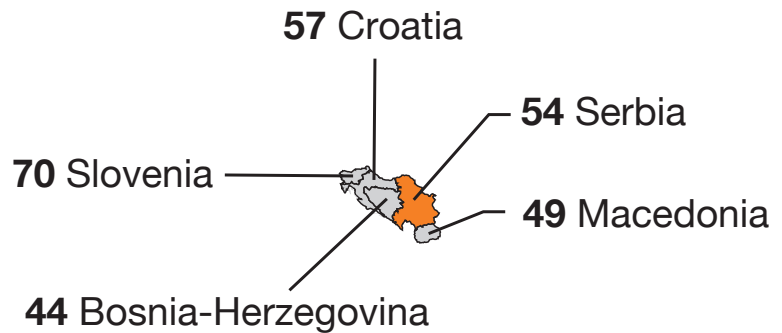
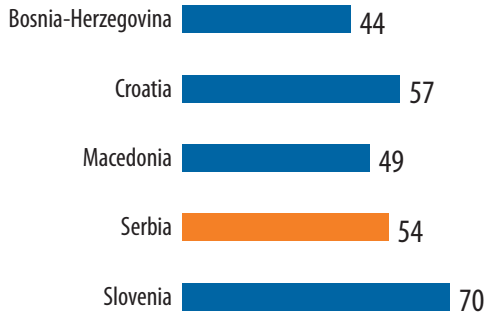




Overall score: **54** (Out of 100) Provides some information to the public in its budget documents during the year.

How Does Serbia Compare to Its Neighbors?



Key Findings

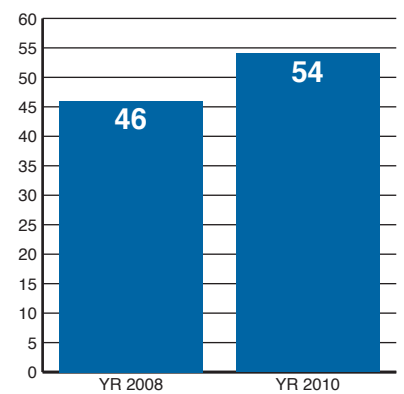
The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country’s budget process. These scores constitute the Open Budget Index (OBI).

Serbia’s OBI 2010 score is 54 out of 100, which is above the average score (42) for the 94 countries surveyed, but lower than the score of other countries in the Balkans, such as Slovenia (70).

Serbia’s score indicates that the government provides the public with some information on the central government’s budget and financial activities assessed by the Survey. The absence of more complete information makes it challenging for citizens to hold the government accountable for its management of the public’s money.

Serbia’s OBI score increased from 46 in 2008 to 54 in 2010. This is largely because Serbia started producing a more comprehensive Executive’s Budget Proposal and started publishing a Pre-Budget Statement.

OBI Scores Over Two Surveys



Adequacy & Availability of Eight Key Budget Documents

| Document | Level of Information Grade* | Publication Status |
|-----------------------------|-----------------------------|--------------------|
| Pre-Budget Statement | B | Published |
| Executive's Budget Proposal | B | Published |
| Enacted Budget | B | Published |
| Citizens Budget | E | Not Produced |
| In-Year Reports | B | Published |
| Mid-Year Review | E | Not Produced |
| Year-End Report | D | Published |
| Audit Report | E | Not Produced |

* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey related to each document. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In Serbia the Executive's Budget Proposal and supporting budget documents provide fairly comprehensive details, but gaps in information are found in the following areas:

- They lack comprehensive information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on extra-budgetary funds, quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Without this information, the public does not know the government's complete fiscal position.
- They lack comprehensive information on outputs and outcomes. This information is important for those who are interested in monitoring the impact of the budget.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Serbia produces a fairly comprehensive Pre-Budget Statement. It does not, however, include government's policies and priorities that will guide the development of detailed estimates for upcoming budgets.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Serbia produces a fairly comprehensive Enacted Budget, but it does not present the approved budget for all programs.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Serbia does not produce a Citizens Budget regularly.

In-Year Reports provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the Enacted Budget figures and thus can facilitate adjustments. Serbia

OPEN BUDGET SURVEY 2010

Serbia

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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publishes In-Year Reports that are fairly comprehensive.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. Serbia does not produce a Mid-Year Review.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. The Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, thus facilitating adjustments for upcoming budget years. Serbia publishes a Year-End Report, but it is far from being comprehensive. It does not explain differences between the original performance indicators and the actual outcome or differences between the original estimates of non-financial data and the actual outcome.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Serbia did not produce an Audit Report for the period covered by the Survey. To date, Serbia has produced only one, partial Audit Report, for the year 2008.

Public Participation and Institutions of Accountability

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Serbia's budget process can be made more open. These include ensuring the existence of a strong legislature and SAI that provide effective budget oversight, as well as providing greater opportunities for public engagement in the budget process.

Are oversight bodies effective in their budget role?

| Oversight Institution | Strength** |
|-----------------------|------------|
| Legislature | Moderate |
| SAI | Weak |

** Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey, budget oversight provided by Serbia's legislature is inadequate because it does not:

1. have sufficient time to discuss and approve a budget;
2. adequately scrutinize audit reports; and
3. hold open budget discussions that allow the public to be present during legislative hearings at which the executive testifies on its proposed budget.

According to the Open Budget Survey, budget oversight provided by Serbia's SAI is weak because it does not:

1. have sufficient resources to meaningfully exercise its mandate;
2. issue timely and comprehensive Audit Reports on the final expenditures of national departments (in part because of insufficient resources);
3. have proper channels of communication with the public; and
4. have adequate reporting on the follow-up steps taken by the executive to address audit recommendations for remedial action.

Recommendations

Serbia should:

- begin to produce and publish the Audit Report, the Mid-Year Review, and a Citizens Budget;
- increase the comprehensiveness of the Year-End Report and the Executive's Budget Proposal;
- provide opportunities for the public to testify at legislative hearings on the budget and, according to the OBI researcher, provide opportunities for the public to influence the budget drafting process; and
- strengthen the budget oversight role of the SAI.