

### **62. Which are the provisions in place concerning the mobilisation and circulation of financial flows in the framework of EU assistance?**

Under the responsibility of the National Authorising Officer, we are currently drafting the provisions which will regulate these questions, while taking account of the requirements of the Decentralised Implementation System. These provisions will respect the provisions of the Law on Ratification of the Framework Agreement between the Government of the Republic of Serbia and the Commission of the European Communities on Rules for Co-operation concerning EC-Financial Assistance to the Republic of Serbia in the Framework of the Implementation of the Assistance under the Instrument for Pre-Accession Assistance (IPA) (Official Gazette of RS, no. 124/2007 dated 26 December 2007) and particularly Annex A, Articles 4 and 5.

**63. Which are the authorities or bodies through which financial flows are channelled (being part of the audit trail)? Please indicate which functions these authorities or bodies have.**

Based on the provisions of the Law on Ratification of the Framework Agreement between the Government of the Republic of Serbia and the Commission of the European Communities on Rules for Co-operation concerning EC-Financial Assistance to the Republic of Serbia in the Framework of the Implementation of the Assistance under the Instrument for Pre-Accession Assistance (Official Gazette of RS, no. 124/2007 dated 26 December 2007), the person fully accountable for financial management of EU funds in the Republic of Serbia is the National Authorising Officer (a State Secretary in the Ministry of Finance). The National Fund (Ministry of Finance, Department for National Fund for the Management EU Funds) is responsible for the execution of tasks relating to financial management of IPA assistance under the responsibility of the National Authorising Officer. We are yet to establish a system for management of EU funds and design the provisions which will regulate the channelling of financial flows.

**64. In particular, which authorities or bodies would be responsible for verifying the correct implementation of operations, and for certifying the legality and regularity of expenditure to the Commission?**

Please see the answer to the question 63.

The National Authorising Officer is responsible to the European Commission for certifying the legality and regularity of transactions and for efficient functioning of the EU funds' management and control system.

Also, upon establishment, the Audit Authority will be responsible to the Commission for verification of the effective and sound functioning of the management and control systems.

**65. If applicable, please indicate which functions relating to the correct implementation of operation and to the certification of expenditure are delegated or partly delegated to other bodies to be identified.**

As part of the process of establishing the Decentralised Implementation System for EU funds, we are identifying functions that will be delegated or partially delegated to other bodies in accordance with the requirements for correct implementation of operations and certification of the expenditures.

**66. If applicable, please specify how the concept of adequate separation of functions is applied in all implementation structures.**

In the process of establishing a Decentralized Implementation System for EU funds, we are working on establishing a system for adequate separation of functions that will be applied in all implementation structures. During the creation of the system we will respect the provisions contained in the Article 7. of the Rulebook on Common Criteria and Standards for Establishment and Functioning of Financial Management and Control in the Public Sector (Official Gazette RS, No. 82/2007 dated 07 September 2007). These provisions regulate the separation of duties in such a way that a single person cannot perform authorisation, execution, accounting and control at the same time.

**67. Are the authorities or bodies mentioned above subject to internal audit?**

All bodies and authorities established on the basis of Law on Ratification of the Framework Agreement between the Government of the Republic of Serbia and the Commission of the European Communities on Rules for Co-operation concerning EC-Financial Assistance to the Republic of Serbia in the Framework of the Implementation of the Assistance under the Instrument for Pre-Accession Assistance are subject to internal audit.

**68. If applicable, which is the location of these internal audit units? Are these units functionally independent? How is this guaranteed?**

Please see the answer to the question 11 from chapter 32.

**69. How much staff is available for internal audit?**

Please see the answer to the question 11 from the chapter 32.

**70. Are there at present any accounting arrangements for EU assistance? Which authority (authorities) or body (bodies) is (are) responsible?**

There are none at the moment. In the ongoing process of establishing Decentralised Implementation System for EU funds, the National Authorising Officer, via the Department for National Fund for Management of EU Funds within the Ministry of Finance will ensure that all accounting standards as required by the European Commission are respected. Operating structures will, in accordance with their duties, be responsible for enabling that all bodies included in the implementation of operational activities maintain special accounting systems or special accounting codification.

**71. Do procedures exist to manage irregularities at national and regional level (reporting / claiming system)?**

At the moment, there are no procedures for managing irregularities. In the process of establishing the Decentralised Implementation System of EU funds, we plan to establish a system that will enable reporting and informing on irregularities. The National Authorising Officer will play the central role within the system of irregularity management.

**72. In case of irregularities, who will be informed first?**

Please see the answer to the question 71.

**73. Are there procedures and responsibilities concerning the notification of irregularities to the Commission?**

Please see the answer to the question 71.

**74. Is there a guarantee in the rules that at all times the Commission will be informed of irregularities?**

Please see the answer to the question 71.

**75. Are there responsibilities for control and audit at national and regional level? If yes, please provide a description of the competent authorities.**

Please see the answers to the questions 1 and 19 from chapter 32.

**76. What anti-fraud measures (responsibilities, procedures) are in place?**

Please see the answers to the questions from chapter 32 Financial Control/part II Protection of financial interest.

**VII. AVAILABILITY OF STATISTICS FOR THE IMPLEMENTATION OF THE STRUCTURAL FUNDS/COHESION FUND**

**77. Please describe which socio-economic data/statistics are available at national and regional level.**

Statistical indicators which are regularly published in Municipality Yearbook of the Republic Statistical Office and which are currently available at **municipal** and higher level of territorial classification (NUTS 2 and 3) and on national level, cover the following areas:

**1. General territorial and demographic data:**

- Area in km<sup>2</sup>
- Agricultural area, %
- Number of settlements
- Population state according to the census

**2. Demographic statistics**

**Population, per age and gender (data according to the census)**

**Basic contingents of population (data according to the census)**

- Children (below 7 years) of age
- Children of compulsory school age (7-14 years)
- Labour active contingent
- Women in fertile period (15-49 years)
- Population of 65 or more years of age
- Nationality
- Gender structure

- Educational qualifications
- Active population
- Marital status
- Agricultural population per activity and gender
- Households per number of members
- Families per number of children

#### **Vital events (number)**

- Live births
- Medically treated before death
- The deceased
- Population growth
- Deceased newborns
- Live births with professional assistance
- Marriages – concluded and divorced
- The deceased per cause of death

#### **Estimated population number average on 30 June of the current year**

#### **Basic contingents and indicators of the population of Republic of Serbia**

- Average age
- Index of ageing
- Labour active contingent (15-64)
- Adults (18 and more)
- Pre-school (0-6)
- Compulsory school (7-14)
- Fertile (15-49)
- Life expectancy of live born children

### **3. Employment**

Number – annual average, proportion of female population, the number of employed at 1000 inhabitants, structure per economic activity sector.

### **4. Unemployed persons**

Registered or formal unemployment according to National Employment Service (NES) data. Unemployment data from the Labour Force Survey are currently available at national and NUTS 1 level only.

### **5. Earnings**

Average monthly gross and net earning

### **6. Investments in capital goods, per type of building, technical structure and activity of investors**

### **7. Agriculture**

- Utilised agricultural land area
- Wheat and corn production
- Production of industrial crops, vegetable and fodder crops, fruit and grape
- Forested areas and cut down wood mass



**8. Public water supply and sewerage system**

- Total quantity of water intake, (thousands of m3)
- Total quantity of delivered water, (thousands of m3)
- Total quantity of waste water, (thousands of m3)
- Purified waste water, (thousands of m3)
- Number of households attached to the water supply network

**9. Construction industry**

Value of executed construction works and apartment building

**10. Tourism**

Number of tourists and overnight stays

**11. Transport**

The length of roads by type, the number of registered motor and towed vehicles

**12. Postal activities and telecommunications**

The number of post offices, the number of fixed telephony subscribers, postal traffic

**13. Education**

The number of primary, secondary and high schools and faculties, preschool institutions, special schools and schools for adults, the number of classes, pupils and students

**14. Health care**

The number of doctors, dentists and pharmacists in health care service, the number of juvenile beneficiaries of social care

**15. Judiciary**

The number of adults and juveniles convicted with a final judgement

The above list is just a part of statistical indicators that is available at regional, sub-regional and municipal level. Within the above fields there are still a large number of available statistical indicators which are exclusively calculated and published at national level and the levels of Central Serbia and Vojvodina.

**78. Are these data/statistics harmonised at the European level (accepted and published by Eurostat)?**

Republic Statistical Office shall perform an overall analysis of availability of the socio-economic indicators harmonised with EU methodology which are included in Eurostat regional statistics data base – REGIO. This analysis will represent a starting foundation for the execution of the plan of introduction of missing indicators in the Statistical and informational system of Serbia so that the Republic of Serbia would be able to thoroughly join Eurostat REGIO system upon being accepted to EU. Methodologically, the largest part of these indicators are harmonised with European statistical standards and practice of European statistics, whereas branch statistics responsible for their production are in continuous process of harmonisation with EU legislation and standards.

On the basis of preliminary results of the questionnaire which has been delivered to persons responsible in branch statistics, the situation in respect to availability of statistical data harmonised with European standards (both in respect of methodology and territorial classification) is the following:

#### **Agriculture**

This correlation encompasses six groups of statistical indicators. In the first group (-which refers to Land use) full availability amounts to around 70%. In the second group which refers to Crop production the availability amounts to around 70%. In the third group (which refers to Animal production) full availability amounts to more than 90%. As regards the fourth group which refers to Economic accounts of agriculture, currently no indicator is existent but we are expecting the situation to significantly change after the implementation of planned agriculture census. The same goes for the fifth group of indicators related to the Structure of agricultural holdings by region. In the sixth group which refers to milk production at farms – this data is available in RSO data bases.

#### **Demographic statistics**

As regards demographic statistics, preliminary results indicate that around 80% of indicators already exist but not at the appropriate NUTS level of classification at the moment. This problem will be solved in the coming period.

#### **Regional accounts**

By establishing a special organisational unit within the National accounts department and adjusting and improving statistical surveys, RSO has introduced a process of setting up regional accounts as an integral part of national account system. At this moment, indicators which constitute the system are in the preparatory phase. In 2010 was also performed a preliminary calculation of regional GDP at NUTS level 2 and next year RSO is planning to publish first official estimates of regional GDP at NUTS level 2 and the continuation of the regional accounts system development, primarily the income accounts of households.

#### **Education**

The availability of indicators in the education field is good and the almost all indicators are already available or can be produced at appropriate NUTS level.

#### **Labour market statistics - Labour force survey**

The overall availability is around 70%. The biggest problem in further improvement of this research are financial sources which preclude research size and frequency adjusting to the needs of indicator production at NUTS levels 3 of classification. In the case of NUTS level 2, data will be available as of 2011.

#### **Migration statistics**

The overall availability is around 50%.

#### **Health care statistics**

The basic data source for the collection of these indicators is the data base of the Institute for public health of Serbia “Milan Jovanovic Batut”. According to a preliminary research, the availability amounts to over 50% and all planned improvements will have to be done in synchronisation with statistical services of the Institute for public health.

#### **Research and development**

Around 60% of indicators are existent but not at required levels, however it is planned that the 2011 research results would be published at NUTS level 2.

#### **Transport statistics**

The largest part of indicators is existent but not at the requested NUTS levels.

#### **Structural business statistics**

Structural business statistics as the fundamental element of infrastructure for the production of regional accounts and the development of these two areas of statistics is closely related. In 2010 Structural business survey has been supplemented with a special module for the collection of regionalized data i.e. data at the municipal level of local units that concern the turnover, employment and earnings and in the next five-year period substantial improvements of the research are expected to, concurrently with the development of regional accounts, enable achieving the European standards.

#### **Tourism**

All indicators are existent.

#### **Informatics society statistics**

This collection encompasses 5 groups of indicators. Indicators are not available at this moment; however they can be calculated on the basis of available data. The data as required by the NUTS classification will be available as of 2011.

#### **79. Are (harmonised) GDP data at PPP<sup>14</sup> available on future NUTS level 2? If yes, please provide these data.**

Currently no official data on GDP at NUTS level 2 are existent. However, owing to substantial improvements of statistical surveys in the past period and pro-active strategy for adopting European statistical methodology and regulations, RSO has, within a newly established organisational unit for regional accounts, carried out a preliminary calculation of regional GDP at NUTS level 2. As of 2011, regional GDP at NUTS level 2 will be estimated on regularly basis and be published as such. Concurrently, besides calculation in market prices in national currency, its transfer into PPP will also be enabled.

#### **80. Are (harmonised) GDP data at PPP available on future NUTS level 3? If yes, please provide these data.**

At the moment, no official data on GDP at NUTS level 3 are existent. The calculation of GDP at NUTS 3 is hindered due to a fact that certain components of GDP are available exclusively at NUTS 2 or national level. However, by the use of appropriate keys for distribution it is possible, using the available data at NUTS 3 level, to make an estimation of regional GDP at this level of territorial classification, but with relatively lower level of precision.

#### **81. Are (harmonised) unemployment data available on future NUTS level 2? If yes, please provide these data.**

Unemployment data at NUTS level 2 are not currently available. Nevertheless, starting from 2011 Department for Labour force survey which is in European statistics responsible for the

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<sup>14</sup> Purchasing Power Parity

implementation of appropriate research on employment/unemployment of active population is beginning to collect and process data on NUTS level 2. This research is harmonised with ILO and Eurostat standards and it is expected that in the coming period the results will enable a realistic perception of situation at labour market per regions. As regards registered or formal unemployment, these data are collected, processed and submitted to the statistics by National Employment Service. There data are at municipal level and NUTS levels 3 and 2 and are regularly published in Municipality Yearbook of RSO.

**82. Are (harmonised) unemployment data available on future NUTS level 3? If yes, please provide these data.**

Unemployment data harmonised with EU methodology at NUTS level 3 are not existent for the time being, since collecting representative data on this level of territorial classification would require additional resources and the increase of Labour force survey sample. In the forthcoming period a priority in development of labour market statistics will be developing the indicators at NUTS level 2. However, as it is the case in certain member states, on the basis of unemployment data at NUTS level 2 it is possible to make assessment of this indication at NUTS level 3 using as a distribution key certain stable and reliable indicators at this territorial level. Whereas registered unemployment data collected by NES exist at municipal and district NUTS 3 level, they could be used as the basis for the distribution of NUTS 2 unemployment data to NUTS level 3.

**83. Please indicate which data/statistics on general government expenditure and revenue are available at national/regional level?**

Revenue and expenditures of the general government sector are available at national level, i.e. level of the state, according to the detailed structure and in monthly dynamics. Namely, the Ministry of Finance publishes monthly the data which refer to the detailed structure of revenue and expenditures at the level of the central government (republic budget, including organizations of mandatory social insurance – OMSI), at the level of province (AP Vojvodina), at the local level of government and at the level of consolidated general government. These data are available both in English and Serbian, at the internet page of the Ministry of Finance as well as in the publication which the Ministry of Finance publishes – links are below.

<http://www.mfin.gov.rs/pages/issue.php?id=3>  
<http://www.mfin.gov.rs/pages/issue.php?id=8528>

Detailed structure of revenue and expenditures at annual basis is given within the answer to question no. 9 in the part Economic Criteria (Chapter V - Economic and Structural Developments and Reforms).