ACCELERATING ACCOUNTABILITY MECHANISMS IN PUBLIC FINANCES

PROFILE

Donor: Swedish International Development Cooperation Agency (SIDA)

Budget: $2.6 mil.

Main partners: State Audit Institution (SAI), Ministry of Finance (Public Debt Administration, Tax Administration), Public Procurement Office, Commission for Protection of Rights in Public Procurement Procedures, Judicial Academy, Standing Conference of Towns and Municipalities.

Duration: 2016 – 2018

GOAL

To improve the management of public institutions in charge of carrying out the public finance reform.

CONTEXT

External assessments emphasize the need to improve the management aspect of Serbian public finances. According to the World Bank, in order to achieve sustainable public finances, the Government needs to remain committed to the planned reduction in public expenditures, the improvement in the management of these expenditures and the reduction in the public debt-to-GDP ratio. Serbia currently rates low on indicators of policy coordination. Additionally, significant efforts are needed to improve competition, efficiency and transparency in public tenders, as the capacity to carry out financial investigation is limited.

FOCUS

- Increasing the knowledge, skills and overall operational capacity of the State Audit Institution and improving its relations with stakeholders, resulting in higher number and better quality of external audit reports and report follow-ups;
- Supporting SAI to continue with Certification of State Auditors;
- Strengthening SAI and Parliament cooperation;
- Assisting SAI to introduce new forms of audit, in line with International Organization of Supreme Audit Institutions’ (INTOSAI) standards, and the EU Accession requirements;
- Assisting SAI to standardize the business processes throughout the institution;
- Assisting the Ministry of Finance to coordinate accountable public funds management, to improve debt calculation and forecasting and help the Public Debt Agency to automate its operations;
- Upgrading the public procurement system from both a regulatory perspective and appeal mechanisms;
- Increasing transparency in public finance management at the local level by introducing public budget portals enabling the public monitoring of expenditures;
- Improving the efficiency of financial investigations through strengthened cooperation between prosecutors and police officers.
RESULTS TO DATE

✓ Public procurement performance improved:
  - Increase in the number of bids per tender (above 3 bids per tender on average).
  - Low level (below 5%) of use of non-competitive procedures for public procurement achieved.
  - The most economically acceptable offer compared to the lowest price criteria promoted and supported (5 model documents developed);

✓ Improved cooperation between the SAI and the Parliamentary Finance Sub-Committee, by presenting the audit reports to MPs and highlighting the issues that need to be tackled through improved legislation;

✓ Updated certification program developed for State Auditors;

✓ New forms of audit introduced in line with INTOSAI standards and EU Accession requirements including the IT Audit and the Performance Audit;

✓ Developed custom-made application for the Public Debt Administration of the Ministry of Finance, enabling automated debt recording and forecasting;

✓ The Commission for Protection of Rights in Public Procurement Procedures improved its track record in processing cases;

✓ Public Budget Portals developed in 10 participating local self governments;

✓ Cooperation between prosecutors and police officers improved and awareness of the importance of financial investigations raised.

Improved public procurement performance

Above 3

Below 5%

Average number of bids per tender

Use of non-competitive procedures

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Contact:
communications.rs@undp.org
Bulevar Zorana Djindjica 64, 11000 Belgrade
Phone: +381 (0)11 4155 300

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