

Serbia

2015 Country Summary

Recommendations

Serbia's GI ranking in Band C places it in the moderate category for corruption in the defence and security sector.

Enhancing Reform

Serbia has made significant progress in adopting legal changes aimed at reducing corruption risks in areas of procurement, personnel, and oversight. The most notable initiatives include the 2013 Public Procurement Act and attendant bylaws, the 2014 Whistleblower Act, and new Parliamentary Rules of Procedure reorganising parliamentary oversight of defence and intelligence organisations. The government could build on these reforms by ensuring that sufficient political will, expertise, and resources are directed toward implementation and enforcement of the new laws; it could also develop the openness to civil society organisations that it showed through the MoD's participation in this assessment. In one area of personnel-related risks, however, standards have slipped rather than improved: the relaxation of a prohibition on military officers' involvement in commercial activities. Relaxation of standards have increased risk. We recommend that systemic solutions pertaining to this area are reviewed.

Training and integrity-building

Anti-corruption training sessions have been conducted for civilian and military staff, which is a welcome development and constitutes good practice. Nonetheless, these sessions are not conducted regularly, and only a small number of employees have taken part so far. Operations risks also scored low given the lack of a comprehensive and detailed military doctrine addressing corruption issues for peace and conflict. Serbia could benefit from more systematic and specific anti-corruption training that is conducted regularly for civilian and military personnel, in particular those on deployment or contracting in operational environments. This training could include a detailed understanding of what corruption issues personnel may face during deployment. We recommend the MoD consider publishing its guidelines and policies, as well as partnering with and providing training to other contributing nations to share best practices for this area to ensure the integrity of its military operations.

Transparency and Political Oversight

New parliamentary regulations improved the oversight provisions and provided more detailed competences for the newly formed Security Services Control Committee. However, the Defence and International Affairs Committee, responsible for oversight of the MOD and the Serbian Armed Forces, remains under-resourced and under-active: in 2012-2014, it

reviewed none of the quarterly reports submitted by the MOD. The Committee has an opportunity to make better use of its prerogatives and exercise more detailed oversight of both defence policy and spending, including secret items.

These relevant parliamentary Committees are yet to develop procedures for ensuring that particular procurement decisions flow from a well-audited national security strategy and are supported by a robust needs assessments. Such oversight could help reduce instances of opportunistic procurement and seller influence. The results of the scrutiny should be made public; where there are valid national security restrictions, abbreviated versions of reports could be released.

Investigating and Enforcing Financial Crimes

The internal audit unit appears to lack sufficient financial and human resources, and it is not clear how strong or active the internal audit unit in the MoD is. Its reports are subject to parliamentary scrutiny, but there is no clear evidence that internal audit findings are acted upon by government. The State audit agency has a somewhat limited role over defence spending and cannot scrutinize the "appropriateness" of procurement – i.e. if the security institutions really needed the goods and services they procured. Furthermore, its reports are not publicly available. The lack of transparency makes it difficult to gauge how active or independent the Military Security Agency is, the unit responsible for investigating and prosecuting corruption in the MoD. No cases were investigated between 2008-2012, despite a number of allegations of high profile corruption cases. We recommend an independent review to ensure that internal and external audit and policing are well-resourced, active and effective and have the necessary powers to investigate corruption and financial crimes. These bodies' findings should be more transparent, and there should be clear evidence that the state implements their findings.

Personnel procedures

Some special attention is paid to personnel in sensitive positions, and the MOD has made some small progress in devising procedures and specific rules of conduct associated with staff in these high risk positions. It is working on a list of sensitive positions and associated recruitment and management processes, though it has yet to be finalised. The MOD has nonetheless recently relaxed restrictions on military officers' pursuit of private business interests, rendering it no longer a disciplinary offence. We recommend that the review process be completed promptly, along with a list of sensitive positions. The Code of Conduct should apply to all military and civilian personnel, with comprehensive guidance with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	3
		Defence Committee	2
		Defence Policy Debated	2
		CSO Engagement	2
		International AC Instruments	3
		Public Debate	2
		AC Policy	2
		AC Institutions	2
		Public Trust	3
		Risk Assessments	2
	Defence budgets	Acquisition Planning	3
		Budget Transparency & Detail	3
		Budget Scrutiny	1
		Budget Publicly Available	3
		Defence Income	1
		Internal Audit	2
		External Audit	2
	Other Political Areas	Natural Resources	2
		Organised Crime Links	3
		Organised Crime Policing	3
Intelligence Services Oversight		2	
Intelligence Services Recruitment		2	
Export Controls		2	
Finance	Asset Disposals	Asset Disposal Controls	3
		Asset Disposal Scrutiny	2
	Secret Budgets	Percentage Secret Spending	1
		Legislative Access to Information	2
		Secret Program Auditing	2
		Off-budget Spending in Law	4
		Off-budget Spending in Practice	
	Information Classification	3	
	Links to Business	Mil. Owned Businesses Exist	1
		Mil. Owned Business Scrutiny	1
Unauthorised Private Enterprise		2	
Personnel	Leadership	Public Commitment	3
		Measures for Corrupt Personnel	2
		Whistleblowing	2
		Special Attention to Sensitive Personnel	2
	Payroll and Recruitment	Numbers of Personnel Known	0
		Pay Rates Openly Published	3
		Well-established Payment System	3
		Objective Appointments	2
		Objective Promotions	1
	Conscription	Bribery to Avoid Compulsory Conscription	
		Bribery for Preferred Postings	2
	Salary Chain	Ghost Soldiers	4

		Chains of Command and Payment	3
	Values, Standards, Other	Code of Conduct Coverage	2
		Code of Conduct Breaches Addressed	2
		AC Training	2
		Prosecution Outcomes Transparent	1
		Facilitation Payments	3
Operations	Controls in the Field	Military Doctrine	2
		Operational Training	2
		AC Monitoring	1
		Controls on Contracting	2
		Private Military Contractors	3
Procurement	Government Policy	Legislation	1
		Transparent Procurement Cycle	2
		Oversight Mechanisms	3
		Purchases Disclosed	3
		Standards Expected of Companies	1
	Capability Gap	Strategy Drives Requirements	1
		Requirements Quantified	2
	Tendering	Open Competition v. Single-Sourcing	3
		Tender Board Controls	3
		Anti-Collusion Controls	2
	Contract Delivery / Support	Procurement Staff Training	3
		Complaint Mechanisms for Firms	4
		Sanctions for Corruption	2
	Offsets	Due Diligence	
		Transparency	
		Competition Regulation	
	Other	Controls of Agents	2
Transparency of Financing Packages		0	
Subsidiaries / Sub-Contractors		0	
Political Influence		2	