

# SERBIA – BUDGETING AND PUBLIC PROCUREMENT

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Name of Project: Towards More Transparent Budgeting and Public Procurement in Municipalities in Serbia

Project Time-Frame: 10. 2000 – 9. 2001

Budget:

Partners / Sponsors: European Movement in Serbia; World Bank

## **Towards More Transparent Budgeting and Public Procurement in Municipalities in Serbia**

### **Concept**

In order to increase the efficiency and quality of municipal services, to improve the communications and relations between the municipal administration and citizens and to establish a more efficient and transparent budgeting and public procurement system that would help to curb corruption and attract investment, TI Serbia (before the establishment of a TI Chapter, the European Movement in Serbia/EMS) developed the programme Towards More Transparent Budgeting and Public Procurement in Municipalities in Serbia that includes the following elements:

1. Select three municipalities to implement the pilot project.
2. Conduct an opinion poll with the citizens, public officials and the business community in these municipalities to identify the main problem areas in public service.
3. Hold workshops with public officials on budgeting, introducing a new budgeting software and on public procurement, developing new standards for public procurement.
4. Conduct polls about the quality of service provided among service users in the three municipalities.
5. Based on these polls, distribute awards to the Best Civil Servants.
6. Conduct an opinion poll to assess the impact of the project.

### **Implementation**

After identifying three municipalities willing to cooperate in the implementation of the pilot project – Cukarica, Kikinda and Nis –, a first two-day workshop on municipal budgeting took place. In November 2000, 24 participants – public officials and the mayors of the three municipalities, experts from TI, the EU and the EMS – discussed the results of the opinion poll and were introduced into budgeting techniques and transparent accounting. After the conclusion of the workshop, the participants prepared draft budgets, which were reviewed by the experts.

The municipalities were also introduced to a new budgeting software developed by the software firm INKO. The software was launched for a three-week test period in Cukarica in April 2001. If successful, the software will be distributed for free to municipalities in Serbia.

Already at that stage of the project, 17 other Serbian municipalities showed interest in the project. Representatives of these municipalities took part as observers in the second two-day workshop, held in February 2001. The participants discussed issues related to public procurement and were introduced to the UN WEBBUY internet-based procurement system. A follow-up workshop on public procurement was held in Mai 2001.

As the participants showed a particular interest in standardised public procurement procedures, they asked members of TI and the UNDP to formulate draft procurement procedures. The participants also showed great interest in implementing the new tools (the budgeting software and public procurement procedures), but asked for further training and assistance. The institutionalisation of contacts between municipalities was also encouraged.

In parallel to the activities with municipal officials, EMS / TI Serbia prepared an award for the Best Civil Servant in the three test communities. Goals of the award programme were to motivate civil servants, raise public awareness and gain media attention. The polling cards used to select the best civil servants were prepared by a PR firm in December 2000 and accepted by the mayors in February 2001. The award campaign was launched in Cukarica, Kikinda and Nis in Mai 2001 and ran for 30 days. Each citizen in contact with the administration during that time got a small survey card from the official she was served by. Citizens could rate the friendliness, speed and effectiveness of the service provided. The winners of the award were announced in a press conference June 2001, which was covered by the main national and local media.

The workshops and awards were accompanied by two public opinion polls in each of the three municipalities. The goal of the opinion polls was to assess the quality of services delivered by each municipality as well as the changes in the perception of citizens that occurred while the project was implemented. For the purpose, in November 2000 and in June 2001, 100 citizens, 20 officials and 30 organisations (businesses and civil society organisations) from each municipality were interviewed.

Question	November 2000	June 2001
Do you think you have to wait too long to be served?	33% Yes	42% Yes
Do you think that administrative procedures are too complicated?	54% Yes	76% Yes
Are you satisfied with the public servants' work?	25% Yes	48% Yes
Are you familiar with your local government?	20% No	41% No
Are you interested in receiving more informationa about your local government?	65% Yes	74% Yes

The results of the surveys show that while the public perception of the quality of public service has decreased over the implementation period of the project, the communication between civil servants and citizens has improved significantly.

TI Serbia has designed a follow-up project for all (in the summer of 2001) 27 participating municipalities, which envisions:

- The preparation and implementation of the standardised public procurement procedure in all 27 municipalities
- The creation of a public procurement website
- Seminars on International Accounting Standards
- The instalment of the International Accounting Standards software
- Seminars on making project proposals for international aid projects
- The instalment of the new budgeting software in all 27 municipalities
- The creation of an internet network between municipalities regarding public procurement
- The appointment of an Ombudsman for public procurement issues.

## **Lessons and Recommendations**

Outcomes:

- The project has been met with overwhelming interest by the municipalities: within just over 6 months, the number of participating municipalities has risen from 3 to 27.
- The project has contributed to raising citizens' interest in their local administrations, as the higher percentage of people demanding more information shows.
- The awards programme has furthered the communication between public officials and citizens. This has contributed to raising the citizens' trust in their civil servants despite the persistence of problems in the service provision.
- Workshops have generated many ideas and project proposals that have been integrated into the follow-up project.

For these outcomes, the following factors were relevant:

- Through the project, municipalities are provided with new tools and technologies, as well as with assistance and training. Local officials could thus derive a direct benefit from getting involved.
- A problem often encountered in local government initiatives is that surveys and evaluations of services are perceived as accusations by the authorities. In this case, this risk could be avoided by focusing on positive incentives (awards for best civil servants) and innovations (introduction of new budgeting and accounting software).