

Contracting Authority: European Commission

**EU PUBLIC FINANCE MANAGEMENT FACILITY**

ANNEX I - Description of the Action

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## GENERAL INFORMATION

<b>Name of the organization</b>	UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
<b>Title of the Action</b>	EU PUBLIC FINANCE MANAGEMENT FACILITY
<b>Location of the Action</b>	REPUBLIC OF SERBIA
<b>Duration of the Action</b>	48 months

## 1. CONTEXT ANALYSIS

Serbia economic recovery from the global economic crisis was positively affected by the economic and fiscal measures introduced by the Government in 2014. Public debt was significantly reduced, and Serbia successfully completed the 8th revision of the 36 months Stand By Arrangement with the IMF. The fiscal consolidation measures implemented by the Government from 2012 resulted in significant savings which enabled investments in development and growth in 2017.

The Government continued to pursue the Public Administration Reform (PAR) agenda at an accelerated pace and worked towards improving accountability and further rationalising the use of public resources. Transformation of Serbian Tax Administration (STA) was earmarked as one of the key priorities of the Government as the effectiveness of revenue collection had a high impact on competitiveness and economic growth. The Government also invested efforts into combatting the shadow economy, raising the awareness of the citizens of Serbia that increased tax collection enables better social and healthcare services as well as the delivery of public service delivery.

In order to underpin fiscal consolidation and strengthen governance, the Government committed to implementing structural fiscal policy measures as part of Public Finance reform, aiming to increase fiscal transparency, introduce fiscal impact assessments of new legislative initiatives, strengthen cash management, internal control, and external audit and to raise the efficiency of revenue collection by further strengthening Tax and Customs administrations. The Government adopted the first Public Financial Management Reform Program (PFM RP) for the period 2015-2020 in November 2015, a comprehensive and integrated framework for planning, coordinating, implementing and monitoring the progress in the implementation of a set of sustainable actions to improve macroeconomic and fiscal stability, to ensure efficient and effective allocation and use of public resources and to improve service delivery by the Serbian public administration, whilst at the same time fulfilling the necessary requirements for European Union (EU) accession. The implementation of the program was readily supported by the European Union (EU), the Swedish Agency for International Development (SIDA), the Swiss State Secretariat for Economic Affairs (SECO), Swiss Development Cooperation (SDC), the German Corporation for International Cooperation (GIZ) and the United Nations Development Program (UNDP) since 2015. While much was achieved throughout its extended duration, actual implementation of the reform measures was moderate due to challenges that the public administration faced in the previous period which culminated with the outbreak of the COVID19 pandemic.

Structural reforms as well as meeting EU accession requirements were temporarily put on hold in the attempt to mitigate the risks and alleviate the adverse impact of the pandemic on society and the economy. As we are all witnessing, the COVID-19 crisis is unprecedented in its impact and its extent across the world and all sectors within society, from health and economy to social service and education. It caused significant disruptions throughout society, including public sector and a persistent high uncertainty in terms of new spreads imposes a tremendous risk for future outcomes.

The Government of Serbia implemented a comprehensive set of fiscal recovery measures which resulted in increased expenditures, an increase in public debt and substantial revenue shortfalls in 2020.

Serbia has remained among the least affected countries by the COVID-19 crisis in the Europe and the previous and current Governments have continued to implement reforms to address structural weaknesses, increase public sector efficiency, and eliminate bottlenecks to private sector growth, along with maintaining macroeconomic stability. Serbia's continued growth will crucially depend on the pace of the European Union (EU) accession process and pace and the quality of related structural reforms.

The COVID-19 crisis emphasised how essential agile and effective PFM is. It demonstrated the need for PFM systems capable of ensuring stability, resilience, and enhancing the effectiveness and efficiency of resource allocation and financial management in the public sector even in times of disruption. In essence, an effective PFM system defines a set of rules, policies, and processes, which are segregated across public sector institutions, that govern the use of public funds at all levels. As such, a well-functioning PFM system is critical to ensuring accountability and efficiency in the use of public resources.

As a successor to the previous strategic framework in this area, the new Public Finance Management Reform Programme for the period 2021-2025 (PFM RP) was adopted by the Government on Serbia in late June 2021. It complements the Public Administration Reform Strategy 2021-2030 (PAR Strategy) of April 2021 and bases its premises on the conclusions of the recently conducted Public Expenditure and Financial Accountability (PEFA)<sup>1</sup>, the SIGMA Monitoring Report<sup>2</sup>, the key recommendations of the 2021 EU Progress Report for Serbia<sup>3</sup> and pillar specific requirements which derive from the EU accession process and set five key medium term reform priorities<sup>4</sup> which aim to contribute to ensuring effective financing of Government policies through a sound system of public internal financial management and control and a sustainable public debt. The new PFM Reform Program relies to a great extent on the obligations that Serbia has assumed as part of EU accession negotiations under relevant chapters and even though Public Finance Management Reform is classified in the Fundamental cluster according to the new methodology for EU accession, it extends beyond encompassing several other horizontal issues which include macroeconomic stability, good governance, business environment and transparency. In that sense, it is an overarching framework which fundamentally integrates functional and EU accession requirements under chapters 5 – Public Procurement, 16 – Taxation, 22 – Regional Policy and Structural Instruments, 17 – Economic and Monetary Policy, 29 – Customs Union, 32 – Financial Control and 33 – Financial and Budgetary Provisions. The obligations assumed as part of the accession negotiations as well as the closing benchmarks (where they have been defined to date) will navigate the implementation of the PFM RP and serve as the fundamental source for the verification of the results that are anticipated to be achieved.

The EU Public Financial Reform (PFM) Facility will provide effective technical support and assistance to the beneficiary institutions in Serbia in line with the draft IPA 2021 Action Document in key areas of Chapter 5 - Public Procurement, Chapter - 16 Taxation, Chapter - 29 Customs

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<sup>1</sup> Public Expenditure and Financial Accountability Performance Assessment Report, World Bank, June 2021.

<sup>2</sup> The Principals of Public Administration Monitoring Report, SIGMA, November 2021

<sup>3</sup> 2021 EU Progress Report for Serbia.: [https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2021\\_en](https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2021_en)

<sup>4</sup> improving the capacities for budget planning and public investment management, ensuring effective revenue planning and collection, improving budgetary discipline, and ensuring more transparent use of public funds, advancing the implementation of Public Internal Financial Control (PIFC) and implementing International Public Sector Accounting Standards (IPSAS)

Union, and Chapter 32 - Financial Control of Serbia's EU accession negotiations with a focus on strengthening IT systems of Tax and Customs Administration and Public Internal Financial Control issues.

This document defines the specific areas under the Outcomes which will contribute to achieving the Overall Objective and identifies issues that need to be addressed during the period of project implementation as well as types of interventions for addressing them. The specific areas and types of intervention were defined in close collaboration with the beneficiaries of the project and the EUD to Serbia. Concrete activities for achieving the project outcomes will be defined during the Inception phase of the project during the first half of 2023 and elaborated in detailed in the Inception Report.

## 2. PROBLEM ANALYSIS

### Taxation

Significant progress in improving the functionality of Tax Administration and effectiveness of tax collection was achieved during the implementation of the of the first Tax Administration Transformation Program 2015-2020 (TA TP) but there is still a pending need to further enhance the administrative capacities and improve business processes while at the same time, to align with EU requirements under Chapter 16 – Taxation. Digitalization of services in its full capacity remain one of the cornerstones of the reform efforts of the STA in the medium term it is reflected through one of the three objectives of the new Tax Administration Transformation Program 2021-2025 and Action Plan for the period 2018 – 2023. In line with the recommendations of the 2021 EU Progress Report, Serbian Tax Administration will focus its efforts towards improving legislative alignment in the areas of VAT, excise duties and direct taxation<sup>5</sup> while working on establishing a system for exchanging information in line with EU and international standards. Measure 2.1 of the newly adopted PFM RP envisages establishing ICT systems as envisaged by Chapter 16 – Taxation requirements.

EU requirements in field of taxation necessitate the establishment of information systems that are interconnected and interoperable with the tax systems of EU member states, such as the Value Added Tax Information Exchange System (VIES), to ensure administrative cooperation and exchange of information with tax administrations of EU member states.

The VAT Information Exchange System (VIES) was introduced into the European Single Market in 1993 to control VAT in cross-border trade of goods and services between EU countries, replacing the fiscal customs-based controls which were previously conducted by individual member states. It is an electronic system which enables the transmission of information on VAT paid by economic operators registered in the EU and allows suppliers easily to validate the VAT numbers presented by purchasers. Its introduction yielded significant benefits as it reduced amount of paperwork and administration required by companies. When goods or services are traded between one taxable person and another within the EU, VAT should only be paid in the country where the buyer lives and the VIES enables suppliers quick and easy confirmation that VAT

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<sup>5</sup> 2021 EU Progress Report, p.96

numbers provided by purchasers are valid. An additional benefit of the VIES is that it enables Tax Administrations in EU member states to detect irregularities in intra-community trading.

## **Customs Union**

Insufficiently developed capacities of SCA represent a significant challenge in introducing and applying EU ICT standards and fully meeting the obligations that Serbia has assumed under relevant negotiating chapters. Therefore, strengthening the administrative capacities of the SCA is key to ensuring its full functionality and achieving its main long-term objective to maintain a high level of revenue mobilization. To upgrade the strategic framework, the Government adopted the Business Plan for improving the organization and work of Customs Services of the Ministry of Finance for the period 2020-2024 in early 2020, which specifies EU integration and improving international cooperation, as well as the further development of ICT technologies as two of its seven strategic objectives. The latter two are further elaborated in the Plan for the development and use of electronic systems by the Customs Services of the Ministry of Finance for the period 2020-2024.

The 2021 EU Progress Report for Serbia remarks that Serbia has achieved a good level of preparation for joining the Customs union by adopting secondary legislation for the implementation of the Customs Law and the Law on Customs Services, but further efforts are needed to upgrade the customs processing system by integrating risk management and further developing the SCA IT system to enable integration with the EU systems<sup>6</sup>. In line with the 2021 PEFA recommendations, SCA will continue to focus its efforts on improving their capacities for analysis and further developing their Risk Management system. Customs Administration plans to complete the operational implementation of the Automated Import and Export Systems (*AIS/AES*) and the Customs Decisions Management System (*CDMS*) by the end of 2025.

## **Public Internal Financial Control**

As the backbone in the functioning and management of the public sector, Public Internal Financial Control (PIFC) was introduced in the Serbia through amendments to the Law on the Budget System in 2009. Its introduction represents a crucial milestone in PAR as it requires a fundamental change in the organizational culture and management of public sector bodies – a transition from bureaucratic management to managing for results.

Almost 15 years after its inception and over five years after a positive assessment of the national regulatory framework which enabled the opening of accession negotiations under Chapter 32 – Financial Control, Serbia is still struggling to ensure full compliance of public sector bodies with the regulatory framework in this area.

PIFC has always been in the spotlight of external assessments due to its specific horizontal role in ensuring the normal functioning of the public sector. As such, achievements in this area impacted several other functional areas of PAR and several accession negotiation chapters, which build on the achievements in the field of PIFC. Apart from rounding up the strategic and operational framework for internal control and internal audit and taking a leap in revising the certification methodology and scheme for internal auditors in the public sector, one of the most important

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<sup>6</sup> 2021 EU Progress Report, p.107

achievements in the last two years has been the introduction of a mandatory Management Declaration for managers of public beneficiary institutions which will continue to raise the awareness of public sector managers of the importance of institutionalizing internal control systems and further enforcing their accountability.

The 2021 EU Progress Reports states that good progress was made when it comes to PIFC and the Commission's recommendations from 2020 were largely implemented. It commends Serbia for the pilot projects on Managerial Accountability and the initiation of quality reviews on internal controls. It also states that efforts are needed to embed managerial accountability in the administrative culture, to ensure full coherence of the PIFC legislation with the horizontal legal framework, that it needs to start implementing peer reviews of IA arrangements in public sector bodies and establish an effective internal audit function in all central level institutions<sup>7</sup>.

## **Public Procurement**

The strategic framework for Public Procurement Reform (PPR) was put in place in 2014, two years prior to the opening of negotiations under Chapter 5 – Public Procurement and significant progress was achieved during the first phase of reform. The preparation and adoption of a revised legislative framework contributed to increasing transparency and the efficiency of public procurement by introducing mandatory publication of procurement plans by contracting authorities on the Public Procurement Portal (Portal), and the initial steps taken to align the national legislation with the relevant EU directives were complemented by further efforts of the Public Procurement Office (PPO) with the adoption of the new Law on Public Procurement which came into effect in mid-2020 together with the applicable secondary legislation. The 2021 PEFA Report confirms that the new legislative framework of 2019 has enabled the application of competitive procedures and increased transparency to the highest level and the World Bank positively assessed the content of the new Portal which provides an insight into procurement plans, contract award notices as well as annual statistics on public procurement procedures. The PPO has prepared numerous model bidding documents in recent years to assist contracting authorities in the preparation and execution of procurement procedures and the institutional and administrative capacities of implementing procurement procedures in the public sector have increased through the certification Public Procurement Officers across the board with the support of the EU and other relevant international partners. Despite this continuous positive trend, significant efforts are still needed to further improve competition, efficiency, and transparency in public procedures

A consecutive Public Procurement Development Program for the period 2019-2023 (PP DP) was adopted in late 2019 encompassing four specific objectives contributing to the further development of a modern and efficient public procurement system in Serbia. The overall objective stated in the PP DP is to develop a modern and efficient public procurement system through the creation of conditions for free competition, which will enable the state to procure goods, services and works of adequate quality under the most favourable conditions and thus making the most economical use of taxpayers' money ("best value for money"). Ensuring the efficient conduct of public procurement procedures, through downsizing of administrative requirements is the basis for the proper application of regulations with a reduced risk of irregularities.

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<sup>7</sup> 2021 EU Progress Report, p.73



## Public Finance Management

The overall conclusion of the 2021 PEFA Assessment is that public finance performance in Serbia has exerted, and overall improvement compared to the previous assessment conducted in 2015. The main areas of improvement relate to and include monitoring of autonomous government agencies and public enterprises; preparation and costing of sector strategies in a larger number of sectors; overall improvement in revenue administration, and budget execution due to enhanced predictability of available of funds for budget users during a year, as well as increased internal controls applied by budget beneficiaries. The credibility and comprehensiveness of the budget as well as better adherence to the budget calendar improved during the interim period as well as public access to information on public procurement procedures. Internal and external audit coverage were expanded, and legislative scrutiny and transparency of transfers to the local level was improved. This positive change in PFM performance positively impacted fiscal and budgetary outcome<sup>8</sup>. Nevertheless, the PEFA Assessment Report highlighted those further improvements are required when it comes to strategic financial planning and medium term budgeting, with reducing the occurrence of annual ad-hoc priorities which reduce resources for effective implementation of strategic reforms, as well as improving the performance management information in budgeting practices (including objective, indicators and results) and budget execution reporting<sup>9</sup>.

The EU Progress Report for 2022 confirms that the 2021-2025 PFM reform programme was implemented in line with its action plan for 2021. At the same time, it notes that the costs of measures to mitigate the adverse effects of the COVID-19 pandemic and the spillover effects of the Ukraine crisis increased the overall fiscal deficit and public debt while public finances were kept on a sustainable path in line with the fiscal objectives. While the assessment of the EU is largely in line with the findings and recommendations of the PEFA assessment, it also stresses the importance of increasing the comprehensiveness and transparency of the planning and management of capital investments and the investment planning and management capacities need to be further improved to minimize potential fiscal risks for investment projects funded by loans from third countries. Special emphasis is placed on the need to implement the legislative framework for public procurement and internal control, which is in place and in particular, to reduce the number of procurement decisions exempted from the Law on public procurement<sup>10</sup>.

While the overall coordination of PFM reforms has evolved and improved since the implementation of the first PFM RP in Serbia, both the Ministry of Finance, Department for International Cooperation and EU Integration and all stakeholder institutions would benefit from additional support to enhance the quality of performance information during the upcoming revision of the PFM RP, the capacity to effectively cost reform measures and monitor and report on program implementation as well as to improve inter institutional coordination and cooperation.

### 3. OBJECTIVES AND OUTCOMES

The overall objective of the Action is to enhance the efficiency of budget execution, public Finance Management and Public Internal Financial Control in line with EU standards and best practices.

<sup>8</sup> Public Expenditure and Financial Accountability Performance Assessment Report, World Bank, June 2021, page 9.

<sup>9</sup> Public Expenditure and Financial Accountability Performance Assessment Report, World Bank, June 2021, page 7.

<sup>10</sup> 2022 EU Progress Report, 2022, page 16.

In order to achieve this objective, a set of focused activities will be defined during the inception phase will be implemented under the following five outcomes:

**Outcome 1 - Preconditions for effective exchange of information on Value Added Tax with EU members states met<sup>11</sup>**

In order to contribute to achieving the relevant requirements of Chapter 16 – Taxation, the Action will support the STA in putting in place the necessary preconditions for the development and implementation of the VIES. The activities in this area will primarily be focused on achieving full alignment of the national legislative framework with the EU Acquis and international standards by conducting a gap assessment and recommendations for revising the national legislation to enable the full implementation of the VIES System. Support to the STA will include the preparation of a Strategy and Road Map for the implementation of the VIES system as well as the development of the technical specifications for the procurement and implementation of the software solution (and supplementary hardware, if required) for putting the VIES system in place and providing the necessary training for Tax Administration for working in the system.

*Output 1: Recommendations for further alignments of national legislation relevant for support the implementation of the VIES System prepared<sup>12</sup>*

Certain pre-conditions for introducing the VIES need to be put in place, the project will start off by identifying and bringing on board all relevant public sector bodies (including the Serbian Tax Administration and the Department for the Fiscal System of the Ministry of Finance) which have been specified as leading institutions in activities pertaining to aligning the legislative framework and the preparation of technical specifications for implementing IT systems for the exchange of information in line with EU standards, according to the PFM RP Activity 2.1.4. This is to ensure optimal inter-institutional cooperation and information flows. A Gap analysis of the national legislation with respect to the full implementation of the VIES system will be performed by a combination of international and national expertise and continuous consultations with DG TAXUD during the process.

As the introduction of the VIES relies strongly on the understanding of and capacity to implement the EU VAT Directive, the activities contributing to Output 1 will focus on providing capacity building support for the relevant staff of the STA and the Department for the Fiscal System of the Ministry of Finance.

The project will also provide capacity building support and training for the STA staff on administrative cooperation in the field of taxation.

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<sup>11</sup> contributing to PFM Measure 2.1 – Effective revenue collection within the mandate of the Tax Administration and TA TP SO2 – Improving existing services and introduction new ones that are aligned with taxpayers needs and SI 1 – Digital institutional environment in Serbia as a pre-condition for digitalization and automation of STA business processes in accordance with best global practice

<sup>12</sup> contributing directly to PFM Activity 2.1.4 Aligning the legislative framework and the preparation of technical specifications for implementing IT systems for the exchange of information in line with EU standards (including those on direct and indirect taxation)

*Output 2: Strategy for the development of the Value-Added Information Exchange System (VIES) prepared*

Preparing the grounds for the preparation of the Strategy for development and implementation of the VIES system is key to ensuring a structured and manageable process which involves several stakeholders. The activities which will be implemented under this output will also aim to provide support to the STA in defining the optimal institutional set up and business processes for implementing the VIES. The project team will identify focal points within the STA and MoF who will benefit from gaining an insight into VIES implementation best practices within the EU member states which acceded more recently. This will provide inputs into the process of preparing the Strategy itself. Additionally, training will be provided to the participating representatives of stakeholder institutions in line with the DG TAXUD methodology for project management.

The content of VIES development strategy is comprised of a number of technical details and in order to retrieve the necessary inputs and define the technical requirements that need to be addressed, including defining User Requirements and VIES architecture, Common Communications Network/Common Systems interface infrastructure and interfaces between VIES and national systems (COTS) which is currently being procured by STA.

Once the Strategy is drafted, it will be presented to all relevant stakeholders with the support of the project.

The final step in the preparations which will be undertaken under this Action to set the grounds for VIES implementation is the preparation of a detailed technical specification for the VIES software.

**Outcome 2 - Operational and administrative capacities of Customs Administration strengthened and interoperability of the Serbian Customs IT system with the EU is ensured**<sup>13</sup>

The project will implement two closely linked interventions to achieve Outcome 2. Activities under the Output 3 will focus on supporting the SCA in analysing their current business protocols and processes and propose changes to improve customs procedures and processes for collecting and processing financial data, conducting risk analysis and post-clearance which will improve the functionality of SCA for conducting regular business activities and strengthen its capacities for ensuring better IT connectivity with EC surveillance systems and secure electronic exchange of information with the EC. They will include an assessment of business processes currently performed by SCA against DG TAXUD requirements and the preparation of recommendations for their improvement, and the preparation of the technical specification, procurement and installation of hardware and software for the Data Warehouse solution and its integration with Customs Services. Additionally, focused trainings and workshops for SCA staff on the use of the new DWH solution will be implemented.

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<sup>13</sup> contributing to PFM Measure 2.2 – Strengthening the administrative capacities of Customs Administration

Output 4 will support Serbian Customs Administration in the preparation of technical documentation, the procurement of hardware, and the deployment and production of the Integrated Tariff of the EU (TARIC)<sup>14</sup>, Tariff Quotas and Ceilings (Quota), Surveillance, Binding Tariff Information (BTI) and Binding Origin Information (BOI)<sup>15</sup> systems, ensure their full integration into the ITMS, update the Customs Administration Enterprise Architecture models and manuals and provide the necessary training to SCA staff for working in the ITMS. The detailed action plan for the implementation of activities under outputs 2.1 and 2.2 will be precisely defined during the inception phase of the project in close collaboration with SCA.

*Output 3: Data Warehouse developed and ready to use<sup>16 17</sup>*

Data Warehousing can be defined as a collection of corporate information and data derived from operational systems and external data sources. A data warehouse is designed with the purpose of inducing business decisions by allowing data consolidation, analysis, and reporting at different aggregate levels. Data is populated into the DW by extraction, transformation, and loading. Data Warehousing incorporates data stores and conceptual, logical, and physical models to support business goals and end-user information needs.

Creating a DW requires mapping data between sources and targets, then capturing the details of the transformation in a metadata repository. The data warehouse provides a single, comprehensive source of current and historical information.

The project will support the SCA in addressing the pre-conditions for introducing the Data Warehouse solution including a review of compliance of national legislation and internal SCA acts with EU requirements and relevant directives to establish the regulatory framework for introducing the DWH and preparing a detailed technical specification for the development of Data Warehouse software and procurement of essential hardware.

The project team will closely monitor the development and integration of the DWH software with the SCA IT system and provide capacity building support to the staff of the SCA on the use of the DWH solution.

*Output 4: The Integrated Tariff Management System (ITMS) developed<sup>181920</sup>*

The development of the Integrated Tariff Management System (ITMS) system is aimed at harmonizing with EU requirements regarding the EU Integrated Tariff Environment (TARIC) to bring Serbia closer to the EU market and the Customs Union.

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<sup>14</sup> database integrating all measures relating to EU customs tariff, commercial and agricultural legislation

<sup>15</sup> system for obtaining information from individual EU Member States on the origin of good

<sup>16</sup> addressing PFM RP activity 2.3.8 Procurement of a Data Warehouse solution for management customs information

<sup>17</sup> Workplan for the Development and Usage of Electronic Systems of the Customs Service of the Ministry of Finance for the period 2020-2024, 4.2 - EU requirements for connectivity and communication of ICT. Activity - procurement and customization of the Customs Data Warehouse System (2022-2024)

<sup>18</sup> addressing PFM RP activity 2.3.7 Introducing the integrated Tariff Management System (ITMS)

<sup>19</sup> Directly addressing Business Plan for Improving the organization and operation of the Customs Service of the Ministry of Finance for the period 2020-2024 Specific objectives 3 - EU integration and strengthening International Cooperation and 4 - Developing Information and Communication technologies

<sup>20</sup> Workplan for the Development and Usage of Electronic Systems of the Customs Service of the Ministry of Finance for the period 2020-2024, 4.2 - EU requirements for connectivity and communication of ICT. Activity - implementation of the national Components of TARIC 3, Quota 2, Surveillance 3, BTI, BOI; as well as Valuation and Calculation

The component of the development of the virtual environment is strengthening the operational capacities of the SCA in line with EU standards in the areas of customs and tax operations of the Customs Tariff of the European Community and ensuring full compatibility and interoperability of customs IT systems with related IT interoperability systems of EU customs (The Integrated Tariff Management System (ITMS) systems concerned are TARIC, European Binding Tariff Information (EBTI), European Binding Origin Information (EBTI), Quotas, Surveillance, European Customs Inventory of Chemical Substances (ECICS) is the basic objective of this output.

Within the scope of intervention, the project will focus on the following key aspects – conducting a review of the applicable national customs legislation in relation to EU customs ITMS associated issues and requirements, preparing a detailed technical specifications for the procurement of ITMS hardware and software, facilitating the procurement of hardware and development of ITMS software, monitoring the software development and establishing full interoperability with EU Information systems and improving the administrative and technical capacities of SCA for using and ITMS system once put into operation.

### **Outcome 3 - Public sector management and accountability are improved through strengthened Financial Management and Control systems and Internal Audit<sup>21 22</sup>**

Activities which will contribute to Outcome 3 of the project will aim to support the coordination efforts of the Central Harmonisation Unit of the Ministry of Finance at enhancing accountability in the public sector with specific focus on the accountability of manager at all levels and enhancing performance management through the further implementation of the management and control system across public fund beneficiaries.

The project will endeavour to create and develop customised tools and methodologies which will be applied by public sector bodies for managing the performance in meeting organisational objectives and contributing to the achievement of public policies, further defining and operationalising the components of internal control and modernising trainings on internal control with particular attention to those maintaining a vital impact on public sector and civil servant and managerial accountability based on EU and other international best practices, supporting the further professionalisation of Internal Auditors in the public sector and improving the skills and competencies of Internal Auditors in the public sector through an improved certification process and advanced training on audit methodology and finally, by improving the methodology for conducting Quality Assurance of Internal Audit functions.

### ***Output 5: Implementation of selected elements of Performance Management in public fund beneficiaries supported<sup>23</sup>***

The current regulatory and methodological framework was revised in 2020. The CHU has conducted regular monitoring of the functioning of the FMC system over the last two years and identified areas in which the existing could be improved to ensure better functioning of the FMC system. In addition to these improvements, the existing regulatory and methodological framework

<sup>21</sup> contributes directly to PFM RP Specific objective 4: Improved implementation of Public Internal Financial Control (PIFC)

<sup>22</sup> PAR SO 6 – Improved accountability and transparency at all levels.

<sup>23</sup> contributing to PFM RP Measure 4.1 Improving the system of Financial Management and Control in public sector bodies

needs to be adjusted to provide the optimal environment for the functioning of Analytical Units which will be piloted through the current facility in at least two central level public fund beneficiaries.

The project team will perform a detailed review of all assessments conducted by various organizations and technical assistance projects in the recent years and if necessary, conduct an additional assessment of the regulatory and methodological framework which is currently in place and develop a Road Map for addressing the identified gaps and needs for improvement. The regulatory and methodological changes will be formalized through the FMC Manual and if necessary, other relevant implementing regulations. The changes to the regulatory framework will be presented to public fund beneficiaries and support will be provided to public fund beneficiaries (where applicable) to facilitate their effective implementation.

Internal and external assessments have shown that risk management practices are one of the weakest areas in the FMC systems of public fund beneficiaries in Serbia. The 2019 Consolidated Annual PIFC Report, states that PFBs still face challenges when it comes to the identification of risk connected with core business processes and assessment of risks to the achieving specific objectives was not performed to a satisfactory level.

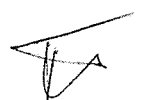
The underlying reasons for the current state of play in the areas of risk assessment and risk management imply that the regulatory framework might not provide undisputed clarity and guidance for implementing risk management procedures and a lack of understanding of what risk management implies and how risks are managed from the side of PFBs.

In order to enhance risk management in the public sector as one of the key elements of FMC, the project will perform a review of the current methodological guidelines for Risk Management and update them according to the results of the review and provide training and mentoring to a selected number of PFBs in updating their risk policies and risk registers.

The efforts invested by the CHU to increase the understanding of PIFC stakeholders of the role and importance of FMC and IA in managing public sector institutions has had limited impact. This is both due to outdated tools and knowledge products and insufficient interest by public sector managers since they need to devote a significant amount of time to familiarizing themselves with the tools that are available to them.

The project will prepare customized tools according to the sector approach for three pilot sectors. As part of the overall efforts in this regard, the project will draft new sector specific guidelines on “**How to be a good manager?**” in three sectors which will be selected together with the CHU in the Inception phase, based on level of understanding, complexity and importance of the sector to the functioning of public sector and service provision to citizens.

The project will also promote PIFC and reinforce the network of FMC Coordinators by raising awareness and enabling exchange of experience through workshops and seminars for internal and external stakeholders (senior management staff, FMC coordinators, General Secretaries and heads of Analytical Units).



Improving Public Policy Planning, Performance Management and Public Sector Accountability have been some of the most important objectives of both the previous PAR and PIFC strategies in a consolidated effort to improve accountability and public sector management and enhance service delivery to citizens.

Although much of the groundwork has been completed in the previous three years by the General Secretariate of the Government, the CHU, the Public Policy Secretariate and the Ministry of Public Administration and Local Self Government (MPALSG) with the support of the EU and other donors, analytical units have not yet been institutionalized in the public sector.

A particular aspect of the mandate of analytical units is associated with establishing and managing the internal control systems of the institution in which it is established and therefore the establishment of these units across the public sector is a necessary precondition for improving public policy planning and implementation and ensuring efficient and effective performance of public sector institutions.

The key national stakeholders have received extensive support from the EU through the EU funded *“Support to Public Administration Reform under the PAR Sector Reform Contract project”* implemented by GOPA in providing that framework for establishing analytical units and the current project will build on the achievements in this area and use the resources produced to support the institutionalization of analytical units in at least three central level institutions in Serbia based on criteria which will be defined by the CHU.

The project intervention under this Output will include an assessment of the optimal institutional positioning of analytical units and preparing the required internal acts for their institutionalization (including defining business processes, drafting rules and procedures for the work of the Analytical units and deployment and training of the FMC Coordinator, Performance Manager, and other relevant staff).

Additionally, workshops and in house-training will be provided for the staff of the established analytical units as well as other civil servants employed by the institutions to ensure optimal inter-institutional cooperation and business flows.

Enhancing accountability in the public sector in Serbia remains a key issue which numerous assessments have indicated over the years and in particular, a lack of clear accountability lines established between various public sector institutions when it comes to supervision. Serbia has more than 10.000 PFB's and accountability lines between them are unclear and confusing in most cases.

A clear line of accountability between institutions, the third pillar of managerial accountability, can only be established through a functional and organizational restructuring of the public administration bodies. The World Bank completed four functional assessments under the EU funded project “Restructuring and Optimization of Public Administration” and provided recommendations for improving accountability lines between different public sector bodies within each sector. Sector specific action plans were prepared to implement the recommendations in 2016 and 2017 but were not implemented.

Considering that a significant amount of time has passed since the WB Functional Review was conducted, there is a need to understand the current state of play in this field and assess the regulatory framework for establishing clear accountability lines in order to provide the necessary pre-conditions for implementing Managerial Accountability in Serbia. The review which will be conducted by the project will also include the supervision of State-Owned Enterprises (SOE's).

Once the review is conducted, a situation analysis will be performed to determine at least two sectors in which cascaded supervision over performance management over subordinated bodies can be established/improved.

Once selected, a detailed review of management tools and practises will be performed. The results of this review will serve as basic inputs for revising the format and content of compulsory reports submitted by subordinated bodies to their supervisory institutions.

Assessments carried out over the past years have identified the work Supervisory Boards of public enterprises and other public sector bodies founded by the state as insufficient in which members appointed by the Government lack technical knowledge and, in most cases, do not fully understand their role, rights and responsibilities. In order to address these shortcomings in the system of delegated supervision over the bodies previously mentioned, the project will draft guidelines which explain the rights and responsibilities of members appointed to Supervisory Bodies by the Government as well as guidelines on how to establish professional supervisory bodies based on best international practices.

*Output 6: Trainings on managerial accountability and financial management and control modernised*<sup>24</sup>

Managerial Accountability needs to be implemented across the public-sector and to achieve this objective, public-sector managers need to understand the basic concept and principals of managerial accountability. This requires a systemic approach to sensitizing and equipping managers and civil servants with the necessary knowledge which entails public sector wide training on the roles of FMC and Internal Audit and how they contribute to effective management in the public sector.

The project interventions will place special emphasis on ensuring that public-sector managers understand and adhere to the principles and **concept of managerial accountability**, in particular by continuing to promote the culture of management in the public sector, training managers and staff, building a performance management system, delegation, and coordination with activities envisaged by the Transparency and Accountability pillar of the 2021-2030 PAR Strategy, specifically its measures *Establishment of systemic arrangements for managerial accountability and decentralization of governance in public authorities* and *Enhancement of vertical and horizontal supervision and monitoring in public administration* (Performance management framework for public authorities established), which are the key actions targeting this broad topic.

Significant efforts have been made by the CHU and NAPA to create curriculums and introduce trainings for managers and civil servants with limited impact and the project will aim to address

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<sup>24</sup> contributing to PFM RP Measure 4.4 Modernization of training on Public Internal Financial Control





this issue in a systemic way. The project will assess the current training curricula and quality of training content with a view to enhance their quality and effectiveness in deepening the knowledge and understanding of civil servants of public internal financial control topics and issues.

The training materials and tools that are currently in use for civil servants require certain adjustments to encompass updates in specific areas of FMC and to make them more user friendly. The CHU is currently being supported by an EU funded project implemented by KPMG in updating the following training modules: Module 1: FMC for managers and Module 2: Updated FMC for FMC coordinators.

The project will complement the efforts currently implemented by KPMG and the CEF will work together with CIPFA and the CHU on designing and updating of at least the following e-learning modules<sup>25</sup>: Module 1: FMC sectorial approach to be drafted; Module 2: updated IA for managers and newcomers if necessary; Module 3: Managerial Accountability in cooperation with SIGMA; Module 4: Performance management; Module 5: Risk management and Module 6: Irregularities. This list of modules is currently orientational and the number and content could be increased and expanded in line with the evolving needs of the civil servants as assessed by the CHU. All activities which will be implemented under this output will be based on common agreement and understanding with the NAPA and fulfil all the requirements of the NAPA for putting into use.

*Output 7: Professionalisation of Internal Auditors and Internal Audit certification process improved*<sup>26</sup>

The PFM RP 2021-2025 emphasizes the need to ensure greater efficiency and effectiveness of the Internal Audit. In order to do so, there is a potential need to assess the gaps and amend the regulatory and methodological framework to optimize public-sector IA. A particular aspect related to the positioning and job satisfaction of IAs in the public sector which the project will support is preparing a program for professional development and improving the carrier path of IA in the public sector.

The project will, in close collaboration with the CEF, work on establishing a network of IA in the public sector with the SAI, the Audit Authority for EU funds and professional Internal Audit Associations, and in close collaboration with the CEF, facilitate networking and exchange of best practices between the CHU in Serbia and other CHU's in the regional and EU member states and provide additional trainings for IA's in the public sector on performance audit, audit of EU funds, public procurement and etc.

In order to improve the development path for IAs in the public sector, the project will focus on updating requirements to become internal auditor, training of trainers, providing a solution on how to organize the process of certification of IA's in the public sector based on international best practice, designing/updating the regulatory framework for the process of certifying IA's and designing a new AI certification program.

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<sup>25</sup> contributing to PFM Activity 4.4.3 Revising and improving the content of the training modules on PIFC including the introduction of new e-Learning modules

<sup>26</sup> contributing to PFM RP Measure 4.2 Improving the Internal Audit function in the public sector in line with international principals and standards and PFM RP Measure 4.4 Modernization of training on Public Internal Financial Control

*Output 8: Audit and IA quality assurance methodologies enhanced and the position of internal audit functions and positions across public administration improved*<sup>27</sup>

Recent assessments have pinpointed to the necessity of improving IA methodologies and external quality reviews. The complexity of the issue requires a more systematic and resource-intensive approach than applied by the CHU in the past.

The project will focus its support on the following two key areas - enhancing the Quality Assurance and Improvement Program (QAIP) and developing an automated solution for monitoring IA recommendations in the public sector.

The project will review the QA programs of IA units in the public sector and provide recommendations for their improvement and prepare a regulation on QAIP (including supervision and self-assessment IA, and how to report on IA internally and externally). The project will prepare methodology for external quality assurance and pilot methodology for external quality assurance in several public sector bodies including, providing training of evaluators, performing an external assessment of quality, and preparing a roll-out plan

At present, audit recommendations are addressed partially and reporting on addressing audit recommendation is not conducted in a systematic manner. The CHU aims to ensure a central database of issued IA recommendations which can be accessed by the CHU and all auditees through which recipients would report on addressing audit recommendations.

This will enable quick and easy access to information on IA recommendations which will improve monitoring of FMC systems across the public sector and optimize reporting to the Government.

The automated system for monitoring IA recommendations will be implemented in line with the Feasibility Study which is currently being prepared by the GIZ Public Finance Reform project which expected to be completed in early 2023.

The CEF's extensive experience in supporting PIFC reform in the Western Balkans regions will be fully utilized in achieving the results under outcome 3 and, through regional knowledge sharing, generation of knowledge products, linking managerial accountability to aspects of becoming a learning organization; by sharing successful elements of CEFs auditing program and access to international experts, through institutional knowledge sharing CEF-NAPA on learning and knowledge sharing approaching, as well as experiences across different CEF building blocks, through localization experiences from other countries, facilitating a collaborative effort and promoting an enabling environment, by sharing CEF experience in designing and delivering e-learning events, promoting the sharing of experiences from the region (e.g., MKD tutors' experience with turning PACT modules online), facilitating the revision of contents in a collaborative effort, enabling access to international knowledge providers (e.g., at ITC ILO), and on online learning methodology, by capturing learning needs and offers and promoting the coordination among relevant stakeholders in Serbia to design and implement such programs together, and through coaching, regional peer learning, access to EU knowledge providers, providing leadership training etc.

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<sup>27</sup> Contributing to PFM RP Measures 4.2 Improving the Internal Audit function in the public sector in line with international principals and standards and 4.3 Strengthening the monitoring of PIFC

#### **Outcome 4 - Efficiency, effectiveness, and transparency of public procurement procedures in Serbia are enhanced** <sup>28</sup>

The activities contributing to Outcome 4 of the project will focus on developing the capacities of Public Procurement Officers at all levels for the implementation of the new Law on Public Procurement and supplementary regulations and guidelines through the provision of technical support and training. Expert support will be deployed for developing new modules for the Public Procurement Portal to promote and increase the use of e-Procurement and the preparation of new guidelines, manuals, instructions, models of tender documentation and framework agreements for all economic operators. Targeted trainings and capacity building for the further professionalization and improvement of knowledge of all subjects in Public Procurement system is also foreseen under the proposed Action.

#### ***Output 9: Regulatory framework for Public Procurement in Serbia improved***<sup>29</sup>

The project team will assess the state of play in the area of public procurement as well as the level of compliance of the regulatory framework with EU Directives in line with EU accession requirements under Chapter 5 – Public Procurement. The review will encompass all regulations in the field of public procurement and assess their implementation and provide recommendations for possible amendments to the regulatory framework in Serbia with the aim of further improving the public procurement system and harmonizing the legal framework with EU directives.

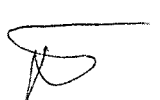
An assessment of the state of competition in public procurement procedures will also be conducted to determine the circumstances affecting competition. The assessment will provide recommendations for improving the public procurement system to strengthen competition. Practical tools such as guidelines, instructions, analyses, recommendations, and guides will be designed, produced, and disseminated to contracting authorities and bidders for this purpose, and training with specific focus on the implementation of the principles provided for in the provisions of the Law on Public Procurement will be implemented under this result.

An (ex-post) evaluation of the implementation of the Public Procurement Development Program 2019-2023 will be carried out to assess the impact of the measures which were implemented in the referenced period and to retrieve valuable inputs which will feed into the process of preparing the next PP Development Program. The evaluation will include an assessment of achievements and provide recommendations which will represent the starting point for drafting the Public Procurement Development Program 2024-2028.

The ex-post evaluation of the implementation of the Public Procurement Development Program 2019-2023 will identify gaps in key areas of public procurement reform which will need additional support and strengthening in the medium term to achieve the objective of creating a transparent, efficient and fully functional public procurement system in Serbia. These inputs, together with the inputs which will be retrieved through the assessment of compliance of the national regulatory framework with Chapter 5 – Public Procurement requirements and the assessment of the state of

<sup>28</sup> contributes to Public Procurement Development Program 2019-2023 Specific objectives 1 Increasing the efficiency and economy of public procurement procedures, 2 - Strengthening competition of public procurement market and 3 - Reducing irregularity risks in the public procurement system

<sup>29</sup> contributing to PFM Activity 2.5.5 Preparation and the adoption of the new Pub Introducing new modules and functionalities on the Public Procurement Portal



play in the area of competition in public procurement represent the basic objectives which will be incorporated in the new Public Procurement Development Program 2024-2028 which will be drafted with the support of team of experts as part of the Action.

A series of workshops will be organised following the finalization and adoption of the new medium term reform framework to familiarise stakeholders of reform priorities and identified means to implement the defined objectives.

*Output 10: The Public Procurement Portal further developed, and the use of e-Procurement increased*<sup>30</sup>

The PPO reach an important milestone in 2020 with the launch of the new Public Procurement Portal. It has been assessed positively by the World Bank as it provides interested parties information on Procurement Plans, contract notices and awards as well as statistics on implemented procurement procedures. The new PP Portal was put in place with the support of the EU funded IPA 2013 “Support to the further development of the public Procurement System in Serbia” and upgraded with new functionalities which have made enabled easier access to key documents and participation in public procurement procedures to users. An English language version of the PP Portal was also put in place, enabling the submission of offers in English, the interface of the Portal was adjusted of accessing from mobile phones and many other functionalities were introduced to assist potential bidders and other interested users to easily access tools and information they might require.

To date, the PP Portal has 10 new functionalities which were implemented until 2021<sup>31</sup> and the Action Plan for 2022 envisages the introduction of an additional 3.

The PPO plans to improve the existing functionalities and to introduce new ones in the medium term and a team of experts will take stock of the progress achieved in setting up the Portal to date and assess the needs for further improvements. The assessment which will be conducted will provide recommendations for the improvement of the existing functionalities and modules, as well as recommendations for the development of new ones.

Providing extensive support to contracting authorities and potential bidders for the effective implementation of the regulatory framework is one of the core mandates of the PPO. The PPO provides annual training courses and workshops on various topics ranging from procurement planning to applying specific criteria in selecting best offers in procurement procedures.

The PPO organized 8 workshops for contracting authorities and bidder on the implementation of the Law on Public Procurement in 2021 and plans to intensify its capacity building and outreach activities because the are key to increasing the efficiency, effectiveness, competition and transparency in public procurement procedures.

The project will support the PPO in implementing a systematic approach to capacity building and integrate the results of activities related to amendments to the regulatory framework and improvements to PP Portal.

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<sup>30</sup> contributing to PFM RP Measure 2.5: Advancing e-procurement

<sup>31</sup> Action Plan for implementing the Public Procurement Development Program for 2022, adopted in 2021

The project team will, in close collaboration with the PPO design and produce new practical tools such as guidelines, instructions and tender documentation models which will be uploaded on PP Portal, and prepare and organize workshops for both contracting authorities and bidders on the implementation of the Law on Public Procurement, the use of the Portal, with special reference to the implementation of public procurement procedures with the application of ecological aspects, green public procurement, the application of social aspects, partnerships for innovation, as well as the application most economically advantageous tender (MEAT) criteria.

Staffing issues remain a concern for the PPO when it comes to the sustainability, effectiveness and impact of the work of the institution. Investing in capacity strengthening of the staff PPO remains one of the main priorities of the PPO and in that respect, the project will aim to strengthen the technical and professional capacities of the PPO staff so that the institution has the means to fully implement its mandate with the provision of high-level quality services.

The project will review the internal organizational acts of PPO which govern its institutional organization and job classification and provide recommendations improving business processes, staff job descriptions, the classification of workplaces and internal organization of the PPO, in line with the competencies defined by the Law on Public Procurement.

The interventions under this result will also include training of new PPO staff focusing on the implementation of the Law on Public Procurement and the use of PP Portal, as well as organising and supporting the participation of PPO staff in various forums, study visits, events and round tables with the aim of gaining insights into different public procurement systems and examples of best practice in EU member states.

#### **Outcome 5 - Selected priority areas of public finance management reform supported**

Effective Public Financial Management is a key element of governance which ensures the optimal function of public administration. The EU has been supporting Public Finance Management reforms in Serbia since 2000 and has intensified its support following the opening of EU accession negotiations and the adoption of the first strategic framework, the Public Financial Management Reform Program in 2014.

While significant and substantive work has been done in previous years in implementing PFM reforms in Serbia, many issues remain unaddressed while the changing global environment has brought with it, new challenges which require a more active approach to public sector management and in particular, the management of public resources.

There are a number of technical assistance projects addressing concrete public finance management challenges at present and the scope of most has been programmed to support the assessed priorities prior to the outbreak of the COVID19 pandemic and the global crisis sparked by the crisis in Ukraine.

As both the EUD and UNDP have an active presence in supporting key PFM and PAR reforms in Serbia over the last decade, both organizations have recognized the need to ensure a flexible

facility which could readily support the implementation of priority public finance management reform needs – which cannot be foreseen in the programming cycle of international development assistance.


Outcome 5 of the project will ensure the availability of technical assistance for improving the overall coordination and management of the implementation of the Public Financial Management Reform Program 2021-25 on one side, and a pool of resources to address priority PFM challenges during the implementation of the project.

While a number of interventions and activities will be defined under this Outcome during the Inception phase. These will include but not be limited to providing effective support to the Ministry of Finance in performing an assessment of and progress made in the implementation of the PFM Reform Program to date, in supporting the revision the upcoming revision of the PFM Reform program planned for 2023 including costing of priority PFM reforms, monitoring of the implementation of the PFM Reform Program, ensuring effective stakeholder management and supporting the regular EU PFM Policy Dialogues.

A pool of unallocated pool of resources will remained available to ensure the means for a rapid response to PFM priorities which may arise during the course of project implementation.

The selection of priorities for support under this Outcome will be within the mandate of the Steering Committee with final endorsement and approval for their implementation by the EUD to Serbia.

The rules and procedures for programing and managing the resources available under Outcome 5 will be precisely defined during the Inception phase of the project.



#### 4. INDICATIVE ACTION PLAN FOR IMPLEMENTING THE ACTION

Result	Year 1				Year 2				Year 3				Year 4			
<b>Outcome 1</b> - Preconditions for effective exchange of information on Value Added Tax (VAT) with EU member states met	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Output 1:</b> Recommendations for the further alignment of national legislation relevant to VIES implementation prepared	x	x	x	x	x	x	x	x								
<b>Output 2:</b> Strategy for the development of the Value Added Information Exchange System (VIES) prepared					x	x	x	x	x	x	x	x				
<b>Outcome 2</b> - Operational and administrative capacities of Serbian Customs Administration strengthened and interoperability of its IT system for the EU ensured	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Output 3:</b> Data Warehouse developed and ready to use	x	x	x	x	x	x	x	x	x	x	x	x				
<b>Output 4:</b> The Integrated Tariff Management System (ITMS) developed					x	x	x	x	x	x	x	x	x	x	x	x
<b>Outcome 3</b> - Public sector management and accountability improved through strengthened Financial Management and Control and Internal Audit	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Output 5:</b> Implementation of selected elements of Performance Management in public fund beneficiaries supported	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Output 6:</b> Trainings on managerial accountability and financial management and control modernised	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Output 7:</b> Professionalization of Internal Auditors and Internal Audit certification process improved	x	x	x	x	x	x	x	x	x	x	x	x				



Result	Year 1				Year 2				Year 3				Year 4			
<i>Output 8: Audit and IA quality assurance methodologies enhanced and the position of internal audit functions and positions across public administration improved</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>Outcome 4 - Efficiency, effectiveness, and transparency of Public Procurement procedures in Serbia are enhanced</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>Output 9: Regulatory framework for Public Procurement in Serbia improved</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>Output 10: The Public Procurement Portal further developed, and the use of e-Procurement increased</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>Outcome 5 - Selected priority areas of public finance management supported</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>Output 11: Implementation and management of the Public Finance Management Reform Program improved</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<i>Output 12: will be programmed during the Inception phase of the project and throughout the duration of the project.</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X



## 5. RELEVANCE AND SUSTAINABILITY OF THE ACTION

### 5.1 Relevance

In the broadest sense, the Action will contribute to implementing the national strategic reform framework by contributing to the achieving **Specific Objective (SO) 7 - Ensuring a sustainable budget and public debt to GDP ratio through improved financial management and control and audit and linking budget planning to public policies and the Government priorities** of the Public Administration Reform Strategy 2021-2030, which is the overall objective of the Public Finance Management Reform Program 2021-2025, as well **PAR Strategy SO 6 - Improved accountability and transparency at all levels**.

The results under **outcomes 1, 2 and 4** of the Action are focused on addressing the priority measures of **PFM RP SO II – Effective Collection and Management of Budget Funds** while **Outcome 3** provides comprehensive support to **PFM RP SO IV – Improved implementation of Public Internal Financial Control (PIFC)**.

The activities under **Outcome 1** will contribute to **PFM RP Measure 2.1 – Effective revenue collection within the mandate of the Tax Administration** and **Tax Administration Transformation Program 2021-2025 (TA TP) SO 2 – Improving existing services and introduction new ones that are aligned with taxpayers needs** and **Strategic Initiative (SI) 1 – Digital institutional environment in Serbia as a pre-condition for digitalization and automation of STA business processes in accordance with best global practice**.

**Outcome 2** will address **PFM RP Measure 2.2 – Strengthening the administrative capacities of Customs Administration**. In particular, activities under outcome 2 will directly address the **Special objectives 3 – EU integration and strengthening International Cooperation** and **4 – Developing Information and Communication technologies** of the **Business Plan for Improving the organization and operation of the Customs Service of the Ministry of Finance for the period 2020-2024 (BP CS)** and **chapter 4.2 - EU requirements for connectivity and communication of ICT of the Workplan for the Development and Usage of Electronic Systems of the Customs Service of the Ministry of Finance for the period 2020-2024**.

**Outcome 3** will holistically address **PFM RP SO 4 - Improved implementation of Public Internal Financial Control (PIFC)** by providing support to all four measures and contribute to **PAR SO 6 – Improved accountability and transparency at all levels**.

**Outcome 4** goes beyond providing support to **PFM RP Measure 2.5 - Advancing e-procurement** and extends to achieving **SOs 1 - Increasing the efficiency and economy of public procurement procedures**, **2 - Strengthening competition of public procurement market** and **3 - Reducing irregularity risks in the public procurement system** of the **Public Procurement Development Program 2019-2023 (PP DP)**.

**Outcome 5** will focus on specific activities which will directly and indirectly contribute to **Specific Objective (SO) 7 - Ensuring a sustainable budget and public debt to GDP ratio through improved financial management and control and audit and linking budget planning to public**

*policies and the Government priorities of the Public Administration Reform Strategy 2021-2030, which is the overall objective of the Public Finance Management Reform Program 2021-2025, and support the **PAR Strategy SO 6 - Improved accountability and transparency at all levels.***

## **5.2 Links to previous actions and other EU and donor funded actions**

### **Tax Reform**

UNDP has collaborated closely with the **GIZ Public Finance Reform - Financing the 2030 Agenda project (2018-2022)**, which succeeded the first GIZ Public Finance Reform project, in supporting the implementation of the first and the current Tax Administration Transformation Programs which helped the STA prepare the first Transformation program. The ongoing **UNDP Support to Tax Administration Reform, in reducing tax evasion and increasing voluntary tax compliance project (2019-2022)** collaborates with the GIZ Public Finance Reform - Financing the 2030 Agenda project daily as they share joint premises at STA. Each project complements the other to ensure that the TA receives timely and effective support for the Tax Reform agenda. The project team will also continue to work closely with **the IMF Resident Tax Advisor** at the Serbian Tax Administration, under the EU and SECO funded IMF support which has been implemented since 2016 and provided technical assistance to STA in improving and establishing advanced methods for improving core functions of the Tax Administration, knowledge transfer and meeting with good practice examples. UNDP has cooperated with the IMF experts supporting STA in the previous period related to improving tax control and prevention of tax fraud. The **IPA 2015 - Support to the Ministry of Finance under the PAR Sector Reform Contract” financed by the EU (2019-2022) implemented by KPMG** is also providing targeted support to the STA in implementing the Tax Administration Transformation Program.

### **Customs Modernisation and Reform**

Due to the specific demands and accession requirements under Chapter 29 – Customs Union, Serbian Customs Administration has been a recipient and beneficiary of a series of technical assistance projects primarily funded by the EU through different financial instruments supporting its modernization.

The Action will build on the **IPA 2013 - Technical Assistance for Establishing the Institutional Framework for the Implementation of AIS/AES project** which has supported the preparation of the implementation regulations for the Decision on the Release for Free Circulation, Export and Customs which is a pre-condition for the implementation of the automated import and export systems and the customs decision management system. The activities under Outcome 2 will be closely coordinated with activities aimed at supporting the SCA through the **EU Customs 2021-2027 Community programme** and in particular, those pertaining to increasing information and data exchange between national customs administrations to better detect the flow of dangerous and counterfeit goods and supporting SCA in protecting the financial and economic interests of the Union, as well as in the correct collection of customs duties, import VAT and excise duties. The **IPA 2015 - Support to the Ministry of Finance under the PAR Sector Reform Contract” financed by the EU (2019-2022) implemented by KPMG** is also providing targeted support to

the SCA in implementing targeted measures to support Customs reform and meeting EU accession requirements.

### **Public Internal Financial Control**

UNDP implemented projects have been sequenced and closely coordinated with other donors and implementing agencies to maximize the impact of available technical assistance in furthering PIFC reform in Serbia. The informal PIFC coordination platform established by the current head of the CHU has contributed to the maximization of efforts of all donors and implementing agencies in this field which has increased the scope and outreach of support. The recently completed **UNDP Support to CHU in Enhancing Municipal Internal Audit (2015-2020), Improving the system for Financial Management and Control (FMC) and the certification and professional development of Internal Auditors in Serbia (2017-2020), and Support to the CHU and PPO to increase the retention of Internal Auditors and Public Procurement Officer in the public sector (2019-2022)** projects had an outstanding cooperation with the **IPA 2013 - Support for further development of PIFC Twinning project (2017-2020)**. The outputs, tools and solutions produced by the IPA 2013 Twinning project will serve as basis for the Action in enhancing and enforcing not managerial but more broadly, public sector accountability. UNDP made a breakthrough 2015 by extending the outreach of the CHU to the local level for advocating internal control and internal audit through the **Support to CHU in Enhancing Municipal Internal Audit project (2015-2020)**. The project paved the way for additional SECO funded support under the **Reform of Local Finances Phase I Project (RELOF) (2016-2018)** which extended its scope of activities from providing LSGs with support to budget planning to implementing internal controls and strengthening capacities for Internal Audit. The cooperation continued throughout the next phase of SECO support and the **Reform of Local Finances Project – Phase II (RELOF ID) (2019-2022)** and the UNDP will continue to collaborate with RELOF II when it comes to implementing the Action at local level. The **IPA 2015 - Support to the Ministry of Finance under the PAR Sector Reform Contract” financed by the EU (2019-2022) implemented by KPMG** is currently providing support to the CHU in improving the training methodology and tools for implementing PIFC effectively across the public sector while the **IPA 2015- Support to Public Administration Reform under the PAR Sector Reform Contract implemented by GOPA** is supporting all relevant stakeholder institutions of the Government of Serbia, including the CHU, in implementing and enforcing the concept of Managerial Accountably across the public sector.

UNDP’s integrated portfolio and platform approach has maximized the impact of targeted interventions in PFM areas. Pooling together and targeting resources from various UNDP implemented project and coordinating with other external partners has increased the achievement of results. Solutions for addressing gaps in internal audit indicated by a functional review conducted under the **Support for Improving Governance and Economic Planning at the Local Level for Accelerating the Implementation of SDGs in the Republic of Serbia (2018-2022)** in an underdeveloped municipality led to the piloting of the first joint Internal Audit unit in Serbia. The scope of the internal audit function encompassed the local administration and all local enterprises established by the municipality. Inspired by its successful application, RELOF has produced several models of joint internal audit functions which are now at the disposal of local self-governments. When it comes to revising the training programs and advancing the systems for the certification of Internal Auditors in the public sector, UNDP will take full advantage of the possibilities that the **Civil Service Training for the 21<sup>st</sup> Century in the Republic of Serbia – Support to the National**



**Academy for Public Administration project (2020-2022)** currently supporting the NAPA for contributing to achieving the relevant activities contributing to result 3.

## **Public Procurement**

The **UNDP Support to improving and increasing the transparency of Public Procurement in Serbia project (2008-2013)** and its successors, the **Support to the Public Procurement Office in optimizing public procurement spending and supporting central and local authorities to implement the new Public Procurement Law project (2013-2015)** and ongoing **Support for improving competition and applying the Best Value for Money Approach in Public Procurement project (2019-2022)** have maintained effective cooperation with the **IPA 2013 - Support for further improvement of Public Procurement system in Serbia (2017-2021) implemented by GIZ**, building on each other's achievements and complimenting each other's efforts. The proposed Action will take full advantage of the results of the IPA 2013 project and work together with the PPO in implementing the final recommendations which resulted from the intervention. They will contribute to the further articulation of detailed activities under Outputs 4.1. and 4.2 of the Action.

The project team will closely coordinate all the activities under the Action and, those contributing to outcomes 1, 2 and 3 with the **IPA 2015 - Support to the Ministry of Finance under the PAR Sector Reform Contract" financed by the EU (2019-2022) implemented by KPMG** which is providing support to on-going PFM reforms Serbia through policy advice, technical assistance, and support to institutional and human resource capacity building.

### **5.3 Sustainability**

Building and ensuring commitment and trust is crucial for achieving the results of the Action and the UNDP, the Ministry of Finance of the Slovak Republic will take full advantage of the long-standing relationship and cooperation established with both the Ministry of Finance and its administrations, the Public Procurement Office as well as other relevant stakeholders the PFM area.

All the beneficiaries of the Action have taken an active role and co-lead the preparatory activities carried out through 2022 in defining a detailed Description of Action (DoA) which has strengthened the ownership of stakeholders over the objectives and strategy for the implementation of the Action which will contribute to better and sustainable outcomes. Their active participation in the implementation of the Action will be key to the successful implementation of project activities and the sustainability of outputs. Effective planning and continuous monitoring and risks management procedures will be put in place in the initiation phase of the project and contribute to smooth implementation and provide for adaptive programming.

Blending local with international expertise has proven to be the best approach to implementing PFM solutions which are in line with international best practices. Therefore, local experts who already have extensive country and topic specific experience and have established excellent working relations with beneficiaries of the Action will bring a better understanding of the real needs and challenges, helping international experts who will be engaged on dealing with complex and

challenging issues, to gain a better insight which will result in the provision of adequate and sustainable solutions is key to successful project implementation.

Development of leadership skills as well as learning and knowledge sharing aspects will be anchored in all learning activities addressing all specific technical issues which will be addressed under all the results of the proposed Action. A full or customized CEF Leadership for Managing Reforms training program will be implemented to (1) strengthen institutional capacities for promoting learning and knowledge sharing in the respective areas of the Action (becoming learning organizations), (2) support better coordination and collaboration of different stakeholders (different teams, working groups, coordination bodies, etc.) in co-designing and co-delivering different learning programs (workshops, CPD, CP, etc.) and (3) promote the development of leadership skills for managing reforms at the individual level (engaging in CEF learning program, providing access to other learning opportunities, coaching, etc.) as well as communicating the reforms.

The main objective of the horizontal activities which will be implemented under the Action will ensure sustainability by enhancing trust and cooperation among institutions (i.e. scaling up in-country networking activities, such as study visits and consultations, convening high-level officials and policymakers to nurture understanding of challenges common to regional leaders and etc.), strengthening leadership and management capacities that promote change (including, offering learning opportunities that address the latest knowledge of management and leadership and providing opportunities to learn about practical tools to improve work performance and resilience, build and manage teams, and strategically plan organizational change) and facilitating learning and knowledge sharing (by helping the beneficiary institutions become learning organizations and knowledge hubs for sharing technical knowledge with peers across the region and elsewhere)<sup>32</sup>.

## **6. EXPERTISE AND OPERATIONAL CAPACITY**

**The United Nations Development Program (UNDP)** is a pillar assessed International Organization, with decades of experience in implementing EU – financed projects and one of the leading development partners to the relevant stakeholder institutions in Serbia on public finance management reform issues. The UNDP Country Office in Serbia has an impeccable track record in implementing EU funded projects as well as bilateral donor funded projects. UNDP offices in the region have a similar standing.

UNDP Serbia has provided active, timely and sustained direct and indirect technical support to Public Administration and Public Finance Management reforms since 2004. To date, over 80 large and small scale project initiatives financed from both internal and external donor sources have been implemented by the Public Finance; Rule of Law and Public Administration, and the Digital Governance and Competitiveness portfolios of the Serbia CO of which 38 have tackled crucial reform issues related to budget and investment planning and execution, revenue mobilisation and collection, improving public procurement procedures, increasing transparency and financial control and improving the overall operational work and functionality of public sector bodies in service provision to citizens through digitisation. UNDP has been recognised not only as a competent and reliable partner to public sector stakeholder institutions in the field of public finance management

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<sup>32</sup> [Knowledge Hub Blog](#)

but also as an innovator for its cutting-edge solutions which have supported the Ministry of Finance. See further Info sheet annexed.

UNDP has also been supporting the Digital Transformation Agenda in Serbia since its initiation. With strong in-house capacity ranging from IT-related project management to technical programming skills, UNDP has mainstreamed digital in all its sectors of work in Serbia and represents the Government's main partner in this area. The support UNDP has provided to Serbia ranges from the design of the country's largest Data Centre in Kragujevac, to IT re-skilling of the population at large; from introducing open data as a standard in many government departments to building capacities of the Office for IT and e-Government from its establishment in 2017. During the last three years UNDP Serbia has implemented IT interventions and solutions in Serbian public administration worth over 10 million USD, enabling the scaling up of the capabilities of the Government for rapid deployment of cost-effective, secure, and citizen-focused e-services, and coordinated implementation of ICT policies.

The UNDP CO Serbia established a Tech Cell in 2018, to increase its capacities for program design, program implementation and program innovation. The software developers work with the operations team and with project staff, under guidance and supervision of Information and Communications Technology (ICT) Analyst, provide software development services for UNDP Serbia projects and for regional digital initiatives. The UNDP Tech Cell will be actively involved in all stages of the implementation of activities under results 1 and 2.

Whenever there is a need for creative thinking and innovative solutions, the Action will also utilize the capacity of the UNDP Accelerator Lab which was established in 2019 as a new service offering that works with people, governments, and the private sector to reimagine development for the 21st century. The Lab combines deep local networks that allow UNDP partners to elevate grassroots solutions as well as to source solutions globally from across the Lab network and our network partners. The Lab designs portfolios with a full spectrum of regulatory, technological, behavioral, and participatory experiments to learn what combinations provide the right mix of solutions to systemic issues in development.

The UNDP CO in Serbia has two experienced public administration and public finance management reform experts as part of its core team who assumed relevant high-level positions within the Serbian government prior to joining the UNDP. The Senior Policy Advisor – Public Finance Management of the UNDP Good Governance Cluster is a former Deputy Minister of Finance with extensive experience in public finances and EU fund management. He was a core member of the Serbian Negotiating Team for EU accession<sup>33</sup> and head of the Negotiating Groups for Chapters 32 and 33 Deputy Head for Chapters 16, 17 and 29, and was the appointed representative of the Ministry of Finance in the Negotiating Group for Chapters 22 as well as the EU-Serbia PAR Special Group. During his mandate, he also assumed the role of the Deputy National Authorising Officer (NAO) for EU fund management (2011-2014), National Authorising Officer (2014-2017) and the National Economic Reform Program Coordinator (2014-2017). The Portfolio Manager for Inclusive Political Processes and Civic Participation is a former Deputy Minister of Public Administration and Local Self Government who co-chaired the EU-Serbia PAR Special Group on behalf of the Serbian Government and played a crucial role in accelerating Public Administration Reform from 2013 to 2019, when he assumed the role of the first Director of the newly established National Academy

<sup>33</sup> [https://www.mei.gov.rs/upload/documents/pristupni\\_pregovori/members\\_negotiating\\_team.pdf](https://www.mei.gov.rs/upload/documents/pristupni_pregovori/members_negotiating_team.pdf)



for Public Administration in Serbia. Both were long standing members of the National Stabilisation and Association Council and first line government contacts with the relevant General Directorate of the European Commission (including DG NEAR, DG BUGD, DG COMP, DG ECFIN, DG TAXUD, OLAF and EUSA) and well as relevant international organisations such as the OECD, the IMF, the World Bank and regional organisations and facilities established and supported by the EU, including the Support for Improvement in Governance and Management (SIGMA), the Regional School for Public Administration (RESPA) and the Regional Cooperation Council (RCC).

The **Ministry of Finance of the Slovak Republic** is one of the most prominent public sector institutions in the Slovak Republic and by far, the most experienced institution in dealing with EU accession negotiations and coordinating nation-wide public sector reforms in the area Public Finance Management. The Slovak PFM reform is widely regarded as one of the most successful areas in Slovakia's economic transition. The reforms served to support growth, strengthen labour incentives, and attract investors. They earned Slovakia the World Bank laudatory "Top Reformer" label in 2006 and turned Slovakia into an investment heaven. The Slovak government implemented a comprehensive Public Finance Management Reform Program from 2003 to 2006 with particular focus on budget planning, macroeconomic analyses and fiscal forecasting, debt and liquidity management and tax systems and tax administration reform. Since its accession to the EU in 2004, the Ministry of Finance has been financing and coordinating the implementation of Slovak Aid to countries in the Western Balkans region and supplying expertise and transfer of knowledge to EU candidate countries on in specific areas of PFM reform. When it comes to the scope of the current Action, the Slovak Ministry of Finance has advanced experience in establishing a fair, predictable and transparent tax systems, institutionalized an automated system for the exchange of information, transfer pricing and BEPS for preventing tax evasion and tax fraud including measures such as *Tax cobra* – Fraud detection and investigation (over 750 million euro since 2012), VAT Control Statements, a Central system for fee recording (paper stamps, e-stamps), Virtual cash registers, a Common Police Analytical Centre and Financial Administration for faster exchange of information and the Tax reliability index. In order to improve tax collection while rationalizing organizational and operational capacity, the Ministry of Finance merged Tax and Customs Administrations into a new functional and efficient Financial Directorate which is currently providing support to the Ministry of Finance in Northern Macedonia in meeting EU accession requirements related to Taxation issues and joining the Customs Union and, implementing the VIES and ITMS systems.

The **Public Finance for Development Programme**<sup>34</sup> (PFD) is a successful development cooperation flagship initiative of the Slovak Ministry of Finance and United Nations Development Programme (UNDP). which was launched in 2009, and, over the time<sup>35</sup>, its activities, scope and budget have increased. The success of PFD is founded on programmatic, demand-driven approach, which means building long-term relations and cooperation with partner institutions based on deep knowledge of partners' needs, reflecting actual conditions (economic, political, etc.) and extensive involvement of partners at various levels of implementation. PFD channels Slovak PFM knowledge via technical assistance. The objective of the programme is to build institutional and technical capacities in partner countries (Moldova, Montenegro, Serbia, Ukraine, North Macedonia, Bosnia and Herzegovina) for implementing public finance reforms with particular focus on meeting EU accession requirement in countries of the region aspiring towards EU membership. The PFD

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<sup>34</sup> For more information see: <http://publicfinance.undp.sk>

<sup>35</sup> Phase 1: 2009 – 2014; Phase 2: 2014 - 2016, Phase 3: 2017 – 2019, Phase 4: 2020 – 2023.

mobilises and supplies Slovak and other relevant international technical expertise for supporting government institutions in implementing PFM reforms, both at central and regional levels. The implementation of the PFM Facility benefit from full political support of the Embassy of the Slovak Republic in Serbia.

The **Centre for Excellence in Finance (CEF)** is an international organisation based in Ljubljana, Slovenia with a mandate to provide capacity building support to public administrations in South East Europe in the field of Public Finance Reform. Initially established as a regional institution under the EU Stability Pact for South East Europe by the Slovenian Ministry of Finance and other ministries of finance of the former Yugoslavia and Albania, with the support of the IMF and World Bank, to provide training and effective support to public servants in Slovenia during the EU accession process on public finance and economic governance issues, the CEF outgrew its mandate and became a centre of excellence and dissemination of best practices across the region in 2015. CEF provides topical high-quality expertise in the fields of public financial management, tax policy and administration, central banking and data and analysis for designing policies in the region as well as support to civil servants in improving their leadership skills required to manage public finance reforms through innovative, participatory, and practical learning solutions. CEF is also a pillar assessed International Organization, with an advisory board whose members include international financial institutions (the IMF and the WB), global and regional international organisations (the EU, the OECD, the RCC), peer learning institutions (JVI, ReSPA) governments and their associated public sector bodies in their capacities as international donors (including Belgium, France, Germany, the Netherlands, the Slovak Republic, the USA and CEF constituency and member countries<sup>36</sup>), professional organisations (i.e. CIPFA) and independent oversight bodies, NGOs and individual experts. CEF has served as a regional hub for IMF technical assistance in South East Europe in public finance management, revenue administration and government finance statistics since 2005. Its pool of experts which will be utilised during the implementation of the Action include eminent and experienced experts which include but are not limited to Eivind Tandberg, Brian Olden, Duncan Last, Vincent Marie, Norman Gillanders, Dirk Jaan Kraan, Steffen Hansen, Deon Tanzer, Suzanne Flynn, Allan Jensen of which most have been involved and actively complemented the support provided by the EC to public finance management reform, Tax, Customs and Public Procurement Reforms in Serbia from 2012 to date and developed outstanding cooperation with the beneficiaries of the Action. Finally, the CEF maintains a network of coordinators who are regional representatives of ministries of finance, revenue administrations and central banks. These coordinators are responsible for capacity development, strategic human capital and talent management within their institutions and facilitate the deployment of national expertise for provision of technical assistance and peer learning and exchange. The most relevant expertise in relation to the Action will be recruited and deployed from but not limited to the following institutions which comprise CEFs network: The Ministry of Finance and the National Revenue Agency of Bulgaria; the Ministry of Finance and the Tax Administration of Croatia, the Ministry of Finance and the National Agency for Fiscal Administration of Romania, the Ministry of Finance, and the Financial Administration of the Republic of Slovenia.

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<sup>36</sup> Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia, Romania, Bulgaria, Ukraine, Turkey



## **7. MANAGEMENT OF THE IMPLEMENTATION OF THE ACTION**

### **7.1 Overall Project Management**

The Contracting Authority will appoint a project manager from among its staff. The Project Manager may decide on all issues related to the contractual aspects of this contract. However, before deciding the Project Manager will consult the designated representatives of the Beneficiary Institution. The responsibility for approving reports, other documents, requests for payment, addenda to the contract and any other requests related to the contract lies with the Contracting Authority. Prior agreement on these will be sought from the Beneficiary Institution.

The Ministry of Finance, responsible for Public Financial Management Reform process, is the Beneficiary Institution. The MoF will appoint a project manager who will be responsible for coordination with the project team and contributing to smooth implementation of the project activities.

In addition, the main partners/direct beneficiaries will each nominate contact point for overall coordination and project implementation. These are: Serbian Tax Administration for Outcome 1, Serbian Customs Administration for Outcome 2, Central Harmonisation Unit of the Ministry of Finance for Outcome 3, Public Procurement Office for Outcome 4, and Department for International Cooperation and EU Integration of the Ministry of Finance for Outcome 5. Contact points and MoF project manager will be responsible for technical and administrative aspects of the implementation of this contract.

The Project Beneficiaries will:

- Co-chair the Project Steering Committee and take a lead in reporting on progress in the reporting period and on work plan for the next reporting period.
- Ensure that staff at appropriate levels are appointed to work alongside the UNDP staff and that they contribute timely and professionally to achievement of relevant outputs.
- Provide to the project experts copies of legislation, regulations, studies, reports and other relevant documents necessary for the implementation of the project.
- Provide logistical support for the organisation and implementation of the various training activities, awareness raising and communications activities.
- Ensure the release of staff to participate in project activities.
- Provide timely endorsement of technical reports, studies, analysis, specifications, etc
- Facilitate access to primary and secondary stakeholders:
- Provide training facilities, where feasible.

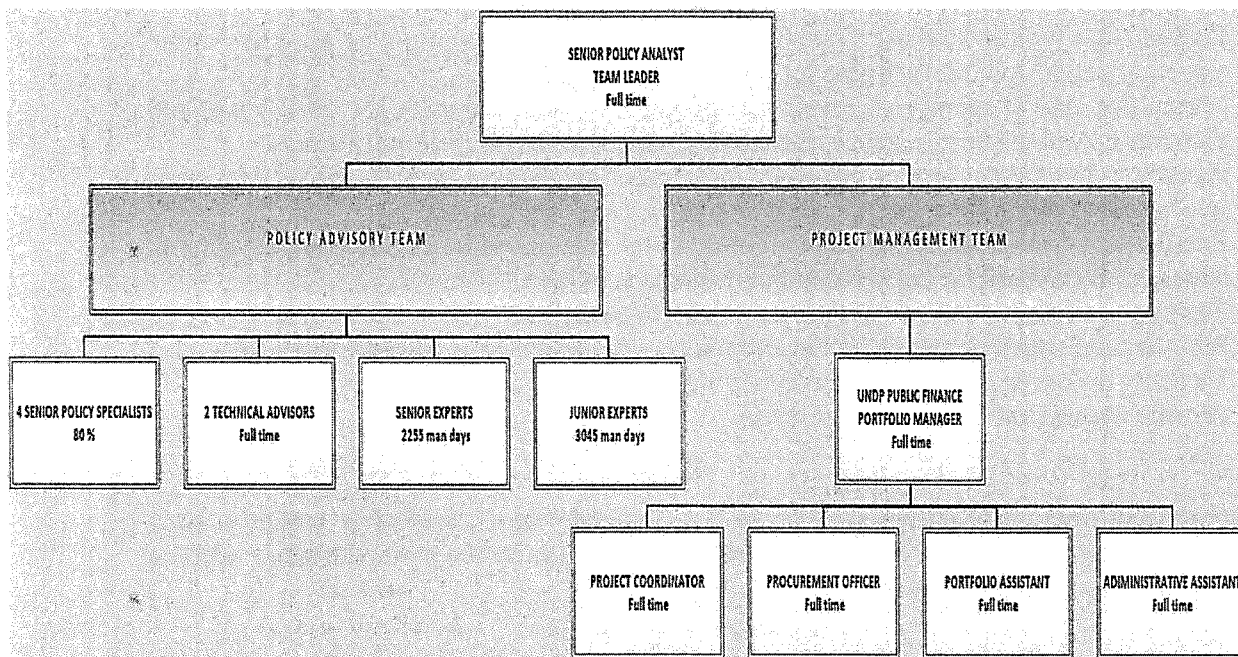
Operational level progress meetings shall be held on a regular basis, preferably monthly. As a minimum they shall include the Team Leader, the beneficiary institution project manager and the Contracting Authority project manager.

As the entrusted entity for the implementation of the Action, UNDP assumes full administrative and financial responsibility for the implementation of the Action.

The overall implementation of the project will be managed by the **UNDP Senior Policy Analyst – Public Finance Management** who will assume the functional role of the **Team Leader**.

**The Team Leader (TL)** will be employed by UNDP full time and will assume the overall responsibility for the implementation of the project. He/she will be responsible for coordination and communication within the project team, relations with beneficiaries and the contracting authority/donor and maintenance of procedural and strategic aspects of the implementation of the Action. The TL will supervise the internal management proceedings and coordinate and corrective actions with the beneficiaries of the Action. He/she will also supervise the communication and visibility activities at the horizontal level. In particular, the TL will take a leading role in programming, managing and monitoring the activities under Outcome 5 and provide policy advice to the Ministry of Finance on Public Finance Management reform issues.

The TL will supervise the work of the **Policy Advisory team** which will provide technical and expert services to the project beneficiaries and work on the technical implementation of project activities and the **Project Management team**, which will provide project managements services and administrative support to enable smooth and efficient project implementation.



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## Policy Advisory Team

The Policy Advisory Team will consist of:

Four **Senior Policy Specialists**, who will be employed by UNDP up to 80% per month for a period of 48 months. They will be responsible for the provision of high-level policy advice to the project beneficiary in the relevant policy areas covered by each of the four core project Outcomes, the coordination of implementation of project activities under the respective Outcome and technical implementation of project activities under the relevant Outcome. They will report directly to the Senior Policy Analyst (Team Leader). The four Senior Policy Specialists will cover the following thematic areas: tax policy and reform, customs policy and communication systems, Public Internal Financial Control and Public Procurement.

Two **Technical Advisors**, who will be employed by UNDP full time for a period of 48 months. They will be responsible for the provision of technical expert support in the implementation of project activities under two assigned project Outcomes, regular liaison with project beneficiary staff, provision of support with mobilising senior and junior experts, reporting on implementation of project activities with the assigned project Outcomes and other technical support to the Senior Policy Specialists and Senior Policy Analyst. They will report directly to the Senior Policy Analyst (Team Leader). One Technical Advisor will deal with outcome 1 and 2 while the other will be dedicated to outcomes 2 and 4.

**Senior Experts (2295 man days)** – External consultants who will be contracted according to the relevant UNDP procurement procedures for the provision of Consulting Services. They will work closely with the Team Leader, the Senior Policy Specialists, Technical Advisors and project beneficiaries and be responsible for the provision of specific technical expert support and application of international best practices in the implementation of specific project activities under Outcomes 1, 2, 3, 4 and 5. They will report directly to the Senior Policy Analyst (Team Leader). Senior Experts include international and national experts with over 7 years of general professional expert of which a minimum of 5 years of specific professional and technical experience in the areas/tasks for which they are recruited.

**Junior Experts (3045 man days)** - External consultants who will be contracted according to the relevant UNDP procurement procedures for the provision of Consulting Services. They will work closely with the Team Leader, the Senior Policy Specialists, Technical Advisors, Senior Experts and project beneficiaries and be responsible for the provision of specific technical expert support in the implementation of project activities the relevant outputs under Outcomes 1, 2, 3, 4 and 5. They will report directly to the Senior Policy Analyst (Team Leader). Junior Experts include international and national experts with less than 7 years of general professional expert of which a minimum of 3 years of specific professional and technical experience in the areas/tasks for which they are recruited.

Sufficient funding has been budgeted for international travel costs and per diems for international Senior and Junior Experts for short assignments which require international travel to the duty station in Belgrade, Serbia and accommodation.

The project will cover costs of international travel and per diems for civil servants from project beneficiary institutions during the implementation of the project for specific tasks explicitly related to achieving the results of the project.

### **Project Management Team**

The team will be managed by the **UNDP Public Finance Portfolio Manager** who is employed by UNDP full time and responsible for the overall office management and project administration during project implementation which will be implemented according to UNDP Rules and Procedures.

The Project Management Team will consist of:

A **Project Coordinator**, who is employed by UNDP full time and who will be responsible for program support for the identification, clearance and implementation/coordination of activities related to general support to PFM reform interventions under Outcome 5 as well as general support to the implementation of Outcomes 1-4 if required by the estimated workloads for the relevant outcomes. The Project Coordinator will provide direct functional support to the Team Leader, to whom he will report.

A **Portfolio Associate**, who is employed by UNDP full time and who will be responsible for financial management,

An **Administrative Assistant**, who is employed by UNDP full time and who will provide administrative support, support in financial management, communication activities, provide office support, correspondence etc.

A **Procurement Officer** who is employed by UNDP full time and who will bear the responsibility for the design and efficient implementation of the procurement plan and strategy, ensuring compliance with UNDP procurement procedures for complex and high value procurements throughout duration of the project.

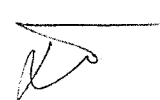
### **Project Office**

A project office will be established within walking distance to the head office of the Ministry of Finance in Kneza Miloša in Belgrade following a full procurement procedure and the selection of the most advantageous offer. It will accommodate a team of 12 project staff and up to 6 senior and junior experts at a single moment in time.

The project office costs consist of the following eligible direct costs:

#### **(1) Office rent**

#### **(2) Consumables – office supplies** (including printing paper, toners, stationary, hygienic supplies for the project office and any other additional expenses incurred during the course of project implementation to ensure the smooth operation of the project office



- (3) **Other Services** (including electricity bills, office and project staff mobile phones, internet services, energy, cleaning, parking and maintenance costs)
- (4) **Computer equipment** (Multifunctional Office printer with scanner and 16 fully equipped workstations consisting of a laptop, monitor and docking station for the project team staff)
- (5) **Office desks and furniture** (14 office desks and other furniture)

## 7.2 Quality Assurance and Oversight

Project quality assurance and oversight are mandatory activities stipulated by UNDP Rules and Procedures. They are performed by management and management support staff within their scope of responsibility for projects in which they do not assume a management or implementation role, in support of the Project Steering Committee.

The **UNDP Good Governance Program Analyst** and **UNDP Program Associate** will be engaged part time (20%) throughout the duration of the implementation of the project. The Program Analyst will be responsible for supervising overall quality of the project management, conducting regular monitoring and evaluation, while the Program Associate supports operational effectiveness, financial management and reporting, ensuring compliance with standards and procedures. Specific tasks expected for UNDP's quality assurance and oversight are to: review and approve all key project management deliverables (workplans, budgets, performance targets and assessments); actively take part in day-to-day oversight through approving Terms of References, project budgets, vouchers, and purchase orders; review and approve reports and project briefs; monitor risks and review management actions.

## 7.3 Steering Committee

A Project Steering Committee (PSC) will be established as the project governing body which will provide strategic oversight over the implementation of project activities, provide guidance to the project team and high level support throughout the period of project implementation. The PSC will convene on a regular basis - twice a year but can also meet on an ad hoc basis if required, due to strategic and policy issues which may arise between regular meetings or circumstances and arising issues which may affect project implementation.

The role of the Project Steering Committee will be to endorse annual project workplans, monitor progress towards achieving project objectives, discuss and adopt Annual Project Progress Report. It will review risks and difficulties in the implementation of the Action and provide strategic guidance and recommendations to the management of the Action. The PSC will ensure that the Contracting Authority is kept up to date with the progress of the Action, while the stakeholders are consulted on key decisions of the Action implementation. The PSC will propose and evaluate any major changes to the implementation of the Action. The PSC will also receive, review and discuss external monitoring reports and evaluations, when applicable.

The PSC will have an important role in selecting priority actions for support through Outcome 5, which will be subject to final endorsement by the EUD.

The Project Steering Committee will be co-chaired by the State Secretary at the Ministry of Finance who is mandated with the responsibility for coordinating Public Financial Management Reform and the UNDP. It will further comprise of the EUD Task Manager, the UNDP Project Team Leader, appointed representatives of the project beneficiary institutions for each of the respective project outcomes:

- (1) for Outcome 1, an appointed member of staff from Serbian Tax Administration,
- (2) for Outcome 2, an appointed member of staff from Serbian Customs Administration,
- (3) for Outcome 3, an appointed member of staff from the Central Harmonisation Unit of the Ministry of Finance,
- (4) for Outcome 4, an appointed member of staff from the Public Procurement Office
- (5) for Outcome 5, an appointed member of staff from the Department for International Cooperation and EU Integration of the Ministry of Finance.

Other participants can be invited according to the development of the overall project activity scope.

The final composition of the Project Steering Committee will be agreed during the Inception Phase, as early as possible in the process, to ensure its establishment prior to the finalisation of the Inception Phase, and in time for the PSC to be able to provide inputs for the Inception Report and work plan. Once the composition is agreed, the necessary administrative work will be done for the formal nomination of the members of the Steering Committee. The internal rules, members, mandate, and procedures of the PSC will be established within the Inception Phase of the project and subject to prior approval from the EUD.

An EU-UNDP Partnership Forum will be established as a mechanism for high level discussion and exchange on PFM policy issues. It will convene bi-annually and precede regular PFM Policy Dialogue/Project Steering committee meetings.

## **7.4 Reporting**

Regular reporting will be ensured throughout the period of implementation of the project.

UNDP is responsible for the preparation, consolidation and submission of all documents and information to the EU Delegation and members in the PSC, while implementing partners will be required to provide timely and accurate contributions to the narrative and financial reports.

Each report will provide an account of all relevant aspects of the implementation of the Action for the reporting period, including activities envisaged, difficulties encountered, and changes introduced, as well as the degree of achievement of results, as measured by corresponding indicators, using the Logical Framework (Log frame) as a reference. The report will be presented to allow monitoring of the objectives, of the means envisaged and employed, and of the budget details of the Action to the PSC. Reports should be concise, straight to the points and without repetitions. In addition to the analysis/assessments they must include clear and specific recommendations.

The following reports will be submitted by the UNDP to the EU:

- An **Inception Report** will be prepared at the latest one month after the end of the inception phase and will be subject to review by the Project Steering Committee and will develop all the project implementation key elements, thus detailing and updating accordingly the Log Frame matrix and the description of the Action. It will take into account all the comments provided by EUD during project preparation phase and contain a detailed work plan for the first 12 months of the Action. If required, it will also report on the adjustments to the implementation strategy and personnel concept, if any.

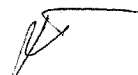
The inception report will cover a number of dedicated sub sectorial studies to further inform the actions under component 5.

- **Annual Progress Reports (narrative and financial) with Annual Work Plans**, providing an account of the progress made in the achievement of results (outputs and outcomes); listing activities carried out in the reporting period, and any difficulties encountered, along with measures taken to overcome challenges and changes introduced, and outlining the work plan for the coming 12 months. Annual reports will be submitted to the Steering Committee for review and endorsement
- A **Final Project Implementation Report** will be prepared and submitted to the Steering Committee at the end of the project. It will cover the entire period of the Action, providing information on the achievements of the Action, including an overview on the measures undertaken to ensure sustainability of results and further dissemination/up-scaling.
- **Monthly summary progress reports** will be prepared by the project team and submitted to the EUD Task Manager in a format which will be agreed on during the Inception phase. The reports will include a PFM policy brief section.

Project Steering Committee Meetings will be synchronised with the reporting periods. The annual reports will be sent to the SC members for review before the Project Steering Committee Meeting. Since the frequency of the Steering Committee Meetings will be higher than the frequency of the annual reporting (indicatively every six months), for Steering Committee Meeting held outside the annual reporting phases, synopsis reporting on interim progress and challenges will be prepared ahead of the meeting. During the PSC meetings synopsis or – when relevant - annual reports will be presented and discussed and its final version prepared shortly after the SC.

In order to ensure proper understanding and to increase the quality of responses from the side of Beneficiaries as well as proper and timely implementation of activities Annual Reports, Inception report, Final report and the synopsis prepared for the PSC meetings should be produced in English and Serbian languages.

All project related documentation will be made readily available and accessible to the Contracting Authority in a manner which will be agreed on during the Inception Phase.



## **7.5 Timing**

The Action will be executed in three phases: inception, implementation and final phase.

The Inception Phase will be critical to assessing the situation at the beginning of the Action, including the implications of the COVID-19 outbreak on planned activities. In the Inception Phase (the first four months of the Action), Key Experts will assess the situation in depth, in close cooperation with the relevant stakeholders, to identify needs and priorities, and adapt the approach accordingly. The beginning of the inception phase will be marked by a kick-off meeting for this Action.

The implementing partner will submit an Inception Report on the baseline analysis and context, as well as an updated work plan for the Action at the end of the Inception Phase. The beneficiaries and relevant institutions will be involved in commenting on and discussing the Report prior to its formal submission.

The implementing partners will develop suitable objectively verifiable indicators (OVI) in cooperation with the beneficiaries to assess Action performance in terms of deliverables, achievement of results and impacts. These indicators will be described in the Inception Report.

The Implementation Phase will last 38 months. Throughout Action implementation, the partners will remain flexible in adapting Action activities to the needs of the beneficiaries. Progress in achieving Action results will be monitored regularly throughout Action implementation and discussed regularly at the PSC or other ad hoc meetings, when deemed necessary by the parties. Data will be collected from the sources of information by using a set of monitoring tools detailed in the monitoring and evaluation plan.

The Final Phase will last for 6 months. The Final Phase will be used for finalization and hand-over of Action outputs, for assessing the achieved results and finalizing concrete recommendations to the Serbian authorities and the EU Delegation and for organizing a final event and submission of the Final Report.

## **7.6 Monitoring and Evaluation**

The Action monitoring and reporting will be based on periodic assessment of progress on delivery of specified Action results and towards achievement of Action objective. Achievements with regard to the Action outputs listed/envisaged in the Logframe Matrix shall be assessed by the PSC during the Action implementation period.

A results-based monitoring system will be established to generate data on the progress of the Action on a regular basis. The first line monitoring tasks and responsibilities are with UNDP management team.

Data will be used to inform programme steering and annual progress reporting. All monitoring activities and plans will be shared with the EU in order to strengthen joint monitoring efforts. The basis for the monitoring system is the Action's Logframe, with its underlying indicators for specific objectives and outputs. The Logframe will be used as a management tool, allowing the UNDP and Partners to make adjustments and revisions at the output, activity and indicator levels, in order to



effectively achieve the expected specific objectives. Within Steering Committee Meetings, stakeholders can advise and make suggestions on adjustments and revisions to ensure effective implementation and coherence of the Action with the PFM related national and sector strategic priorities.

Where possible, the intention is to harmonize data collection with the national partners' systems and present indicators disaggregated by sex, age, urban/rural, disability, disadvantaged group, income quintile, etc.

If the Contracting Authority plans to send a monitoring and/or evaluation mission for this Action, the UNDP and the Partners will support such a mission in a collaborative manner.

In addition to external monitoring and evaluation, the implementing partner will use internal instruments of quality control.

## **8. VISIBILITY AND COMMUNICATION**

Communication and visibility will be given high importance during the implementation of the Action and will highlight the achievements and impact of EU support to Public Finance Management Reform and its contribution to the EU accession process.

Visibility activities will be implemented at Action and outcome levels, in line with the EU-UN Financial and Administrative Framework Agreement (FAFA) and Annex II. General Conditions.

The EU will approve the visual identity of the Action and major visibility materials.

The focus of communication efforts will be on promoting the role and impact of EU interventions, in particular how they affect the lives of citizens and businesses in Serbia and help build stronger institutions that govern public finances.

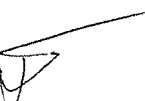
The communication messages will call for transparency and accountability in the use of public funds, aim to raise public awareness on the importance of ensuring both, and explain how each action envisaged by the project contributes to this goal.

The main communication tools would include public events with relevant government officials and media coverage, conferences/field visits, media interviews and statements regarding key milestones, social media explainer videos and posts, global meetings, and forums organized under the auspices of the UNDP to exchange knowledge and share best practices. They will highlight the joint work and cooperation between the EU, Government of Serbia and UN in this important endeavour and the positive impact they make on the progress of the EU accession processes in Serbia.

All necessary measures will be taken to publicize the fact that the Action has received funding from the EU.

All visibility and promotion activities will be implemented in cooperation with EU Delegation to Serbia and the Project visual identity would be designed in close cooperation with EU Delegation to Serbia. The action will also be presented on the #EUzatebe platform where information on the design of the project, expected results and project partners will be available. The same platform

will be used for sharing information and news on the project as well as materials from visibility events.



## 9. RISK ASSESSMENT

RISK	IMPACT	PROBABILITY	MITIGATION MEASURE	RESPONSIBLE ENTITY
R1: Political commitment to implement PFM Reforms	High	Low	Adoption of the PFM RP and annual implementation reports by the Government	Ministry of Finance
R2: Active involvement of beneficiary institutions of the Action	High	Low	All the beneficiary institutions were actively involved in defining the scope of the specific Actions and the drafting of the Action Program Inclusion of nominated representatives of beneficiary institutions in the supervisory structures for monitoring the implementation of the Action	Ministry of Finance (Central Harmonization Unit) Tax Administration Customs Administration Public Procurement Officer
R3: Insufficient staffing capacities for implementing the Action	High	Medium	Ensuring sufficient staffing by filling all key positions relevant to the implementation of the activities under the Action	Ministry of Finance (Central Harmonization Unit) Tax Administration Customs Administration Public Procurement Officer
R4: Incompatible, inoperable and/or insufficiently connected IT systems of beneficiary institutions	Medium	Medium	Investments in IT infrastructure Improved inter-institutional coordination and cooperation Improved cooperation between beneficiaries of the Action and the Government Office for IT and e-Government	Ministry of Finance (Central Harmonization Unit) Tax Administration Customs Administration Public Procurement Officer
R5: Impact of the COVID19 pandemic	High	Medium	Realistic planning of the implementation of activities (in case of another break out during the implementation of the Action) Use of digital tools and effective planning of remote working	All relevant institutions

## 10. LOGICAL FRAMEWORK MATRIX

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>OVERALL OBJECTIVE (IMPACT) -</b> Efficiency of budget execution, Public Finance Management and public internal financial control improved in line with EU standards and best practices	Functioning of internal control (SIGMA indicator)	1/5 (2019)	2/5 (2025)	SIGMA Report	Political commitment at the highest level to implementation of the PFM Reform Program ensured
	Number of bids per public Procurement	2.5 (2019)	3.1 (2025)	PPO Annual Report	
	Strategy for development of the VIES system prepared and adopted	no (2020)	yes (2025)	Annual Progress Reports (MF, TA) and project reports	
	Custom Data Warehouse and Integrated Tariff Management System fully operational	no (2020)	yes (2025)	Annual Progress Reports (MF, CA) and project reports	
<b>Outcome 1 –</b> Preconditions for effective exchange of information on Value Added Tax (VAT) with EU member states met	Indicator 1 – VIES institutional framework established	no (2022)	yes (2025)	Project Progress Reports	
	Indicator 2.1 – Data Warehouse system fully operational	no (2022)	yes (2025)	Customs Administration Reports/Project Progress Reports	
<b>Outcome 2 –</b> Operational and administrative capacities of Serbian Customs Administration strengthened and interoperability of its IT system for the EU ensured	Indicator 2.2 – ITMS fully operational	no (2022)	yes (2025)	Customs Administration Reports/Project Progress Reports	

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>Outcome 3</b> – Public sector management and accountability improved through strengthened Financial Management and Control and Internal Audit	Indicator 3.1 – Effectiveness of basic managerial accountability mechanisms for central government institutions	0 (2021)	2 (2026)	SIGMA Monitoring Reports (SIGMA Indicator 6.7.1; 5)	Political commitment at the highest level to the implementation of the PFM Reform Program ensured
	Indicator 3.2 - The percentage of internal and related bodies that submit performance reports according to new result-oriented methodology to the parent institution	0 (2021)	15% (2026)	Consolidated annual PIFC Report	
	Indicator 3.3 -Existence of a system for quality assurance for Internal Audit	1 (2021)	2 (2026)	SIGMA Monitoring Reports (SIGMA Indicator 6.8.1; 4)	
<b>Outcome 4</b> – Efficiency, effectiveness, and transparency of Public Procurement procedures in Serbia are enhanced	Indicator 4.1 - Level of alignment of public procurement legislation with the EU Directives	3 (2021)	4 (2026)	SIGMA Monitoring Reports (SIGMA Indicator 6.10.1; 1)	
	Indicator 4.2 - Access to quality training for procurement staff	1 (2021)	2 (2026)	SIGMA Monitoring Reports (SIGMA Indicator 6.14.1; 3)	
	Indicator 4.3 - Number of modules of Public Procurement Portal	8 (2023)	14 (2026)	Public Procurement Portal	

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>Outcome 5</b> - Selected priority areas of public finance management supported	Indicator 5 – to be determined during the Inception phase of the project (2023)	To be determined during the Inception phase of the project (2023)	To be determined during the Inception phase of the project (2023)	To be determined during the Inception phase of the project (2023)	Political commitment at the highest level to implementation of the PFM Reform Program ensured
Output 1 related to Outcome 1 – Recommendations for the further alignment of national legislation relevant to VIES implementation prepared	Indicator 1.1 - Road map for the further alignment of national legislation prepared and implemented	no (2022)	yes (2023)	Project Progress Reports	
<i>Activities contributing to Indicator 1.1:</i> Activity 1.1.1: Stakeholder mapping Activity 1.1.2: Kick-off Workshop Activity 1.1.3: Gap analysis study and presenting recommendations					
<i>Activities contributing to Indicator 1.2:</i> Activity 1.2.1: Performing a review of existing training materials Activity 1.2.2: Development of curriculum and materials for VAT directive trainings Activity 1.2.3: Capacity building for strengthening STA and MoF employees Activity 1.2.4: Provision of continuous high level advisory support to the STA (incl. leadership training)	Indicator 1.2 – Training for staff of STA and the MoF Department for the Fiscal System executed	no (2022)	yes (2023)	Project Progress Reports	
<i>Activities contributing to Indicator 1.3:</i> Activity 1.3.1.1: Curricula development Activity 1.3.2. 2: Piloting of the trainings Activity 1.3.2.3: Introduction of the curricula in the regular training plan Activity 1.3.2.4: Capacity building for strengthening STA employees	Indicator 1.3 – Training manual and program on administrative cooperation in the field of taxation prepared and STA staff trained	no (2022) 0 (2022)	yes (2025) 30 (2026)	Project Progress Reports	

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Output 2 related to Outcome 1 – Strategy for the development of the Value Added Information Exchange System (VIES) prepared</p> <p><i>Activities contributing to Indicator 2.1:</i>  <b>Activity 1.2.1.1:</b> Setting up VIES project management  <b>Activity 1.2.2:</b> Organising training on DG TAXUD methodology for project management (i.e., TEMPO)  <b>Activity 1.2.3:</b> Organising a study visit to an EU Member State to gain insight of VIES implementation</p> <p><i>Activities contributing to Indicator 2.2:</i>  <b>Activity 2.2.1:</b> Definitions of User Requirements  <b>Activity 2.2.2:</b> Preparation of the project initiation, implementation and project quality plans  <b>Activity 2.2.3:</b> Definition of VIES architecture  <b>Activity 2.2.4:</b> Definition of the Common Communications Network/Common Systems interface infrastructure  <b>Activity 2.2.5:</b> Defining interfaces between VIES and national systems (CO TS)  <b>Activity 2.2.6:</b> Presenting the draft Strategy to relevant stakeholders</p> <p><i>Activities contributing to Indicator 2.3:</i>  <b>Activity 2.3.1:</b> Preparation of ToR for software developers and contracting  <b>Activity 2.3.2:</b> Drafting of specifications</p>	Indicator 2.1 – VIES Pre-study completed	no (2022)	yes (2023)	Project Progress Reports	Political commitment at the highest level to the implementation of the PFM Reform Program ensured
	Indicator 2.2 – Strategy of the development of the VIES and action plan prepared and adopted	no (2022)	yes (2023)	Project Progress Reports	
	Indicator 2.3 – Technical specification for the development of VIES software prepared	no (2022)	yes (2024)	Project Progress Reports	

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Output 3 related to Outcome 2 – Data Warehouse developed and ready to use</p> <p><i>Activities contributing to Indicator 3.1:</i>  <b>Activity 3.1.1:</b> Conducting a review of compliance of national legislation with EU requirements and relevant directives to establish the regulatory framework for implementing the project activities</p> <p><i>Activities contributing to Indicator 3.2:</i>  <b>Activity 3.2.1:</b> Defining Business Objectives  <b>Activity 3.2.2:</b> Collection and Analysis of Information and Business processes  <b>Activity 3.2.3:</b> Construction of a Conceptual Data Model and location of Data Sources  <b>Activity 3.2.4:</b> Data transformation and tracking</p> <p><i>Activities contributing to Indicator 3.3:</i>  <b>Activity 3.3.1:</b> Customising DWH software and installing DWH hardware</p> <p><i>Activities contributing to Indicator 3.4:</i>  <b>Activity 3.4.1:</b> Integrating DWH software with the SCA IT system</p> <p><i>Activities contributing to Indicator 3.5:</i>  <b>Activity 3.5.1:</b> Updating Customs Administration Enterprise Architecture models and manuals and preparing manuals for SCA officers and IT users  <b>Activity 3.5.2:</b> Training for SCA Officers and IT users on the user of the DWH software  <b>Activity 3.5.3:</b> Preparing an e-Learning course for SCA officers</p>	Indicator 3.1 – Necessary national regulatory framework aligned with EU requirements	no (2022)	yes (2023)	Project Progress Reports	<p>Political commitment at the highest level to the implementation of the PFM Reform Program ensured</p>
	Indicator 3.2 – Technical specification for the procurement of DWH software and hardware prepared	no (2022)	yes (2023)	Project Progress Reports	
	Indicator 3.3 –DWH software and hardware procured and installed	no (2022)	yes (2025)	Project Progress Reports	
	Indicator 3.4 –Integration of DWH software with the SCA IT system completed	no (2022)	yes (2025)	Project Progress Reports	
	Indicator 3.5 – Trainings for SCA staff on the use of the DWH solution completed (number of civil servants trained)	0 (2022)	80 (2025)	Project Progress Reports	



RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Output 4 related to Outcome 2 – The Integrated Tariff Management System (ITMS) developed</p> <p><i>Activities contributing to Indicator 4.1</i>  <b>Activity 4.1.1:</b> Establishing the appropriate organizational structure and internal institutional environment for implementing the project  <b>Activity 4.1.2:</b> Creation of the Project Guidelines and Project Scope  <b>Activity 4.1.3:</b> Business Concept Analysis and System Design  <b>Activity 4.1.4:</b> Preparation of technical specifications for the procurement of ITMS hardware and software</p> <p><i>Activities contributing to Indicator 4.2</i>  <b>Activity 4.2.1:</b> Developing and testing of ITMS software (including the Integrated Tariff of the EU (TARIC), the European Binding Tariff Information (EBTI), the European Binding Origin Information (EBTI), Quotas, Surveillance, European Customs Inventory of Chemical Substances (ECICS)  <b>Activity 4.2.2:</b> Installing ITMS hardware</p> <p><i>Activities contributing to Indicator 4.3</i>  <b>Activity 4.3.1:</b> Deployment of the ITMS and training of users</p>	Indicator 4.1 – Technical specification for the procurement of ITMS software and hardware prepared	no (2022)	yes (2024)	Project Progress Reports	Political commitment at the highest level to the implementation of the PFM Reform Program ensured
	Indicator 4.2 – ITMS software and hardware procured and installed	no (2022)	yes (2026)	Project Progress Reports	
	Indicator 4.3 – Trainings for SCA staff on the use of the ITMS completed	no (2022)	yes (2026)	Project Progress Reports	

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Output 5 related to Outcome 3 – Implementation of selected elements of Performance Management in public fund beneficiaries supported</p> <p><i>Activities contributing to Indicator 5.1:</i></p> <p><b>Activity 5.1.1:</b> Conducting a Gap Assessment of the regulatory and methodological framework for FMC</p> <p><b>Activity 5.1.2:</b> Preparing a Road Map for addressing identified gaps</p> <p><b>Activity 5.1.3:</b> Revising the FMC Manual</p> <p><b>Activity 5.1.4:</b> Conducting an assessment and updating the Risk Management guidelines for PFBs</p> <p><b>Activity 5.1.5:</b> Establishing/updating risk management policies and registers in at least three PFBs</p> <p><i>Activities contributing to Indicator 5.2:</i></p> <p><b>Activity 5.2.1:</b> Preparing customized guidelines on "How to be a good manager" drafted for at least three PFBs</p> <p><b>Activity 5.2.2:</b> Establishing a national FMC Coordinator network</p> <p><b>Activity 5.2.3:</b> Organizing bi-annual FMC Coordinator workshops</p> <p><b>Activity 5.2.4:</b> Facilitating exchange of knowledge and practice and gaining insights to evolving EU PIFC requirements and practice for staff of the CHU</p>	<p>Indicator 5.1 – The regulatory and methodological framework for FMC assessed and changes to improve the quality of internal controls, risks management, irregularity management and reporting on FMC proposed</p> <p>Indicator 5.2 – Customized practical tools and knowledge products for enhancing the implementation of FMC and enforcing Managerial Accountability prepared</p>	<p>no (2022)</p> <p>no (2022)</p>	<p>yes (2023)</p> <p>yes (2024)</p>	<p>Project Progress Reports</p> <p>Project Progress Reports</p>	<p>Political commitment at the highest level to implementation of the PFM Reform Program ensured</p>

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p><i>Activities contributing to Indicator 5.3:</i></p> <p><b>Activity 5.3.1:</b> Assessment and selection of at least three central level public sector institutions for piloting Analytical units</p> <p><b>Activity 5.3.2:</b> Preparing the organizational framework and internal acts and regulations for institutionalizing analytical units</p> <p><b>Activity 5.3.3:</b> Providing customized training for staff members of the newly established analytical units of their roles, business processes and procedures</p> <p><b>Activity 5.3.4:</b> Providing training for staff members of the newly established analytical units on FMC and Performance Management</p>	<p>Indicator 5.3 – Analytical units piloted in at least three central level public sector bodies</p>	<p>0 (2022)</p>	<p>3 (2026)</p>	<p>Project Progress Reports</p>	<p>Political commitment at the highest level to implementation of the PFM Reform Program ensured</p>
<p><i>Activities contributing to Indicator 5.4:</i></p> <p><b>Activity 5.4.1:</b> Conducting a review of the current regulatory framework for institutional supervision in the public sector</p> <p><b>Activity 5.4.2:</b> Performing a situation analysis to determine at least two sectors in which cascaded supervision over performance can be piloted</p> <p><b>Activity 5.4.3:</b> Revising the format and content of compulsory reports submitted by subordinated bodies to their supervisory institutions</p> <p><b>Activity 5.4.4:</b> Preparing guidelines and defining rights and responsibilities of members appointed to Supervisory Bodies by the Government</p>	<p>Indicator 5.4 – Methodology for improving accountability lines and supervision over public sector bodies prepared</p>	<p>no (2022)</p>	<p>yes (2024)</p>	<p>Project Progress Reports</p>	<p>Political commitment at the highest level to implementation of the PFM Reform Program ensured</p>

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Output 6 related to Outcome 3 – Trainings on managerial accountability and financial management and control modernised</p> <p><i>Activities contributing to Indicator 6.1:</i></p> <p><b>Activity 6.1.1:</b> Assessing the adequacy of the current e-Learning modules for FMC and IA</p> <p><b>Activity 6.1.2:</b> Updating the IA for managers and newcomer's modules</p> <p><b>Activity 6.1.3:</b> Updating the FMC for FMC coordinators module in line with lessons learned from establishing analytical units</p> <p><b>Activity 6.1.4:</b> Designing a new module on Managerial Accountability (CEF)</p> <p><b>Activity 6.1.5:</b> Designing a new module on Performance management (CEF)</p> <p><b>Activity 6.1.6:</b> Designing a new module on Risk management (CEF)</p> <p><b>Activity 6.1.7:</b> Designing a new module on Irregularities</p> <p><b>Activity 6.1.8:</b> Designing sector specific FMC modules</p> <p><b>Activity 6.1.9:</b> Designing additional modules currently not specified according to the assessment of the adequacy of the current e-Learning modules for FMC and IA</p>	<p>Indicator 6.1 – e-Learning modules for PIFC revised, updated and content improved (number of new modules put into use)</p>	<p>0 (2022)</p>	<p>3 (2025)</p>	<p>Project Progress Reports</p>	<p>Political commitment at the highest level to the implementation of the PFM Reform Program ensured</p>

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Output 7 related to Outcome 3 – Professionalisation of Internal Auditors and Internal Audit certification process improved</p> <p><i>Activities contributing to Indicator 7.1:</i></p> <p><b>Activity 7.1.1:</b> Assessing the regulatory and methodological framework for public sector Internal Audit</p> <p><b>Activity 7.1.2:</b> Enhancing the work of the network of IAs in the public sector through regular meetings and local and regional exchange of best practices (with CEF)</p> <p><b>Activity 7.1.3:</b> Enhancing the knowledge of IAs in the public sector on Performance Audit, Audit of EU funds and Public Procurement to diversify the types and scopes of audits performed (CEF)</p> <p><b>Activity 7.1.4:</b> Assessing the current career path for public sector Internal Auditors and providing recommendations for improvement</p> <p><b>Activity 7.1.5:</b> Improving the regulatory framework to provide for better career prospects for Internal Auditors in the public sector</p>	<p>Indicator 7.1 – Continuous professional development program for Internal Auditors in the public sector drafted</p>	<p>no (2022)</p>	<p>yes (2025)</p>	<p>Project Progress Reports</p>	<p>Political commitment at the highest level to the implementation of the PFM Reform Program ensured</p>
<p>Output 8 related to Outcome 3 – Audit and IA quality assurance methodologies enhanced and the position of internal audit functions and positions across public administration improved</p> <p><i>Activities contributing to Indicator 8.1:</i></p> <p><b>Activity 8.1.1:</b> Introducing an external quality assurance through IT peer reviews through the preparation of a methodology, guidelines, trainings, certification of evaluators</p> <p><b>Activity 8.1.2:</b> Preparing and implementing a Program of external quality reviews of Internal Audit</p>	<p>Indicator 8.1 – Review of the implementation of the existing methodological framework for Internal Audit updated and new monitoring tools introduced</p>	<p>no (2022)</p>	<p>yes (2025)</p>	<p>Project Progress Reports</p>	

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p><i>Activities contributing to Indicator 8.2:</i></p> <p><b>Activity 8.2.1:</b> Designing and developing an automated software solution for monitoring the implementation of Internal Audit recommendations in the public sector</p> <p>Output 9 related to Outcome 4 – Regulatory framework for Public Procurement in Serbia improved</p>	<p>Indicator 8.2 – Automated software solution for monitoring Internal Audit recommendations prepared and installed</p>	no (2022)	yes (2024)	Project Progress Reports	
<p><i>Activities contributing to Indicator 9.1:</i></p> <p><b>Activity 9.1.1:</b> Analysis and definition of further steps in fulfilling the criteria from Chapter 5 - Public Procurement</p> <p><b>Activity 9.1.2:</b> Preparing amendments to the legal framework in accordance with EU directives</p> <p><b>Activity 9.1.3:</b> Conducting an assessment and providing recommendations for strengthening competition in public procurement procedures</p> <p><b>Activity 9.1.4:</b> Developing of practical tools to strengthen competition in public procurement procedures</p> <p><b>Activity 9.1.5:</b> Providing training for contracting authorities and bidders to strengthen competition</p>	<p>Indicator 9.1 – Review of compliance of the national regulatory framework with the applicable EU directives under Chapter 5 – Public Procurement completed, and gaps addressed</p>	no (2022)	yes (2023)	Project Progress Reports	Political commitment at the highest level to the implementation of the PFM Reform Program ensured
<p><i>Activities contributing to Indicator 9.2:</i></p> <p><b>Activity 9.2.1:</b> Performing an ex-post assessment of the implementation of PP Development Program in the Republic of Serbia for the period 2019-2023</p> <p><i>Activities contributing to Indicator 9.3:</i></p> <p><b>Activity 9.3.1:</b> Supporting the drafting of the new Public Procurement Program for the period 2024-2028</p> <p><b>Activity 9.3.2:</b> Providing support in introducing the stakeholders with the new Programme</p>	<p>Indicator 9.2 – The implementation of the Public Procurement Development Program 2019-2023 assessed</p> <p>Indicator 9.3 – The PPO supported in drafting the new Public Procurement Development Program 2024-2028</p>	no (2022)	yes (2023)	Project Progress Reports	
		no (2022)	yes (2024)	Project Progress Reports	

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Output 10 related to Outcome 4 – The Public Procurement Portal further developed, and the use of e-Procurement increased</p> <p><i>Activities contributing to Indicator 10.1:</i></p> <p><b>Activity 10.1.1:</b> Performing a review of the existing electronic public procurement system and providing recommendations for its improvement</p> <p><b>Activity 10.2.1:</b> Supporting the development of new functionalities and modules for the Public Procurement Portal</p> <p><i>Activities contributing to Indicator 10.2:</i></p> <p><b>Activity 10.2.1:</b> Conducting a Training Needs Analysis (TNA) at the national and local level for both contracting authorities and bidders</p> <p><b>Activity 10.2.2:</b> Developing practical tools for the implementation of the Law on Public Procurement and the use of the Portal</p> <p><b>Activity 10.2.3:</b> Providing training for CA and bidders on the implementation of public procurement procedures with the application of ecological aspects, green public procurement</p> <p><b>Activity 10.2.4:</b> Providing training for CA and bidders in connection with the implementation of public procurement procedures with the application of social aspects</p> <p><b>Activity 10.2.5:</b> Providing training for CA and bidders in connection with the implementation of innovation partnership</p> <p><b>Activity 10.2.6:</b> Providing training for CA and bidders on the subject of MEAT application</p> <p><b>Activity 10.2.7:</b> Providing training for both CA and bidders on the topic of dynamic procurement system</p>	<p>Indicator 10.1 – The implementation of e-Procurement improved (Number of recommendations implemented)</p>	<p>0 (2022)</p>	<p>75% (2024)</p>	<p>Project Progress Reports</p>	<p>Political commitment at the highest level to the implementation of the PFM Reform Program ensured</p>
	<p>Indicator 10.2 – Capacity building for contracting authorities and bidders on the use of the PPP, e-Procurement implemented (Number of staff participants trained per topic)</p>	<p>0 (2022)</p>	<p>600 (2026)</p>	<p>Project Progress Reports/Attendance sheets</p>	

RESULTS CHAIN	INDICATOR	BASELINE (value and reference year)	TARGET (Value and reference year)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p><i>Activities contributing to Indicator 10.3:</i></p> <p><b>Activity 4.2.3.1:</b> Reviewing the existing Rulebook on internal organization and job classification and providing recommendations for amendments</p> <p><b>Activity 4.2.3.2:</b> Organizing training sessions for civil servants on the implementation of the Law on Public Procurement and the use of the Public Procurement Portal</p> <p><b>Activity 10.3.3:</b> Facilitating exchange of knowledge and practice and gaining insights into legal solutions applied and e-procurement systems in EU member states</p> <p><b>Activity 10.3.4:</b> Facilitating cooperation with external stakeholders in the field of public procurement</p> <p>Output 11 related to Outcome 5 – Implementation and management of the Public Finance Management Reform Program improved.</p> <p><i>Activities contributing to Indicator 11.1:</i> will be programmed during the Inception phase of the project and throughout the duration of the project.</p>	<p>Indicator 10.3 – The capacities of the PPO for outreach strengthened (number of civil servants trained)</p>	<p>0 (2022)</p>	<p>180 (2026)</p>	<p>Project Progress Reports/Attendance sheets</p>	<p>Political commitment at the highest level to the implementation of the PFM Reform Program ensured</p>
<p>Output 12 related to Outcome 5 – to be determined during the Inception phase of the project (2023)</p> <p><i>Activities contributing to Indicator 12.1:</i> will be programmed during the Inception phase of the project and throughout the duration of the project.</p>	<p>Indicator 11.1 – to be determined during the Inception phase of the project (2023)</p>	<p>to be determined during the Inception phase of the project (2023)</p>	<p>to be determined during the Inception phase of the project (2023)</p>	<p>to be determined during the Inception phase of the project (2023)</p>	
<p>Output 12 related to Outcome 5 – to be determined during the Inception phase of the project (2023)</p> <p><i>Activities contributing to Indicator 12.1:</i> will be programmed during the Inception phase of the project and throughout the duration of the project.</p>	<p>Indicator 12.1 – to be determined during the Inception phase of the project (2023)</p>	<p>to be determined during the Inception phase of the project (2023)</p>	<p>to be determined during the Inception phase of the project (2023)</p>	<p>to be determined during the Inception phase of the project (2023)</p>	



## APPENDIX 1: TECHNICAL EXPERIENCE AND CAPACITY

The information below demonstrates the technical experience and capacity of the consortium to implement the EU PFM Facility.

Criterion	Please provide information how is the criterion fulfilled, including references to ongoing or completed projects, if applicable:
Experience through active involvement in the reform process in the area of public finance management in Serbia or the region	<p><b>UNDP</b></p> <p>UNDP has been actively supporting Public Administration Reform and in particular, Public Finance Management Reform since 2000. The activities increased and intensified over the years as UNDP's relationships with the institutions which were established after the first democratic elections in Serbia strengthened, coupled with the need to modernize public sector management, and ensure a fully functioning and accountable public finance management system based on the highest international standards, and since 2014, EU accession requirements.</p> <p><b><u>The UNDP CO in Serbia has implemented a total of 37 technical assistance projects in the field of PFM reform from 2004 to date, with an overall budget of 23.449.392,00 USD.</u></b></p> <p>This support was mainly focused on programming and planning of public funds (including, development assistance and EU funding under CARDS); increasing transparency at all levels in the work of the administration; budget execution (including debt management and public procurement); financial control and external scrutiny of public spending.</p> <p>The following is an exhaustive list of projects implemented by the UNDP from 2004 to present which directly address topics relevant to the Action (in reverse chronological order):</p> <p><b>2018-2021 Support to Ministry of Finance in EU Accession – Phase 2 (co-financed by the Government of Serbia and UNDP; total budget: USD 2.632.707,00) Brief description:</b> <i>The overall objective of the project is to contribute to the further improvement of the capacities of the Ministry of Finance for the efficient coordination and management of economic reforms and accession negotiations as well as for fulfilling the economic and political criteria for EU membership. The project has provided expert support to the Ministry of Finance and its administrations in performing diagnostics for defining structural reform measures, conducting public consultation on the proposed ERP structural reform measures, and preparing the draft Economic Reform Program for the Periods 2019-2021, 2020-2022, 2021-2023 and will continue to provide the same support for the ERP 2022-2024 preparation cycle as part of Serbia's obligations under Chapter 17. The project assessed institutional cooperation in planning, programming and preparation of projects financed by loans and supported the MoF in implementing the recommendations to address gaps in cooperation with other relevant public sector bodies and international financial institutions and the development of a mechanism for effective planning, programming and preparation of projects financed by loans. In order to support the mandate of the MoF in coordinating PFM and PIFC reforms in Serbia, the project supported the MoF in drafting the PFM RP for the period 2019-2021, preparing two reports on the implementation of the PFM Reform Program 2016-2020 (2015 – 2018 and 2015 –2019) and assessing the effects of the PIFC Strategy 2014-2020 and defining the PIFC agenda beyond 2020. A distinct line of support under the project aided the MoF in the harmonization of the Capital Investment Management methodology and drafting of secondary legislation as well as</i></p>

*providing capacity building and training for the staff of the Capital Investment Management Unit and the Capital Investment Commission which is currently in progress. The project will further support the MoF in developing a methodology and dashboard with the associated indicators for monitoring Private Partnerships and Concessions and the upgrading of the legislative framework for the development of the capital market in Serbia.*

**2019-2022: Support to CSO and Media in monitoring corruption and misuse of public funds (funded by SIDA; total budget: USD 437.358,83) Brief description:** *The project supports participating civil society organisations selected through an open call and journalists to improve their knowledge and capacities to monitor and report on corruption and misuse of public finances. The project provides trainings and mentoring on public finance management and investigating irregularities in public finances to journalists and provides support to CSOs and journalists form partnerships to inform the public on instances of irregularities in public institutions (coupling CSO watchdog function with investigative journalism)*

**2019-2022: Support to SAI in automatising and improving the entire audit process (funded by SIDA; total budget: USD 842.673,38) Brief description:** *The current project builds on the previous support provided to the SAI in preparing a detailed flowchart of the current and desired audit processes, identifying requirements for the Audit Management System (AMS) and preparing the tender documentation for the development of a customised Audit Management Software, with full functionalities for conducting the entire audit process and integrating into the existing management system. The main activities include the procurement and customisation of the AMS which will further strengthen external scrutiny over public finances, having a significant impact on increasing transparency and reinforcing accountability in the use of public funds.*

**2019-2022: Support to LSGs on increasing the transparency in the management of public funds, (funded by SIDA; total budget: USD 463.086,73) Brief description:** *Public Budget Portals represent an innovative approach to strengthening transparency in public financial management at the local level which was successfully piloted in 10 municipalities across Serbia from 2017 to 2018 with SIDA support. The project proved to be a success. It achieved the basic objective in creating the means and tools for monitoring the budget cycle processes and contributed to raising the technical capacities of local assembly members by enabling them to gain a better understanding of the budget processes and financial management which in turn increased their sense of accountability to the citizens for the use of public resources in their local communities. The ultimate effect of the project intervention is a sense of empowerment that local municipal assembly members acquired throughout the implementation of the intervention. This project entails the replication of the previously implemented project in an additional 20 LSGs in Serbia which have been selected through an open call.*

**2019-2022: Support for improving competition and applying the Best Value for Money Approach in Public Procurement (funded by SIDA; total budget: USD 191.662,00) Brief description:** *The current initiative represents a continuation of the support provided to the Public Procurement office in improving the tools and promoting the application of the MEAT criteria in public procurement to increase efficiency, effectiveness, and performance. The project supports the PPO in introducing new specific models of tender documents which will facilitate the wider application of the MEAT criteria and training the Contracting Authorities on their use. The project will also conduct an analysis of the circumstances and factors hampering competition and support the PPO in defining a set of measures*

*and recommendations for eradicating them. The project will also support the PPO in performing a mapping exercise across Serbia to determine which local self-governments could host centralized public procurement services so that they can be further supported through trainings and other capacity building and advisory services which will also be provided by the project.*

**2019-2022: Support to the CHU and PPO to increase the retention of Internal Auditors and Public Procurement Officer in the public sector (funded by SIDA; total budget: USD 302.554,52)** **Brief description:** *In order to reverse the current negative trend and to prevent a further turnover of IAs and PPOs in the public sector whilst at the same time increasing their functional independence and professional integrity within the institutions, the project support the CHU and the Public Procurement Office in improving the status and position of IAs and PPOs by supporting the preparation and adoption of amendments to the current legislative framework (to improve their positions, salary grades and provide a competitive job package). The project also provides expert support to the CHU for addressing the gaps in the applicable legislation in order to enhance the functional independence of internal auditors and to raise awareness of PFB managers of the role of IAs in order to mitigate the risks associated with the frequent assignment of IAs to deal with operational processes which are subsequently subject to their audits which is in direct collision with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA).*

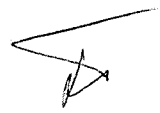
**2019-2022: Support to Tax Administration in reducing tax evasion and increasing voluntary tax compliance (funded by SIDA; total budget: USD 397.104,39)** **Brief description:** *The project supports provides two lines of support to Serbian Tax Administration to meet the objectives of the Tax Administration Transformation Program and Chapter 16 requirement and to address IMF recommendations – (1) to prevent and detect tax evasion and (2) to stimulate voluntary taxpayer compliance in order to increase tax collection. The first line of support assists the Tax Police Department in its efforts to prevent and suppress the types of tax crimes that pose the greatest threat in tax collection in line with the IMF TADAT Recommendations and the Tax Administration Transformation Program. The project provides advisory support to the Tax Police on better defining their organizational structure and its mandate and authority and strengthening their intelligence activities and analytical processes (i.e., methods and types of data collection, data processing, database entry). Improving the organisational culture and image of Tax Administration is one of the most important elements in its transformation and instilling trust in Serbian citizens. The second line of support under the project is implemented in collaboration with the Swedish Tax Authorities due to their significant experience in this area and the positive impact of the Tax Reform implemented in the late 1980ies has on increasing tax collection in Sweden. The support provided under this component includes simplification of tax procedures operational procedures that are implemented for basic and auxiliary functions; improving risk analysis in the framework of the control function, introducing e-tools, improving the means and methods for combatting fiscal fraud and international tax evasion, as well as the detection of tax offences; supporting the implementation of methodologies, procedures and practices in disclosure and investigations in the process before and after registration of VAT payers; establishing integrated management of staff performance through coordination of senior management and a staff retention plan; and changing the business culture and perceptions of the public by improving internal and external communication and campaigning to raise*

awareness of taxpayers of the role of Tax Administration and how taxpayer money is spent.

**2018-2022 Support for Improving Governance and Economic Planning at the Local Level for Accelerating the Implementation of SDGs in the Republic of Serbia (funded by the Ministry of Finance of the Slovak Republic; total budget: USD 780.000) Brief description:** *The overall objective of the project is to contribute to the sustainable development of underdeveloped areas of Serbia by improving the business environment and supporting infrastructure growth, which will increase employability and social inclusion. The first phase of the project (2018-2020) provided technical assistance to the five selected local self-governments for optimizing their organizational structures and improving overall functionality and effectiveness, preparing local development plans, and supporting them to build and strengthen their capacities to absorb external financial assistance. This was achieved by conducting detailed functions reviews of the participating LSGs and supporting the in addressing up to ten recommendations for improving their organisational functioning, conducting socio-economic assessments which identified the potentials and constraints for development which served as a basis for the preparation of their development plans, supported the preparation of their local development which were adopted at the end of 2019 and providing continuous training on PCM and EU PRAG for relevant staff of the local administrations in order to increase their absorption capacities for external financing for local development. The project set a precedence in the efforts to implement the new planning system with the adoption of the Law on the Planning System and gave an impetus to activities in this area including the preparation of secondary legislation and guidance. The supported the PPS and the SCTM in drafting Guidelines for the preparation of local development (which are currently applied by all LSGs in Serbia), and it was the first international organisation to support the implementation of the Law on Planning System at local level. The five LSGs supported under the project were the first LSGs in Serbia to prepare and adopt new Local Development Plans. Due to the success of the project, the donor decided to provide additional funding (2020-2022) for upscaling to another 6 LSGs while continuing to support the five LSGs from the first phase in preparing Medium Term Financial Plans. This approach has been adopted and is currently being implemented by GIZ and will serve as a basis for providing support in development planning to LSGs through the current EU EXCHANGE Program.*

**2017-2020 Improving the system for Financial Management and Control (FMC) and the certification and professional development of Internal Auditors in Serbia (funded by SECO; total budget: USD 375.847,24) Brief description:** *The initiative addressed three key objectives to assist the CHU in redesigning its Certification programme for Internal Auditors in the public sector and improving the quality of audits conducted in the public sector. It supported the piloting of a rational and fully functional system for the certification of internal auditors in the public sector and developed and put in place a professional development programme for Internal Auditors in the Public Sector, removing the legislative barriers for the positive spill-over of Internal Auditors from the private sector into the public sector and put in place the necessary framework for implementing educational programs with specialisation in internal audit and advanced the technical and professional capacities of the CHU for implementing its revised role in line with the PIFC framework of Chapter 32 – Financial Control.*

**2016-2019: Support to the Judicial Academy for training on financial investigations (funded by the SIDA; total budget: USD 218.238,82) Brief description:** *The objective of the project was to increase the capacities of judges,*



prosecutors, and law enforcement officers for conducting financial investigations in order to prevent, detect and sanction misuse of public funds in Serbia. The project was implemented in partnerships with the Judicial Academy and developed and implemented training programs for investigative aspects of prosecuting corruptive cases and the admissibility of evidence for prosecutors and judges and a specialized course on the protection of the financial interests of the EU for law enforcement agencies in Serbia, in close collaboration with the MoF and OLAF.

**2016-2019: Support to Commission for Protection of Rights of Bidders in Public Procurement Procedures (funded by the SIDA; total budget: USD 277.853,65) Brief description:** As part of the overall UNDP efforts to accelerate Public Procurement Reform, it provided project support to the Commission for Protection of Rights in Public Procurement Procedures for aligning with EU requirements (Chapter 5 – Public Procurement), strengthening their internal capacities for carrying out their mandate and their outreach activities aimed at decreasing irregularities and fraud in procurement. A Training Needs Analysis (TNA) was completed for the Commission was completed and training plan prepared based on the results. A review of the Law on General Administrative Procedures was completed to ensure accurate interpretation and future implementation and expert assistance was provided in drafting the internal act on involvement of external expertise for cases of high technical complexity as envisaged by the Public Procurement Law. External experts in various fields such as medicine, engineering, construction, or architecture were contracted to support the Commission in increasing their knowledge and understanding in order to enhance decision-making on critical cases of procurements in these fields.

**2016-2019: Support to Public Procurement (funded by the SIDA; total budget USD 533.935,24) Brief description:** The objective of the project was to support the PPO and contracting authorities in increasing the average number of bidders per tender and improving PPO's capacity for evidence-based decision making and instilling a good management and risk-based approach in public procurement. The project conceptualised and designed the Public Procurement Portal (in cooperation with the World Bank), developed a set of indicators for monitoring the performance and compliance in Public Procurement and provided advisory support to the PPO for introducing supervision over contract execution. The project drafted a number of bidding model documents (i.e., for food procurement, vehicle maintenance, procurement of medical supplies etc.), assessed internal controls and corruption risks in public procurement and performed an analysis of the competition in public tenders and the reasons for a low number of bids per tender which served as a basis for devising new ways for stimulating competition. The project continuously provided support to the PPO in addressing substantial issues for fulfilling the closing benchmarks under Chapter 5 – Public Procurement and upgrading the functionalities and capacities of the Public Procurement Portal for introducing e-Procurement in Serbia.

**2016-2019: Support in Introducing Open Data Standard in Serbian Public Finance (funded by the SIDA; total budget: USD 251.046,10) Brief description:** The project piloted the opening of public data in which is machine readable in 5 central level budget beneficiaries, drafted a legal solution for introducing the PSI Directive, established and launched the joint "School of Data" initiative with the relevant authorities, supported the PPO in applying the Open contracting data standard and initiated the preparation and sorting of data to be published on the Open Data Portal.

**2016-2019: Support to LGSs in Developing Local Budget Portals (funded by the SIDA; total budget: USD 283.418,10) Brief description:** The project

*supported the development of public budget portals in a selected number of local self-governments to enable greater availability of public finance data and reuse of such data. An analysis of the existing systems (including IT) for budget preparation and execution was prepared for the 10 participating local self-governments and a set of models of financial reports which were integrated into the PBPs) was developed. The impact of the introduction of the Public Budget Portals has such a positive impact that it created great demand among local self-governments which resulted in the upscaling of the project to another 20 municipalities (financed SIDA in the second phase of the project) and at least an additional five which were financed by SDC. The introduction of Public Budget Portals at the local level represents a major achievement in improving the transparency in public finance management.*

**2016-2019: Support to the Public Debt Administration (funded by the SIDA; total budget: USD 627.452,61) Brief description:** *The aim of the project was to support the Ministry of Finance (Public Debt Administration) automatize its operations and introduce a new system for public debt management. The project developed a Global MTS software bonds and securities trading software solution as well as the PDA Risk Management solution and supported their integration into the PDA IT system.*

**2016-2019: Support to SAI to enhance its audit capacities (funded by the SIDA; total budget: USD 557.353,44) Brief description:** *The overall objective of the project was to support the SAI to further enhance its operational capacities and stakeholder relations to increase the number, quality of and follow-up to external audit reports. The project supported the standardization of SAI business processes and conducted a Performance Measurement Framework on the alignment with INTOSAI standards, supported the initiation of the new forms of audit in line with INTOSAI standards as required by Chapter 32 – Financial Control, provided internal and external communications training for all SAI staff and supported six joint meetings of the SAI with the Parliamentary Audit Sub-Committee. Additionally, the project supported the certification of an additional 65 State Auditors through the project.*

**2015-2020 Parliament Oversight and Transparency – NARS Legislative Scrutiny Strengthening (funded by SDC; total budget: USD 300.000,00) Brief description:** *The objective of the project was to strengthen the capacities of MPs and Parliamentary Committees for monitoring the implementation of SDGs in Serbia and establishing a dialogue and cooperation with the executive branch and influence greater investments in the areas covered by SDGs that require more investments and efforts. The project produced two detailed analyses of public funding for SDGs in Serbia (2017 and 2019) and identified gaps which needs to be addressed in the future financial programming for implementing the UN 2030 Agenda for Sustainable Development.*

**2015-2020: Support on PFM awareness in collaboration with NGOs, LSGs and media (funded by the SDC; total budget: USD 585.738,87) Brief description:** *The project aimed to increase public attention on public finance management issues at the local level and increase peer competition among LSGs for better PFM performance and to educate citizens at the local level to understand their rights and responsibilities for holding elected representatives and municipal management accountable for public fund utilisation. The project captured at 25 positive examples of PFM practices at local level and promoted them through social and other media. It organised a competition among local self-governments on public finance performance at local level at the beginning and end of the project and awarded 5 of the best PFM performing LSGs at the end of the project.*

**2015-2020: Support to CHU in Enhancing Municipal Internal Audit (funded by the SDC; total budget: USD 646.759,00) Brief description:** *The main goal of the project was to support the Ministry of Finance (Central Harmonization Unit) in taking a more active role in advocating the fulfilment of legal internal audit obligations by local self-governments. The project provided significant support to the CHU in the certification of Internal Auditors in the public sector. It established the CHU e-Learning platform with enabled access to all certified internal auditors in the public sector, particularly in remote and poor municipalities to help them prepare for taking the certification exam. The project supported CHU mentors in on-the spot visits and mentoring and facilitated the establishment of the Network of Internal Auditors at the local level for exchanging experience and practices. Additionally, the project supported the CHU Trainers in improving their professional skills by providing the means for 6 CHU internal Auditors to undertake the IIA program for attaining the title of a Certified Internal Auditor (CIA).*

**2015-2020: Support to SAI in Enhancing External Audit (funded by the SDC; total budget: USD 663.811,93) Brief description:** *The overall objective of the project was to provide technical assistance to the SAI to enhance its audit capacities to increase the number and quality of external audit reports at national and local levels. The project provided capacity building support (trainings and mentorship) to SAI auditors to broaden the scope of external audits. The project supported the SAI in conducting the first Performance audit and provided expert support in revising the design and content of SAI Audit Report to make them user friendly. The project also supported the development of a set of criteria to define audit frequency and scope, based on a risk assessment matrix and other criteria and supported activities which resulted in an improved cooperation with the relevant Parliamentary Committee and the CHU. The Working group for cooperation between the SAI and the CHU was established as part of this project.*

**2015-2019 Support to Ministry of Finance in EU Accession – Phase 1 (co-financed by the Government of Serbia and UNDP; total budget: USD 786.703,00) Brief description:** *The overall objective of the project was to enable the Ministry of Finance to steer and implement set of structural reforms in the field of public finance management to deliver better results faster in key priority areas such as macroeconomic and fiscal analysis and projections, budgeting, taxation, state aid control, international cooperation and EU integration. The project supported the Department for Macroeconomic and Analysis and Fiscal projection in addressing the recommendations and commitments under Chapter 33 – Budgetary Provisions by providing support in the institutionalisation and provision of advisory and methodological support of the new Unit for the Management of Own Resources in close collaboration with DG ECFIN and experts from Croatia, provided training and expert support to the Budget Department to facilitate cooperation and work with other state authorities on assessing the financial impact of EU accession negotiations and in particular, assessing the costs of meeting EU accession requirements under chapter 18, 23, 29 and 33. When it comes to Taxation and Customs, project support was directed at providing support to the Department for the Fiscal System in the harmonisation of existing tax regulations with EU directives on VAT, excise rates on alcoholic beverages and tobacco products and oil derivatives as well as the Tax Administration with EU Council regulations on administrative cooperation in the field of excise duties and administrative cooperation and combatting fraud in the field of VAT. The project provided the Customs Administration with support to planning the activities of the Ministry of Finance for meeting the requirements for acceding to the Common Transit Convention and the Convention on*

*simplified formalities in trade in goods and, supported the preparation of the action plan for introducing the NTCS system. The project supported the preparation of responses to the first two parts of the Screening Report for Chapter 29 – Customs Union. Dedicated advisory support was provided to the AFCOS in the preparation of the Anti-fraud Strategy in close collaboration with OLAF (Chapter 32 – Financial Control) as well as State Aid Control and issues related to the independence of the State Aid Commission in collaboration with DG COMP.*

**2013-2015: Support to addressing external audit finding by local self-government (funded by SIDA; total budget: USD 173.234,07) Brief description:** *The project aimed to support local self-governments in addressing SAI audit finding and recommendations and to ultimately improve public finance management at the local level. Trainings and guidance were provided to 70 local self-governments throughout the duration of the project with active participation of the SAI Auditors from the Department for Auditing Local Self Governments.*

**2013-2015: Support to the judicial authorities in maximising the use of evidence in sanction the misuse of public funds (funded by SIDA; total budget: USD 169.401,07) Brief description:** *The objective of the project was to further build the capacities of the judiciary for processing cases related to the misuse of public funds. This was achieved in cooperation with the Judicial Academy through a set of trainings that were developed and implemented for prosecutors and judges. The SAI and PPO officials were actively involved in the preparation and implementing the training programs which gave a practical and utmost useful dimension to the examples that were included in the program.*

**2013-2015: Support to the Central Harmonisation Unit (CHU) in introducing and standardizing internal controls and audit (funded by SIDA; total budget: USD 98.303,07) Brief description:** *The basic objective of the project was to support the CHU in the standardization of internal controls and internal audit for direct and indirect public fund beneficiaries. The project conducted a review of internal controls and internal audit functions across Serbia to identify the gaps where the CHU focused its support in the coming period, created the CHU website for harmonised communication to support the network of FMC coordinators and internal auditors, established an integrated database of internal audit reports.*

**2013-2015: Support to the Commission for Protection of Rights of Bidders in Public Procurement Procedures in strengthening its mandate under the new PP Law (funded by SIDA; total budget: USD 249.128,07) Brief description:** *The project provided support to the Commission through the development of case management solutions in line with its revised mandate to process misdemeanours related to public procurement in the first instance. The project provided insights and exposure to best practices in case management to members of the Commission, facilitated the establishment and formalisation of cooperation between the Commission and its peers in the region and supported regular meetings with a specialised pool on journalists dealing with procurement issues and fraud.*

**2013-2015: Support to the Public Procurement Office in optimising public procurement spending and supporting central and local authorities to implement the new Public Procurement Law (funded by SIDA; total budget: USD 520.736,07) Brief description:** *The goal of the project was to support the PPO in standardising public procurement practices and supporting the implementing of the new Law on Public Procurement and the Public Procurement Strategy. The project helped to define the criteria and mechanism for justifying public procurements, supported the second wave of certification of Public Procurement officers across Serbia, performed benchmarking of retail*



prices for standards goods and services and provided training and coaching for PPO staff for implementing the new Law on Public Procurement. Additionally, it supported the establishment of regional Public Procurement Centres which provided support to direct and indirect budget users in preparing and implementing tenders and facilitated the PPOs increased visibility and presence in the media.

**2013-2015: Support to State Audit Institution to advance its capacities through certification and improved relations with media (funded by SIDA; total budget: USD 513.828,07)** Brief description: The objective of the project was to support the SAI in building its capacities for conducting financial, compliance and performance audits. The project supported the revision and adjustment of the certification program which was put in place and supported the induction and certification of new External Auditors. New State Auditors were certified with the support of the project, a blended learning package was introduced for SAI staff, the SAI was supported in establishing regular communication with journalists who were trained to better analyse and report on audit findings and recommendations in audit reports and the SAI was supported in implementing two Performance Audits.

**2013-2015: Support to CSOs in monitoring public finance management and detecting irregularities in public spending (funded by SIDA; total budget: USD 615.581,07)** Brief description: The project supported selected media and CSOs to strengthen their capacities for monitoring public spending and informing citizens on how their collected taxes are being spent. Grants were provided to NGOs for hosting and supporting investigative journalists who researched and published articles on the misuse of public funds. Training and coaching were provided to journalists on irregularities and fraud in public finances and equipped with tools and knowledge for the better use of available data, information and the presentation and dissemination of their findings.

**2009-2015: Support to Ministry of Finance – Finance Sector Policy Coordination Framework (co-financed by the Government of Serbia and the UNDP; total budget: USD 2.793.368,21)** Brief description: With the outbreak of the Global economic crisis in 2008, the Serbian public administration and in particular, the Ministry of Finance required readily available project management and expert support to revise the institutional framework of Serbian public administration as a means of decreasing public sector expenditures. The project supported the first efforts of the Serbian Government in rationalising the administration and reorganising the Ministry of Finance as well as supporting the efforts of the Ministry in the EU integration process. The activities complemented the EU funded initiatives which supported the establishment of the structures for Decentralised Management of IPA (DIS) in the first two year and then extended beyond and supported the Cabinet of the Minister and the Department for International Cooperation in the preparation of the Public Internal Financial Control strategy, the first Public Financial Management Reform Program, the first Economic Reform Program and provided guidance and expert support in the first phase of EU accession negotiations (explanatory and bilateral screening meeting and the preparation of negotiating positions) to the relevant organisations units – the Department for Macroeconomic Projections and Fiscal Analyses and the National Bank for Chapter 17 – Economic Policy, the Department for Customs Policy and the Customs System and Customs Administrations for Chapter 29 – Customs Union the Department for Internal Control and Internal Audit (CHU) for Chapter 32 – Financial Control and finally, the Budget Department for Chapter 33 – Budgetary provisions. Considering the positive results which the project yielded, the Ministry of Finance decided to scale this initiative up.

**2008-2019: Strengthening the Oversight Function and Transparency of the Parliament (funded by Swiss Development Cooperation (SDC); total budget: USD 1.326.698,54) Brief description:** *The objective of the project was to strengthen the oversight/scrutiny function of the National Parliament, increase the transparency and efficiency of the members of parliament and parliamentary bodies and to strengthen the representative role of local assemblies. The project supported the development of the capacities of Parliamentary Committees and in particular the Parliamentary Committee for Finance, the State Budget and the Control of Public Spending and contributed to establishing the Audit Sub-committee which represents one of the two key achievements of the project. The other key achievement was the establishment of a system for real-time monitoring of budget execution by MPs which not only increased transparency by also increased the role of the National Parliament in public finance management in Serbia.*

**2008-2013: Support to improving and increasing the transparency of Public Procurement in Serbia (co-financed by the Kingdom of Norway and the UNDP; total budget: USD 468.400,00) Brief description:** *The objective of the project was to provide effective support to the Public Procurement Office in Serbia for advancing public procurement practices and increasing the transparency of public procurement procedures. It provided the initial support to the PPO in introducing the program for Certifying Public Procurement Officers in the public sector (development of the program, creation of the certification exam) and supported the PPO in its outreach activities to disseminate and train civil servants on how to implement public procurement in line with the regulatory framework. The project also supported the implementation of collaborative Public Procurement in 3 local self-governments.*

**2008-2013: Support to CSOs and Media in implementing Public Finance Reform (co-financed by the Kingdom of Norway and the UNDP; total budget: USD 187.509,54) Brief description:** *The project provided a comprehensive assessment of the overall environment in Serbia for positioning CSOs (including women's groups) and media in the field of financial control so that they could actively participate in the monitoring of the use of public funds at all levels and provided training and other capacity building support to better understand the budget cycle and public finance management to selected CSOs which were granted funding for conducting civil monitoring and control of the use of public funds at all levels.*

**2008-2013: Support to the State Audit Institution (SAI) (co-financed by the Kingdom of Norway and the UNDP; total budget: USD 574.053,42) Brief description:** *The objective of the project was to ensure the minimal capacities of the SAI to perform regular audits, provide audit recommendations in line with INTOSAI standards and produce audit reports. The project provided a Training Needs Analysis (TNA) for the SAI, training, coaching, and mentoring on public finance areas identified in the TNA, provided expert support for the review of the first Audit reports produced by the SAI and developed the first WEB Portal and website of the SAI.*

**2007-2009: Support to the Ministry of Finance – Phase 1 (co-financed by the Netherlands and the UNDP; total budget: USD 1.137.128,17) Brief description:** *The project support to the Ministry of Finance in three specific areas of which two were closely associated. The first component supported the institutionalisation and capacity building support to the newly established HR Department which assumed Personnel Management from the previous General Affairs Department and expanded the scope to included strategic HR Planning, Recruitment, Selection and staff professional development which represented a milestone in the modernisation of the Ministry of Finance. The second component provided support to the Donor*

*Assistance Coordination Unit (DACU) which is the predecessor of the current Department for planning, programming, monitoring and reporting on EU funds and development assistance and the Department for Cross Border and Transnational Cooperation Programmes at the Ministry for European Integration on strategic and financial programming and management of EU Pre-Accession Assistance and international donor assistance, and the third component supported the Ministry of Finance in institutionalising the Project Centre and the procurement and customisation of the ISDA CON IS to enable effective programme and project management of EU and donor funded projects. The project collaborated closely with the first EU funded Project Preparation Facility in Serbia which provided support to the DACU in preparing project fiches for the IPA 2007 and 2008 Annual Programmes under IPA components I and II.*

**2007-2009: Support for Public Administration Reform – Phase 2 (co-financed by DFID, SIDA and UNDP; total budget: USD 234.844,60) Brief description:** *The project continued to support the Public Administration Reform Council and the Ministry for Public Administration and Local Self Government in further implementation of the Public Administration Reform Strategy 2004–2008 across all four components from Phase one and additionally supported the MPALSG in the preparation, coordination and implementation of Functional Reviews of selected line ministries and provided training and capacity building support to all relevant national level institutions for better understanding the objectives, purpose and importance of implementing public administration reform. The Ministry of Finance was one of the institutions subject to a Functional Review and the project supported the ministry in plugging the identified gaps which resulted in an improved definition of the scope of competency of the Ministry of Finance and organisation of the ministry and its administrations.*

**2004-2009: Support to the Deputy Prime Minister's Office (funded by the Netherlands; total budget: USD 1.997.040,66) Brief Description:** *The project supported the Cabinet of the Prime Minister in charge of European Integration and the Serbian Office for European Integration by providing technical assistance in defining the full mandate of the newly established SEIO following the dismantlement of the former Ministry for International Financial Cooperation and re-institutionalisation of the EU integration tasks into a new Government office. Apart from providing advisory support in the organisation and institutionalisation, the project provided trainings and other capacity building support to the staff of the SEIO on topics related to international financial cooperation, macroeconomic programming and EU and international donor fund programming, implementation, monitoring, and reporting.*

**2004-2006: Support for Public Administration Reform – Phase 1 (co-financed by DFID and SIDA; total budget: USD 234.844,60) Brief description:** *The project supported the Public Administration Reform Council and the Ministry for Public Administration and Local Self Government in the preparation and subsequent implementation of the first Public Administration Reform Strategy 2004–2008. The project had four components through which extensive technical assistance was provided in the following key reform areas: implementing administrative and fiscal decentralization, building a professional civil service, putting a new organisational and management framework in place as a basis for rationalising public administration, introducing new and modernizing existing ICT systems and supporting the institutionalisation of control mechanisms in public administration. Apart from the support to PAR, this project provided expert support to the National Parliament in drafting the Law on the State Audit Institution which was adopted in 2005. This Law represents a key milestone in Serbia's efforts to establish financial control since 2000.*

**Ministry of Finance of the Slovak Republic**

The Ministry of Finance of the Slovak Republic has been implementing the Public Finance for Development program which has actively supported Public Finance Management Reforms in participating countries in the region since it was first launched in 2009 as part of Slovakia's official development assistance. The program supported a set of initiatives which have focused on assisting the public finance authorities address priority reform objective stipulated by their national frameworks and supported their efforts in the EU integration process. The main initiatives are listed below<sup>37</sup>:

**Development Finance Assessment. Brief Description:** *A Development Finance Assessment (DFA) is currently being conducted to support SDG financing, with focus on mapping the finance flows and financing landscape (external, domestic, public, and private) as well as rapid public expenditure reviews across administrative levels is necessary which provided an overview of existing public finance channelled towards sustainable development priorities. (Bosnia and Herzegovina)*

**Linking financing with development results project. Brief description:** *The project is supporting the implementation of the new regulatory framework on strategic planning by providing advisory assistance for integrating SDG priorities into the development strategies which will be operationalized through governments' three-year and annual work plans. The project is conducting a mapping of the regulatory and methodological requirements against existing practices and formulate recommendations, preparing guidelines for practitioners and delivering pilot training program through the FBIH Civil Service Agency (responsible for training of civil servants). (Bosnia and Herzegovina)*

**Strengthening of internal controls and value for money approach in local governments project. Brief description:** *The project will be launched in Q3 of 2021 and provide technical assistance to the national authorities for implementing effective internal controls and applying the best value for money approach. The project assessed the internal controls implemented by local government against the regulatory and methodological frameworks to identify compliance gaps and supported the CHU in revising and updating the internal controls legal framework through the provision of expertise. Additionally, the project developed and deliver the training programs to selected local governments on internal control and applying the best value for money approach in public procurement. (Bosnia and Herzegovina)*

**Budget Reform and Program-Based Budgeting project. Brief description:** *The project supported the implementation of the concept of program-based budgeting and the preparation of a medium-term budgetary framework and defining the requirements for reporting on budget expenditures, including results achieved by program a particular institution to support Moldavan PFM objective to improve budgetary and fiscal policy to achieve efficiency, transparency, and accountability in the use of public funds. The project provided expert support and guidance to local public authorities on PBB implementation, provided an insight into examples of good and bad practices in setting up goals, objectives, and performance indicators in program budgeting for central and local public authorities, assisted the Ministry of Finance in defining sub-national fiscal rules with the aim to strengthen fiscal management, and promote fiscal discipline and sustainability in the decentralized Moldovan government. It also aided in the improvement of the*

<sup>37</sup> The Support for Improving Governance and Economic Planning at the Local Level for Accelerating the Implementation of SDGs in the Republic of Serbia, funded by the Slovak Republic under this program has been referenced under UNDP experience in implementing PFM reforms in Serbia

*PBB monitoring and evaluation methodology, developed and implemented a training package for monitoring and evaluation of program budgets for central and local public authorities which covered performance monitoring and reporting, use of performance data, and introduction of the evaluation concept. The project also strengthened the capacity of the Ministry of Finance and line ministries in the revision of national budget spending area (project implemented in cooperation with the IMF). There were practical trainings and analytical skills-related trainings of the Ministry of Finance and the Ministry of Education realized to introduce a spending review system. The results led to the elaboration of operational guidelines for spending reviews for the directorate in charge of managing the spending review process. A similar project has been running at the Ministry of Agriculture of the Republic of Moldova since 2020. (Moldova)*

**Reform of Public Accounting and Reporting project (2011-ongoing). Brief description:** *The project provided the Ministry of Finance with technical assistance in preparing the legislative and procedural preconditions for the transition to accrual accounting, while increasing capacities of the Ministry and other central government authorities to apply accrual accounting and reporting under the International Public Sector Accounting Standards (IPSAS). The project was tailored to support the implementation of the Strategy for the transition to accrual accounting was adopted in March 2015 and ensuring that reporting meets the requirements for information by the EU and international financial institutions. The project also supported the establishment of a single state property register as a precondition for the proper implementation of accrual accounting. The major achievement in 2019 was the adoption of the Law on Public Sector Accounting by the Government. The beginning of the implementation of the recently adopted Law is planned in 2022, and until then, the project will work on reinforcing capacities in this field through i) transferring knowledge on accrual accounting, ii) assistance with the transition process, iii) providing trainings and/or on-the-job trainings which will enable gradual transition from modified cash-based to accrual accounting in accordance with IPSAS standards and iv) upgrade of the existing ICT system to support the transition to the new accounting system. In partnership with the CEF, the project financed certified trainings for more than 100 public sector accountants; 75 of them received CIPFA certificates. The project also supported Treasury Administration in improving the institutional set-up for public debt management, internal processes related to the public debt management, and preparation for a risk management system. The activity was completed in 2011 and an exchange program was established to increase transparency and credibility of the macroeconomic and fiscal projections and analyses. (Montenegro)*

**Transparent and Accountable Public Finance at the Local Level project (currently ongoing). Brief description:** *the project was launched in September 2018 contributed to improvement of local self-governments' management through the setting the operations optimization and building the capacities of the LSGs representatives. The following was implemented: revolving fund, equalization fund, and the alignment of the Law on Payment Transactions of Montenegro with the Acquis Communautaire, the support software Fund for Pre-financing Municipal Donor-Supported Projects and various workshops and trainings. The activities targeted at improving the existing financial and regulatory situation in 24 Montenegrin municipalities (Montenegro)*

**Support to Public Finance Management Reform in the Republic of North Macedonia in International Taxation and Local Taxes project (2019-ongoing)**  
**Brief description:** *The technical assistance program is fully aligned with the measures and activities of the 2018-2020 PFM Reform Program. The activities are mainly focused on reinforcing the capacities of the Ministry of Finance and the*

*Public Revenue Office (at the level of local self-governments as well) on reducing informal economy by setting up and streamlining the transfer pricing system, ensuring the exchange of information for tax purposes and improving the collection of property taxes. The project also supports the strengthening of the fiscal autonomy and revenue collection capacities of the local self-government Units and the efficiency and discipline in procuring public goods and services The Financial Directorate of the Ministry of Finance is currently supporting the efforts of the Customs Administration in implementing the pre-condition for ensuring interoperability of the national Customs IT system with those of the EC as a first step in implementing the ITMS. (North Macedonia)*

**Technical Assistance to Ministry of Finance of Montenegro within the framework of Budget Support (2019 – 2020) Brief description:** *Slovak expertise supported the online supervision of gambling (Games of Chance). The technical assistance agreed upon the UNDP and MF SR was concentrated on the reform of the legislative framework (amending and adopting the new Law on Games of Chance) and recommendations for technological and optimization upgrade of the ISONIS system (software) and its future evolution and recommendations for expansion of the system infrastructure (hardware equipment) (Montenegro)*

**Center of Excellence in Finance (CEF)**

**ongoing Training of Internal Auditors in Public Sector (TIAPS) (funded by the WBG, USAID, Slovenian Ministry of Foreign Affairs/Slovenian, German Stability Pact Fund, and Slovak Ministry of Finance, total budget: EUR 400.000 per country) Brief description:** The training was most recently delivered in Montenegro, and also delivered in Kosovo, North Macedonia, Moldova and Slovenia is international certification of internal auditors, and capacity development of local experts and training institution to independently run training in own country. The program introduces a professional qualification training program for public sector internal auditors in line with the best international audit standards and practices. TIAPS was developed by the British Chartered Institute of Public Finance and Accountancy (CIPFA) and the CEF. It is offered to several countries across South East Europe in local languages by the CEF. Training envisaged on the job exercises that were performed as pilot internal audit on the selected topics of the students' actual tasks. The long-term outcome of the TIAPS project is to achieve an independently and sustainably running program in beneficiary country once the project completes. The goal is to involve selected local tutors, who will be, together with three generations of students, the driving force behind enhancing the internal auditing profession. The goal was completely met in Montenegro, where the TIAPS program is run independently by the Human Resources Management Authority since 2019. Average budget for one cohort (up to 25 students) of each level of training estimates to EUR 400.000.

**ongoing Public Accountants Certification Training (PACT) (funded by the WBG, USAID, Slovenian Ministry of Foreign Affairs/Slovenian, German Stability Pact Fund, and Slovak Ministry of Finance, total budget: EUR 400.000 per country) Brief description:** A professional qualification training program (currently ongoing in N. Macedonia and with past deliveries in Albania, Croatia, Kosovo, Macedonia, Moldova, Montenegro, Slovenia and Serbia) that aims at building capacities of the public accounting function, in line with international public accounting standards and best practices in the public sector of the respective country, and preparing conditions for making the training sustainable and locally institutionalized. PACT is delivered through modules and consists of two levels. The certificate level covers training modules on Financial Accounting; Management Accounting; and National Legislation and Taxation. The training

module on Financial Accounting addresses International Accounting Standards (IAS) for the private sector, of which many overlap in principle with key IPSAS. Diploma level modules include Audit and Assurance, Public Sector Financial Reporting, Financial Management, and Business and Change Management. The program content was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) whilst the CEF applies its unique learning methodology. The Project is delivered in local language, whilst a pool of local trainers and the localization process ensure solid takeover of the program by a local training institution. The CEF and CIPFA developed equivalent certification program for public internal auditors. Average budget for one cohort (3up to 25 students) of each level of training estimates to EUR 400.000.

**ongoing Supporting Public Internal Control Systems in South East Europe (ongoing funded by Denmark, total budget: EUR 150.000,00) Brief description:** The project is designed to support the beneficiary countries in strengthening public internal control arrangements by supporting individual and institutional capacity development. It takes into account that reform priorities to developing stronger public internal control system differ across countries where one-size-fit-all solutions may impede reform progress. Beneficiaries are senior staff responsible for financial management and control, internal auditors (ministries of finance, line ministries, agencies), Central Harmonization Units, selected staff at Supreme Audit Institutions. Eligible participants come from the CEF constituency (\*also in Dutch constituency at the IMF, WB and EBRD): Albania, Bosnia and Herzegovina\*, Bulgaria\*, Croatia\*, Kosovo, Macedonia\*, Moldova\*, Montenegro\*, Romania\*, Serbia, Turkey  
Additional countries from the Dutch constituency at the IMF, WB and EBRD: Armenia\*, Georgia\*, Mongolia\*, Ukraine\*

**2018-2022 Strengthening Line Ministries' Capacities to Assess Fiscal Implications of Structural Reforms (funded by the European Union, total budget: EUR 2.500.000,00) Brief Description:** The project supported the strengthening of IPA countries' ministries of finance and line ministries officials' analytical capacities, inter-institutional coordination and cross-national cooperation. Learning areas cover: Fiscal costing of structural reforms, impact of structural reforms on the national budget, skills, and knowledge of public officials to enhance government coordination, transparency and accountability of structural reforms, design of the structural reforms and ERP planning documents. The project is being delivered through more than 50 tailor-made, participatory and experience-based learning events, both face-to-face and online. While part of the trainings takes place at the CEF in Ljubljana, the majority of them are carried out in recipient countries. CEF merges its own expertise with the knowledge of our partners, including the European Commission, international organizations, governments of selected bilateral donors, academics, international and regional experts. The expected project outcomes are: Well-designed structural reforms planning documents, regional exchange of good practices, enhanced budgeting, reinforced practical skills, collaboration with technical assistance providers (IMF, OECD, TAIEX), public officials trained as trainers to enhance knowledge sharing.

**2016-2021 Tax Policy and Administration Program (total budget: 280.000,00) Brief description:** The program continuously supports tax administrations and other relevant beneficiary institutions in increasing the efficiency and fairness of revenue administrations and reducing the costs of compliance in line with EU recommendations and international good practices. Corresponding to the technology and transparency developments that drive the modern age of tax, the program focuses also on compliance, digital security, e-services, communication, and trust. The program also concentrates on the consequences of Covid-19

	<p>pandemic, which gravely hit the economies of the CEF constituency. Program priorities are also grounded in the reform needs of recipient institutions and as such designed in close co-operation with CEF affiliated experts and regional representatives of tax administrations (CEF Coordinators). The program design also reflects desk research and regular consultations with counterparts from tax administrations and ministries of finance in South East Europe (SEE) and consultations with the IMF Fiscal Affairs Department (FAD) Revenue Administration Advisor for SEE.</p> <p><b>2013-2015 Strategic Planning and Budgeting (funded by the European Union, total budget: 1.000.000,00) Brief description:</b> The project focused on developing capacities of public finance officials of target beneficiary institutions in the Western Balkans and Turkey in the following areas: medium-term macroeconomic and fiscal frameworks; fiscal programming of structural reforms; policy coordination and planning processes; and consistency of strategic documents. The SPB activities were implemented in cooperation with our partners: the International Monetary Fund – Fiscal Affairs Department (IMF-FAD), the Regional School of Public Administration (ReSPA), and the Joint Vienna Institute (JVI). The design and delivery of the SPB activities were facilitated by CEF learning experts. More than 50 international experts were involved. All scheduled 21 learning and networking activities (including two e-learning courses and two high-level policy dialogues) were delivered, recording a high satisfaction of participants of 4.7 on average (1–5 scale; 5 being the highest), all activities performing above the established performance threshold of 4.2. The envisaged number of 300 participants was achieved. The project helped strengthen beneficiary countries’ knowledge and skills in responding to the EC’s macro fiscal surveillance requests and contributed to strengthening beneficiaries’ governance for growth. This statement is supported by an earlier Result-Oriented Monitoring mission and a range of interviews with SPB beneficiaries that confirmed the positive value created by SPB activities.</p>
<p>Experience in the management/implementation of programmes/projects in the area of PFM, particularly related to Chapter CH 5, CH 16, CH 29 and CH 32</p>	<p><b>Chapter 5 – Public Procurement</b></p> <p><b>UNDP</b></p> <p>Public Procurement Reform is one of the key pillars in UNDP’s activities on supporting PFM reform since 2004, when the new Law on Public Procurement was adopted, and the Public Procurement Office was established. Throughout the years and following the adoption of the common position of the EU Council on the negotiation position for Chapter 5 – Public Procurement, UNDP has enlarged the scope of partner institutions that it has supported to ensure that the reform efforts are fully accommodated and that the necessary preconditions are in place for addressing the closing benchmarks under this chapter.</p> <p>To date <b><u>UNDP has implemented a total of eight technical assistance projects with an overall value of 2.795.314,00 million USD</u></b> which provided effective support to the Public Procurement Office, Contracting Authorities throughout Serbia, and potential bidders, as well as the Commission for the Protection of the Rights of Bidder in Public Procurement Procedures in implementing the provisions of the applicable legislation and meeting EU accession requirements.</p> <p>UNDP support to Public Procurement Reform was initiated following the adoption of the New Law of Public Procurement in 2002 which established the Public Procurement Office (PPO) as an independent government body in line with EU recommendations and functional requirements for building a specialised body mandated with the task of coordinating the public procurement system in Serbia. Support to its institutionalisation, segregation of responsibilities between the PPO and the Ministry of Finance as well as initial capacity building assistance was</p>



provided through the *2004-2006: Support for Public Administration Reform – Phase 1*.

Following the institutionalisation and positioning in the Serbian administration, the next step in the reform was to create a layer of dedicated and capacitated public procurement officers in public sector bodies who would coordinate the preparation and implementation of public procurement procedures. UNDP provided effective support to the Public Procurement Office in Serbia for advancing public procurement practices and increasing the transparency of public procurement procedures. It supported introduction of the program for Certifying Public Procurement Officers in the public sector (development of the program, creation of the certification exam) and supported the PPO in its outreach activities to disseminate and train civil servants on how to implement public procurement in line with the regulatory framework. The project also supported the implementation of collaborative Public Procurement in 3 local self-governments through the *Support to improving and increasing the transparency of Public Procurement in Serbia project (2008-2013)*.

UNDP continued to provide support to the PPO in the standardization of public procurement practices and supporting the implementation of the new Law on Public Procurement of 2012 and the Public Procurement Strategy 2014-2018. Assistance was provided in defining the criteria and mechanism for justifying public procurements, supporting the second batch of certification of Public Procurement Officers across Serbia, benchmarking of retail prices for standards goods and services and provided training and coaching for PPO staff for implementing the new Law on Public Procurement. Additionally, UNDP supported the establishment of regional Public Procurement Centres which provided support to direct and indirect budget users in preparing and implementing tenders and facilitated the PPOs increased visibility and presence in the media through the *Support to the Public Procurement Office in optimizing public procurement spending and supporting central and local authorities to implement the new Public Procurement Law project (2013-2015)*.

Simultaneously, UNDP capacitated the Commission for the Protection of Rights of Bidders in public Procurement Procedures by providing the Commission with case management solutions in line with its revised mandate to process misdemeanours related to public procurement in the first instance. The project support provided insights and exposure to best practices in case management to members of the Commission, facilitated the establishment and formalisation of cooperation between the Commission and its peers in the region and supported regular meetings with a specialised pool on journalists dealing with procurement issues and fraud as part of the *Support to the Commission for Protection of Rights of Bidders in Public Procurement Procedures in strengthening its mandate under the new Public Procurement Law project (2013-2015)*.

At the same time, UNPD provided advisory support to the Ministry of Finance and the Public Procurement Office in preparing for the Explanatory and Bilateral meetings and in particular, the preparation of the Negotiation Position for Chapter 5 - Public Procurement through the *Support to Ministry of Finance – Finance Sector Policy Coordination Framework project (2009-2015)*.

UNDP's efforts to increase transparency in the public sector were implemented through the gradual support to the Serbian administration for Opening data. The *Support in Introducing Open Data Standard in Serbian Public Finance project (2016-2019)* piloted the opening of public data in which is machine readable and drafted the legal solution for introducing the PSI Directive, but more importantly, it supported the PPO in applying the Open contracting data standard (OCDS). Additional support was provided to the PPO by performing an analysis of key users

and possible use cases for the OCDS publication, the development of OCDS publication policy for Serbia, creation of OCDS structure for Serbia, OCDS implementation in the new public procurement system through the *Implementation of Open Contracting Data Standard in Serbia project (2019- 2021)*.

Following the adoption of the Negotiating Position for Chapter 5 in 2016, UNDP continued to support the PPO and contracting authorities in increasing the average number of bidders per tender and improving PPO's capacity for evidence-based decision making and instilling a good management and risk-based approach in public procurement. The *Support to Public Procurement project (2016-2019)* conceptualised and designed the Public Procurement Portal (in cooperation with the World Bank), developed a set of indicators for monitoring the performance and compliance in Public Procurement and provided advisory support to the PPO for introducing supervision over contract execution. The project drafted several bidding model documents (i.e., for food procurement, vehicle maintenance, procurement of medical supplies etc.), assessed internal controls and corruption risks in public procurement and performed an analysis of the competition in public tenders and the reasons for a low number of bids per tender which served as a basis for devising new ways for stimulating competition. The project continuously provided support to the PPO in addressing substantial issues for fulfilling the closing benchmarks under Chapter 5 – Public Procurement and upgrading the functionalities and capacities of the Public Procurement Portal for introducing e-Procurement in Serbia. In addition, the *Support to Commission for Protection of Rights of Bidders in Public Procurement Procedures project (2016-2019)* assisted the Commission in aligning with EU requirements (Chapter 5 – Public Procurement), strengthening their internal capacities for carrying out their mandate and their outreach activities aimed at decreasing irregularities and fraud in procurement. It provided the necessary external expertise in various fields such as medicine, engineering, construction, and architecture to support the Commission in increasing their knowledge and understanding to enhance decision-making on critical cases of procurements in these fields.

The Serbian public administration has been faced with numerous accountability challenges over recent years which have led to an increased turnover of qualified staff across the administration. In order to reverse the negative trend and to prevent a further turnover of PPOs in the public sector whilst at the same time ensuring their functional independence and professional integrity within the institutions, the *Support to the CHU and PPO to increase the retention of Internal Auditors and Public Procurement Officer in the public sector project (2019-2022)* is supporting the PPO in improving the status and position of PPOs through the preparation and adoption of amendments to the current legislative framework (to improve their positions, salary grades and provide a competitive job package).

At the same time, UNDP is working together with the Public Procurement Office on improving the tools and promoting the application of the MEAT criteria in public procurement to increase efficiency, effectiveness, and performance. The *Support for improving competition and applying the Best Value for Money Approach in Public Procurement project (2019-2022)* is supporting the PPO in introducing new specific models of tender documents which will facilitate the wider application of the MEAT criteria and training the Contracting Authorities on their use. The project will also conduct an analysis of the circumstances and factors hampering competition and support the PPO in defining a set of measures and recommendations for eradicating them. The project will also support the PPO in performing a mapping exercise across Serbia to determine which local self-governments could host centralized public procurement services so that they can be

further supported through trainings and other capacity building and advisory services which will also be provided by the project.

#### **Ministry of Finance of the Slovak Republic**

When it comes to public procurement reform, the Slovak Ministry of Finance developed and delivered training programs to selected local governments on applying the best value for money approach in public procurement. (*Strengthening of internal controls and value for money approach in local governments project in Bosnia and Herzegovina*).

#### **Chapter 16 – Taxation**

##### **UNDP**

UNDPs involvement in the field of Tax Policy reform was limited during until the commencement of EU accession negotiations. It was mainly focused on providing capacity substituting support to the Cabinet of the Minister of Finance and the management of Tax Administration. Nevertheless, UNDPs involvement in Tax Reform has gradually increased from 2014 and the UNDP CO in Serbia is currently one of the key development partners in implementing the Tax Administration Reform Strategy.

##### **UNDP has 2 projects within the scope of Chapter 16 – Taxation with a total budget of approximately 1.000.000,00 USD.**

Initially, UNDP provided guidance and expert support to the Department for the Fiscal System of the Ministry of Finance in the harmonisation of existing tax regulations with EU directives on VAT, excise rates on alcoholic beverages and tobacco products and oil derivatives as well as the Tax Administration with EU Council regulations on administrative cooperation in the field of excise duties and administrative cooperation and combatting fraud in the field of VAT under the *Support to Ministry of Finance in EU Accession – Phase 1 project (2015-2019)*.

At present, the UNDP provides two lines of assistance under the *Support to Tax Administration Reform, in reducing tax evasion and increasing voluntary tax compliance project (2019-2022)* to Serbian Tax Administration to meet the objectives of the Tax Administration Transformation Program and Chapter 16 requirement and to address IMF recommendations.

The first line of support assists the Tax Police Department in its efforts to prevent and suppress the types of tax crimes that pose the greatest threat in tax collection in line with the IMF TADAT Recommendations and the Tax Administration Transformation Program. The project provides advisory support to the Tax Police on better defining their organizational structure and its mandate and authority and strengthening their intelligence activities and analytical processes (i.e., methods and types of data collection, data processing, database entry).

Improving the organisational culture and image of Tax Administration is one of the most important elements in its transformation and instilling trust in Serbian citizens. The second line of support under the project is implemented in collaboration with the Swedish Tax Authorities due to their significant experience in this area and the positive impact of the Tax Reform implemented in the late 1980ies has on increasing tax collection in Sweden. The support provided under this component includes simplification of tax procedures operational procedures that are implemented for basic and auxiliary functions; improving risk analysis in the framework of the control function, introducing e-tools, improving the means and methods for combatting fiscal fraud and international tax evasion, as well as the detection of tax offences; supporting the implementation of methodologies, procedures and practices in disclosure and investigations in the process before and

after registration of VAT payers; establishing integrated management of staff performance through coordination of senior management and a staff retention plan; and changing the business culture and perceptions of the public by improving internal and external communication and campaigning to raise awareness of taxpayers of the role of Tax Administration and how taxpayer money is spent.

#### **Center of Excellence in Finance (CEF)**

##### **In 2016, the CEF launched the Tax Policy and Administration Learning Program**

Aiming to support capacity development of Tax Administrations in SEE, primarily financed by the Ministry of Finance of the Netherlands, and also supported by the Slovenian Ministry of Finance, the IMF, and Expertise France. Since then, we have been successfully partnering with the experts from the Ministry of Finance of the Netherlands and their tax administration in co-delivering 56 TPA learning events. The projects cover capacity building thematic of day-to-day tax administration, such as compliance, tax audit, tax IT skills, as well as leadership and communication capacities development.

#### **Chapter 29 – Customs Union**

##### **UNDP**

Like tax reform, the provision of UNDP support to the modernization of Customs Administration and meeting the requirements of the Customs Union has been limited and predominantly focused on mobilizing high level expert support in the preparations for opening negotiations under Chapter 29.

##### **UNDP has provided support to the Ministry of Finance and Customs Administration through 2 projects within the scope of Chapter 29 – Customs Union with a total budget of approximately 600.000,00 USD.**

Initially, UNDP provided guidance and expert support in the first phase of EU accession negotiations (explanatory and bilateral screening meeting and the preparation of negotiating positions) to the Department for Customs Policy and the Customs System and Customs Administrations and the Negotiating Group for Chapter 29 – Customs Union under the *Support to Ministry of Finance – Finance Sector Policy Coordination Framework project (2009-2015)*.

Further support was provided to the Customs Administration under *the Support to Ministry of Finance in EU Accession – Phase 1 project (2015-2019)* for planning the activities of the Ministry of Finance for meeting the requirements for acceding to the Common Transit Convention and the Convention on simplified formalities in trade in goods and, supported the preparation of the action plan for introducing the NTCS system. The project supported the preparation of responses to the first two parts of the Screening Report for Chapter 29 – Customs Union.

#### **Chapter 32 – Financial Control**

##### **UNDP**

From the initiation of public sector reform in 2000, UNDP's approach to financial control has been holistic, multifaced and multi-layered, going beyond Chapter 32 requirements and extending to parliamentary scrutiny over public spending, monitoring and scrutiny over public finances by the citizens of Serbia to which both the legislative and executive branches are accountable for the use of revenues collected from citizens and finally, the law enforcement and judicial handling and sanctioning of the misuse of public funds. This functional approach based of

sequenced layers of accountability which connects several levels of controls and scrutiny and stakeholders has been key in facilitating productive exchange and instilling a mutual understanding of the positions and roles that institutions and citizens play in the community when it comes to ensuring the effective use of public funds and preventing and sanctioning their misuse.

**UNDP has implemented 22 projects in the broad area of financial control with a total budget of 9.711.386,00 USD of which 14 have provided the Ministry of Finance, the State Audit Institution and public fund beneficiaries and all levels with focused support on addressing essential Chapter 32 requirement amounting to 5.500.000,00 USD from 2009 to date.**

Discussions with the Government of Serbia and prominent member of the first convocation of the Serbian National Parliament throughout 2002 and 2003 on best practices in public finance management and control paved the path to what has been a successful and fruitful cooperation with both the National Parliament in latter year and in particular, the State Audit Institution, established by the Law on the State Audit Institution which was prepared with UNDP involvement and advisory support provided through the *2004-2006: Support for Public Administration Reform – Phase 1*. This set the cornerstone of cooperation with the Serbian national authorities in the field of financial control.

The same reverse logic and sequencing of measures applied by the Serbian Government in many reform areas after 2000 held true for the efforts invested in building the capacities for ensuring effective financial control. Even though the approach of establishing external audit or the “third line of defence” in place prior to implementing internal controls in public sector and Internal Audit function did represent a breakthrough in public sector reform by establishing a strong and influential institution mandated with the task of ensuring and sanction compliance and legality of financial management with the administration, it brought out the weaknesses in the management of public sector institutions because the introduction of Public Internal Financial Control succeeded the institutionalising of external audit by nearly half a decade.

Even though the gap between two of these two crucial areas of financial control has decreased over time, the general impression still remains that the State Audit Institution still maintains the upper hand in pushing for the full institutionalisation of Internal Control and Internal Audit in Serbia through its finding and recommendations for improving internal control and internal audit systems of its auditees while the Central Harmonisation Unit is left with the demanding task of providing support to these entities in alleviating external audit finding and reporting to the Government on the public sector entities in doing so.

While the focus of UNDP support from 2004 to 2013 was predominately focused on institutional and capacity building for the SAI, it was diversified prior to the commencement EU accession negotiations following the adoption of the first PIFC Strategy 2009-2014 to support the introduction and implementation of Public Internal Financial Control in Serbia.

#### **Ministry of Finance of the Slovak Republic**

When it comes to public internal financial control, the Slovak Ministry of Finance has provided technical assistance to the national authorities for implementing effective internal controls and applying the best value for money approach. The project has assessed the internal controls implemented by local government against the regulatory and methodological frameworks to identify compliance gaps and supported the CHU in revising and updating the internal controls legal framework through the provision of expertise. (*Strengthening of internal controls and value for money approach in local governments project in Bosnia and Herzegovina*).

## EXTERNAL AUDIT

### UNDP

UNDP has been the SAI's key development partners since its establishment. Following its institutionalisation in 2005, UNDP worked together closely with the management of SAI to ensure the minimal capacities of the SAI were created to perform regular audits, provide audit recommendations in line with INTOSAI standards and produce audit reports. UNDP conducted a Training Needs Analysis (TNA) for the SAI and implemented a set of trainings, coaching, and mentoring on the critical public finance areas pinpointed to in the TNA and provided expert support for the review of the first Audit reports produced by the SAI and developed and put in place the website of the SAI which marked a breakthrough in communications of the SAI with its environment. This was achieved through the first technical assistance project which the SAI was granted - *Support to the State Audit Institution (SAI) (2008-2013)*.

The project established a good foundation for work that was yet to come. The following two years were marked with an expansion of the SAI capacities and scope of work. UNDP supported the SAI in building its capacities for conducting financial, compliance and performance audits and developed the Certification program for State Auditors which was put in place. New State Auditors were certified with the support of the *Advancing Accountability Mechanisms in Public Finance - Support to State Audit Institution to advance its capacities through certification and improved relations with media (2013-2015)* project and a learning package was introduced for SAI staff. The capacities and communication skills of State Auditors were further advanced through that was provided through the project and regular communication with journalists was established with journalists and the media who were also trained through the project to better understand and report on audit findings.

The quality of SAI Audit Reports increased over time and the content of these reports indicated critical areas in the administration in which public servants lacked in knowledge or understanding of financial management rules and procedures which resulted in an increasing number of identified irregularities. The finding denoted weaknesses in capacities of local administrations to a certain extent but more so insufficient efforts of central level authorities in providing the necessary guidance to public sector bodies of the proper implementation of newly adopted legislation.

This situation highlighted the role of the SAI Department for Auditing Local-Self Governments, which worked together with the UNDP to municipalities which received several audit findings in the preceding two years in addressing SAI audit finding and recommendations and to ultimately improve public finance management at the local level. The *Support to addressing external audit finding by local self-government (2013-2015)* provided customised advisory support by SAI Auditors with the support of UNDP, which organised and implemented trainings 70 local self-governments on sound financial management throughout the duration of the project.

Diversifying the scope and types of audits was the next step in the development of the SAI following the opening of negotiations under Chapter 32 in 2015. SIGMA and other relevant assessments suggested that in to maximise the effects of its external control, the SAI needs to go beyond financial and compliance audit and focus more on the auditing the performance and effectiveness of public expenditure. This coincided with the increased efforts of the Ministry of Finance to fully

implement Program Budgeting across the public sector which has had limited success.

UNDP continued to provide capacity building support (trainings and mentorship) to SAI auditors to broaden the scope of external audits and the SAI conducted its first Performance Audit assisted through the *Support to SAI in Enhancing External Audit project (2015-2020)*. The project also supported the redesign and content of SAI Audit Report to make them user friendly and developed a set of criteria to define audit frequency and scope, based on a risk assessment matrix and other criteria. Cooperation relevant institutions was weak, and the project facilitated the establishment of a sustainable long-term relationship between the SAI and the Parliamentary Committee for Finance and helped rework the relationship between the SAI and the CHU which resulted in the establishment of the Working group for cooperation between Internal and External Audit through the project.

The assistance provided to the SAI resulted in a truly unexpected increase in the number and frequency of audits that were performed by the SAI annually in 2014 and 2015 which created the demand for the automation of SAI business processes to better manage audit cases and processing of reports.

*The Support to SAI to enhance its audit capacities project (2016-2019)* address the SAI's need to further enhance its operational capacities and quality of and follow-up to external audit reports by provided expert support for the standardization of SAI business processes. As a result, the project prepared a technical specification the procurement and customisation of an Audit management System (AMS). The project also conducted a Performance Measurement Framework on the alignment with INTOSAI standards and supported the initiation of the new forms of audit in line with INTOSAI standards as required by Chapter 32 – Financial Control. An additional 65 State Auditors were certified through the project.

The automation of the SAI audit processes is currently in its final stage. UNDP has procured the necessary hardware and software and is currently working on the customization of the AMS software through the *Support to SAI in automating and improving the entire audit process (2019-2022)*. Once completed and put in place, it will boost the effectiveness and quality of external audit reports and reinforce effective control of public spending in Serbia.

#### **PUBLIC INTERNAL FINANCIAL CONTROL (PIFC)**

##### **UNDP**

The PIFC Strategy adopted in 2009 represented the initial framework within UNDP started to provide support to the CHU and public sector bodies at all levels in establishing internal audit functions and putting in place effective internal control systems.

*The Support to Ministry of Finance – Finance Sector Policy Coordination Framework project (2009-2015)* was an instrument that was made available to the Ministry of Finance to better management in risks and effects of the Global economic crisis of 2008 and in that sense, it provided expert assistant to the Government in rationalising the administration and reorganising the Ministry of Finance as well as supporting the efforts of the Ministry in the EU integration process. The project provided international expert support to the Cabinet of the Minister and other relevant Government institutions in the first phase of EU accession negotiations. Chapter 32 – Financial Control was the second chapter on the agenda of accession negotiations and UNDP assisted the Negotiating Group for the Chapter in carrying out preparations for both explanatory and bilateral screening meeting and the preparation of negotiating positions in 2013 and 2014.

Following the opening of the Chapter and the adoption of the EU Common Position in 2015, UNDP conducted a review of internal controls and internal audit functions across Serbia to identify the gaps where the CHU needed to focus its support in the future, developed the CHU website for enhancing communication to support the network of FMC coordinators and internal auditors and established an integrated database of internal audit reports through the *Support to the Central Harmonisation Unit (CHU) in introducing and standardizing internal controls and audit project (2013-2015)*. The results achieved on the project led to the standardization of internal controls and internal audit for direct and indirect public fund beneficiaries.

UNDP support to PIFC implementation accelerated through the *Support to CHU in Enhancing Municipal Internal Audit project (2015-2020)* which assisted the Central Harmonization Unit in taking a more active role in advocating the fulfilment of legal internal audit obligations by public fund beneficiaries and in particular, local self-governments who had a very limited understanding on the importance of internal controls and internal audit, not being able to distinguish the latter from the inspection functions that were traditionally implemented by municipalities. Substantial support was provided to the CHU in the certification of Internal Auditors in the public sector and for put in place the CHU e-Learning platform which enabled access to all certified internal auditors in the public sector, particularly in remote and poor municipalities and helped them better prepare for taking the certification exam. A Network for exchanging experience and practices of Internal Auditors at the local level was established as a result of the project and the technical capacities of the CHU mentors were further improved through customised trainings implemented by the Chartered Institute of Public Finance and Accountancy (CIPFA) in close cooperation with the CEF.

Even though significant progress was made with regards to PIFC implementation, the EU Progress Report of 2016 remarked that the Central Harmonisation Unit (CHU) needs to refocus its activities so that it becomes more proactive in providing methodological guidance and reviewing the quality of PIFC implementation. A specific stream of the new PIFC Strategy adopted in 2017 defined measures to consolidate the operational work and human resources of the CHU so that it refocuses its activities from facilitating PIFC implementation by implementing training programs for Internal Auditors, to monitoring the implementation of financial management and control (FMC) and internal audit (IA) and provide practical on the job support to managers and key staff of PFBs to meet internal control requirements, analyse the weaknesses of their internal control systems and propose appropriate changes and additional guidelines for improving internal control at the national level.

The CHU was challenged by a lack of staff. The certification of 50 internal auditors in the public sector was pending on the availability of the mentors from the CHU as the certification scheme which was (and still is in place) implied a restrictive procedure which presumes the successful execution of at least two audits under the mentorship of the staff of the CHU. The CHU needed to rethink the Certification program which was put in place since it was established and devise a strategy for increasing the quality of internal auditors in the public sector.

UNDP readily provided support to the CHU in addressing both issues - redesigning its Certification programme for Internal Auditors in the public sector and improving the quality of audits conducted in the public sector under the *Improving the system for Financial Management and Control (FMC) and the certification and professional development of Internal Auditors in Serbia (2017-2020)*. It supported the piloting of a rational and fully functional system for the certification of internal auditors in the public sector and developed and put in place a professional



development programme for Internal Auditors in the Public Sector, removing the legislative barriers for the positive spill-over of Internal Auditors from the private sector into the public sector and put in place the necessary framework for implementing educational programs with specialisation in internal audit and advanced the technical and professional capacities of the CHU for implementing its revised role in line with the PIFC framework of Chapter 32 – Financial Control. The *Support to Ministry of Finance in EU Accession – Phase 2 project (2018-2021)* has been supporting the Ministry of Finance in improving the coordination of EU accession negotiations and fulfilling the economic and political criteria for EU membership. Within that framework, UNDP performed an assessment of the effects of the PIFC Strategy 2014-2020 and helped the Ministry of Finance better define the elements of PIFC agenda beyond 2020 as input for the new Public Administration Reform Strategy 2021-2030 and in particular, the Public Financial Management Reform Program 2021-2025 which was adopted in June 2021. Similar to the situation that the Public Procurement Officer had to deal, the CHU was also faced with an even more drastic turnover and decrease in the number of certified Internal Auditors in the Public Sector. The *Support to the CHU and PPO to increase the retention of Internal Auditors and Public Procurement Officer in the public sector project (2019-2022)* is currently supporting the CHU in improving the status and position of IAs through amendments to the current legislative framework (to improve their positions, salary grades and provide a competitive job package), enhancing their functional independence and raising the awareness of public sector managers of the role of IAs in order to mitigate the risks associated with the frequent assignment of IAs to deal with operational processes which are subsequently subject to their audits which is in direct collision with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA).

**Center of Excellence in Finance (CEF)**

CEF delivered 140 learning initiatives as part of its **PIFC Learning Program** in the area of internal audit since 2001. More specific, the program for internal auditors focuses on PIFC. Upon the regular needs’ assessment over the time, CEF elaborated new internal audit aspects, such as performance audit, forensic or IT audit. The Dutch Ministry of Finance (MF NL) has contributed expertise to the CEF’s events for years. Since 2016, the MF NL has started supporting also beneficiary countries’ participation at 25 regional learning initiatives, addressing audit within broader PIFC and public financial management reforms that support internal and external accountability, transparency, and good governance in the public sector. These learning events brought together more than 750 officials interested in audit topics. CEF has been addressing the importance of the internal audit quality, management, internal audit engagement planning, internal control of EU funds, tackling fraud and corruption, information technology auditing, and risk management. In addition, CEF introduced topics that were new for the daily work of the auditors and under addressed in the region including data visualization in audit reporting, behavioural science, and code of ethics. CEF has also been addressing broader challenges in introduction of FMC in SEE and involving finance officials in knowledge exchange on various topics related to public internal control.

**PROTECTION OF THE FINANCIAL INTEREST OF THE EU**

**UNDP**

The *Support to Ministry of Finance – Finance Sector Policy Coordination Framework project (2009-2015)* was instrumental in the preparations for the



screening meeting preceding the opening of Chapter 32 in 2014. UNDP provided expert support to the Negotiating Group for the Chapter in carrying out preparations for both explanatory and bilateral screening meeting and the preparation of negotiating positions in 2013 and 2014. The expert assessments were performed on the alignment of the applicable legislation in Serbia with the Convention on the protection of the European Communities' financial interests (PIF Convention) which was replaced by the PFI Directive in 2019.

Additionally, UNDP provided support to the Antifraud Coordination Unit preparation of the Anti-fraud Strategy in close collaboration with OLAF under the *Support to Ministry of Finance in EU Accession – Phase 1 project (2015-2019)*.

**OTHER INTERVENTIONS IN THE FIELD OF EXTERNAL SCRUTINY AND CONTROL INDIRECTLY AFFECTING BUT NOT MANDATORY UNDER CHAPTER 32 – FINANCIAL CONTROL**

**UNDP**

***Parliamentary oversight over public finances***

The *Strengthening the Oversight Function and Transparency of the Parliament project (2008-2019)* supported the oversight/scrutiny function of the National Parliament and increased the transparency and efficiency of parliamentary bodies. The project supported the development of the capacities of Parliamentary Committees and in particular the Parliamentary Committee for Finance, the State Budget and the Control of Public Spending and contributed to establishing the Audit Sub-committee which represents one of the two key achievements of the project. The other key achievement was the establishment of a system for real-time monitoring of budget execution by MPs which not only increased transparency by also increased the role of the National Parliament in public finance management in Serbia.

***Legal sanctioning of the misuse of public funds***

UNDP has implemented two focused interventions which were aimed at increasing the knowledge and capacities of law enforcement officials, prosecutors and judges for processing and sanctioning the misuse of public funds including EU pre-accession assistance. The *Support to the judicial authorities in maximising the use of evidence in sanction the misuse of public funds project (2013-2015)* developed and implemented four training programs for prosecutors and judges on public procurement fraud in close cooperation with the Judicial Academy, the SAI and the PPO. The positive impact of the project results in its scaling up. The *Support to Judicial Academy project (2016-2019)* followed the same approach and methodology applied to working with judges, prosecutors and law enforcement officers and developed a series of new training programs for conducting financial investigations in order to prevent, detect and sanction misuse of public funds in Serbia which were implemented throughout the duration of the project. Focus was placed on the investigative aspects of prosecuting corruptive cases and the admissibility of evidence for prosecutors and judges and a specialized course on the protection of the financial interests of the EU for law enforcement agencies in Serbia, in close collaboration with AFCOS and OLAF.

***Civilian oversight of public finances***

In order to promote inclusive societies and communities, UNDP has advocated for and supported Civil Society and citizens themselves in taking an active role in policy planning and monitoring and more importantly, performing effective oversight of the way in which the public sector uses public funds.

	<p>The <i>Support to CSOs and Media in implementing Public Finance Reform project (2008-2013)</i> project provided a comprehensive assessment of the overall environment in Serbia for positioning CSOs (including women's groups) and media in the field of financial control so that they could actively participate in the monitoring of the use of public funds at all levels and provided training and other capacity building support to better understand the budget cycle and public finance management to selected CSOs which were granted funding for conducting civil monitoring and control of the use of public funds at all levels. The project was succeeded by the <i>Support to CSOs in monitoring public finance management and detecting irregularities in public spending project (2013-2015)</i> which worked with selected media and CSOs to strengthen their capacities for monitoring public spending and informing citizens on how their collected taxes are being spent. Grants were provided to NGOs for hosting and supporting investigative journalists who researched and published articles on the misuse of public funds. Training and coaching were provided to journalists on irregularities and fraud in public finances and equipped with tools and knowledge for the better use of available data, information and the presentation and dissemination of their findings.</p> <p>At present, UNDP supports civil society organisations selected through an open call and journalists to improve their knowledge and capacities to monitor and report on corruption and misuse of public finances. The project provides trainings and mentoring on public finance management and investigating irregularities in public finances to journalists and provides support to CSOs and journalists form partnerships to inform the public on instances of irregularities in public institutions (coupling CSO watchdog function with investigative journalism) through the <i>Support to CSOs and Media in monitoring corruption and misuse of public funds (2019-2022)</i>.</p> <p><b>Center of Excellence in Finance (CEF)</b>  <b>2011 Separation of Powers Program Study tour for Serbian MPs and parliamentary staff (funded by USAID)</b> Brief description: The program was designed to ease accession to European Union accession by strengthening the division of power and authority among Serbia's three branches of government. Within the effort to help the National Assembly of Serbia to develop its capacity to respond to the needs of citizens and conduct oversight of government operation, CEF hosted a group of MPS and National Assembly staff members, and shared knowledge relevant for the parliamentary reforms. The study tour focused on the role of external and internal audit and oversight, public access to public procurement information, practice of the parliamentary committees' relation with the independent oversight bodies, government, and public, as well as transparent work of parliamentary bodies.</p>
<p>Documented capacity to mobilize relevant networks in the EU Member States, Serbia and the region in the area of PFM</p>	<p><b>UNDP</b>  The UNDP CO in Serbia has an advanced network of institutions and roster of EU, international and national public finance experts which will be fully utilized for the implementation of the Action. UNDP Serbia has outstanding, long term cooperation with ministries of finance of all EU member states whose expertise it has mobilized and used for the implementation of its Public Finance portfolio projects since 2004. Since 2010 and in particular, following the attainment of the status of an EU Candidate state and prior to the formal opening of EU accession negotiations, UNDP intensively cooperated with public finance authorities from France, Germany, the UK, Italy, the Netherlands, Portugal, and Sweden on providing advisory support to the Ministry of Finance and its administrations, the State Audit Institution, and the Public Procurement Office. As the accession negotiations advanced, the public finance authorities in Serbia required more customized and</p>

focused support based on comparable and closely compatible practices to better define negotiation positions under the relevant financial chapters of EU accession negotiations and more so, in gaining insights into how these requirements were met. UNDP expanded its scope of partners in providing support to PFM reforms in Serbia to EU member states with comparable public administration systems and operations which acceded to the EU in 2004 (including Poland, Slovakia, Slovenia, and Estonia) and 2007 (Romania and Bulgaria) and in particular, Croatia (2013). Apart from finance management authorities in EU members states, the UNDP CO in Serbia has a long-term formalized cooperation with the Ministry of Finance of the Kingdom of Norway and the Federal Ministry of Finance of the Swiss Confederation which has been utilized in implementing certain project activities in the reference period. UNDP has wide access to topical expertise of other UN agencies which operate within the UN system such as the International Monetary Fund (IMF) and the World Bank Group (WBG), as well as other international organizations in which the UN or UNDP are constituent members (i.e., the OECD) and instruments jointly established by the UN or UNDP and other international organizations (ie. Tax Inspectors without Borders) and the Public Expenditure Management Peer-Assisted Learning (PEMPAL) network. The UNDP also maintains a Governance Community of Practice with a membership of 500 public sector and public finance management experts on various PFM topics which will also be used for sourcing advisory support for the Action. All the specific needs of the beneficiary institutions of the Action will be readily addressed through tailored targeted and country specific support in line with the requirements and specifications which will be defined together with the relevant representatives of the beneficiary institutions.

#### **Ministry of Finance of Slovakia**

The Ministry of Finance of the Slovak Republic is one of the most prominent public sector institutions in the Slovak Republic and the most experienced institution in dealing with EU accession negotiations and coordinating nation-wide public sector reforms in the area Public Finance Management Reform. After its accession to the EU, the Ministry of Finance has been delivering the implementation of Slovak Aid to countries in the Western Balkans region and supplying expertise and transfer of knowledge to EU candidate countries on planning, reporting, evaluation. The Financial Directorate which is a separate entity within the Ministry of Finance dealing with Tax and Customs collection in Slovakia is currently providing support to the Ministry of Finance in Northern Macedonia in meeting EU accession requirements related to Taxation issues and the Customs Union and, implementing the VIES and ITMS systems. Slovak PFM expertise and knowledge is provided through expert support and technical assistance which currently channelled through the Public Finance for Development Program (PFD) to Moldova, Montenegro, Serbia, Ukraine, North Macedonia, Bosnia and Herzegovina for implementing public finance reforms with particular focus on meeting EU accession requirement in countries of the region aspiring towards EU membership.

#### **Center of Excellence in Finance (CEF)**

The Center for Excellence in Finance (CEF) is an international organisation based in Ljubljana, Slovenia with a mandate to provide capacity building support to public administrations in South East Europe in the field of Public Finance Reform. CEF is a regional hub for IMF technical assistance in South East Europe in public finance management, revenue administration and government finance statistics. CEF is specialized in capacity building development of public administrations in South East Europe in the field of Public Financial management and central banking.

CEF provides topical high-quality expertise in the fields of public financial management, tax policy and administration, central banking and data and analysis for designing policies in the region as well as support to civil servants in improving their leadership skills required to manage public finance reforms through innovative, participatory, and practical learning solutions. The CEF constituency comprises of countries of the former Yugoslavia and Albania, Bulgaria, Moldova, Romania, and Turkey. The organization is an official channel for implementing international development cooperation. CEF learning activities support the implementation of Sustainable Development Goals (SDG) 16 (peace, justice, and strong institutions) and 17 (partnerships for the goals) as part of the Agenda 2030 for Sustainable Development. CEF is also a pillar assessed International Organization, with an advisory board composed of selected donors and a vibrant partners network that includes international financial institutions, global and regional international organizations peer learning institutions, governments and their associated public sector bodies in their capacities as international donors, professional organizations and independent oversight bodies, NGOs, and individual experts.

During its 20 years functioning, the CEF has paid special attention to capacity development of internal auditors. Methodologically, the CEF observes the audit area through individual knowledge sharing initiatives, mainly at the CEF headquarters and online, and through certification programs that are being delivered in recipients' countries. CEF pays special attention to capacity development in the area of leadership in public sector, particularly sharing its own institutional experience in knowledge sharing, team building and management and nurturing organizational culture.

CEF's pool of experts which will be utilised during the implementation of the Action include eminent and experienced experts which have been involved in public finance management reform, Tax, Customs and Public Procurement Reforms in Serbia from 2012 to date and developed outstanding cooperation with the beneficiaries of the Action. The CEF maintains a network coordinator who are regional representatives of ministries of finance, revenue administrations and central banks. These coordinators are responsible for capacity development, strategic human capital and talent management within their institutions and facilitate the deployment of national expertise for provision of technical assistance and peer learning and exchange. The most relevant expertise in relation to the Action will be recruited and deployed from but not limited to the following institutions which comprise CEFs network: The Ministry of Finance and the National Revenue Agency from Bulgaria; the Ministry of Finance and the Tax Administration from Croatia, the Ministry of Finance and the National Agency for Fiscal Administration from Romania, the Ministry of Finance, and the Financial Administration of the Republic of Slovenia.



