

# Reform of State Planning in Serbia: (Long) Road to Culture that does not eat Strategy for Breakfast

## Legacy in Public Policy

Serbia has a long tradition of state planning. It has been present since the post-war years and the period of socialism when five-year development plans were being prepared. At that time, with the aim of providing expert support in drawing up plans at the federal level, the Federal Planning Office was established, which worked closely with the Federal Statistical Office. This planning ceased to be fully functional close to the mid-1960s, but the practice itself and the entire system of institutions and professional services remained within federal ministries, including various state institutes, providing the necessary expert analyses to decision-makers. Any significant law or legislative change was substantiated by extensive analyses and expert discussions. Major development directions, however, would be established within the Communist Party, and were transmitted through party officials to various decision-making places, including local governments and economic organizations. After the crisis of the 1990s, the disintegration of the country and the erosion of institutions in every aspect and at all levels, the majority of responsibility for public policy in Serbia found itself in the republic administration of the Republic of Serbia. Since the early 2000s, intensive transition reforms have been driven by the central idea of transition to a market economy and the accompanying institutional framework. Public policy-making has been happening spontaneously, but mostly with the help of international institutions and international development projects. Over the two decades, the Government has adopted numerous strategies (sustainable development, education, employment), and local governments have had their own local development plans. During this period the Government of the Republic of Serbia has adopted more than a hundred different strategies. Some of these strategies have all the elements of good practice but have never been implemented. Numerous reforms in the same period have been successfully carried out. In other words, certain public policies have been implemented yielding results although they have never been written, adopted, nor the consultations, implementation monitoring or evaluation have ever been conducted. There are almost no valid examples of all the steps taken in the public policy cycle.

However, all this time, the main method of intervention would never start with the preparation of the strategy, i.e. public policy creating but has been realized directly by adopting new regulations. The very content of the reforms has been taken over from the transition agenda already experienced by other countries of Central and Eastern Europe a decade before Serbia, applying at the same time the agenda characteristic of the accession to the European Union and the introduction of new institutes contained in the so called European Union *acquis (acquis communautaire)*. In this period of intense reforms that still continues and has been further complicated by deterioration of the overall economic situation since 2008, when the World Economic Crisis erupted, there are numerous situations when the law is changed in the short term in order to intervene for some public policy goal without any prior impact analysis and without the public

consultations. In such situations, it is often the case that the law changes again shortly after its adoption because unforeseen adverse effects or obstacles to its enforcement occur. This situation is a common consequence of the lack of previous analysis of the impact on citizens and the economy and unimplemented consultations.

## State administration reform

During the first decade of transition, state administration has not been a comprehensive and systematic topic of the reforms. There have been a number of more or less successful initiatives and changes mainly in development projects the results of which have in some ways reflected in more modern proceedings (such as the introduction of regulatory impact assessment, Programme Budget and Plan - normative activities of the government, which unrelated to the system had no particular effect when applied to the improvement of management efficiency). However, on the whole, the public administration have been operating in line with the old bureaucratic rules, while policy-making and results-based management have not been systematically represented. The experts would come to the so-called cabinets and functionary posts with the ministers, and departed likewise. There has also been an obvious lack of coordination of work between different parts of the administration on the different reforms that are inherently linked. A functional analysis of state administration conducted by the World Bank during this period showed that in the structure at that time only 9.7% of the jobs in central administration were related to the creation and monitoring of public policies, including regulation drafting activities (World Bank, 2016), while 70% of jobs related to administrative and support work.

Based on the difficult experience of the crisis, which after the outbreak of the World Economic Crisis hit the so-called peripheral countries with less competitive economies, in addition to adopting the *acquis* (within 35 chapters), the European Union, in its enlargement strategy since 2012, has also been focusing on public administration reform.

In late 2014, the Government of Serbia adopted a broad-based Public Administration Reform Strategy with a detailed action plan. One of the many elements concerned the strengthening of the planning and coordination function under the responsibility of the shortly before that established Public Policy Secretariat of the RS.

Reform of planning from 2014 until today has been based on several important elements that will be described below. The reform has been planned in detail within the framework of the 2015 Regulatory and Public Policy Management Reform Strategy prepared by the PPS and adopted by the Government.

The basic elements of the reform have been translated into the Law on the Planning System, that was developed based on a number of previous analyses and broad consultative process (precisely in accordance with the principles it promoted) and in two decrees subsequently adopted by the Government - the Regulation on the Methodology of Public Policy Management, and the Regulation on the Methodology of Development of Medium-Term Plans of State Administration Bodies.

Based on the existing elements of planning, the idea was to create by means of these regulations a system that would ensure a comprehensive and coherent planning of different government interventions that would take into account budgetary constraints and ensure prioritization, appropriate involvement of different actors within government and the general public, coordination among different areas of planning (through different competent authorities) both during the preparation and during the implementation and introduction of the basic elements of relying on the known analytical tools in decision making. The meaning of this system is also reflected in the creation of a results-oriented management framework thus forming a necessary basis for accountability of the public sector to the general public. The previous system, which was based on the principles of the Weberian type of bureaucracy, relied on procedures prescribing each activity in advance and thus transferring the burden of the decision to the body adopting the procedures, whereas the success of the state administration work was reduced to checking compliance with the procedures with a focus on procedures related to the use of assets and budget spending (audit by SAI). Such a system did not provide a basis for verifying the achievement of the set goals with regard to the work results, even when some of the goals were set in the numerous strategies adopted by the Government.

**The main courses of the implemented reform can be grouped into the following 3 items:**

**1. A methodological framework for public policy making has been set up**

The public policy cycle has been introduced as a mandatory methodology when drafting government strategies and programs and development plans of the Republic of Serbia and local government units. The process elements of the public policy cycle, such as the obligation of consultation and reporting, have been introduced as mandatory, while "analytical" elements have been introduced so that the application itself relies on human resources and their capabilities.

At the central level, a check of "quality" of public policies was established, i.e. consistent implementation of the methodology and compliance of the content of the various public policy documents verified by the Public Policy Secretariat through their opinions.

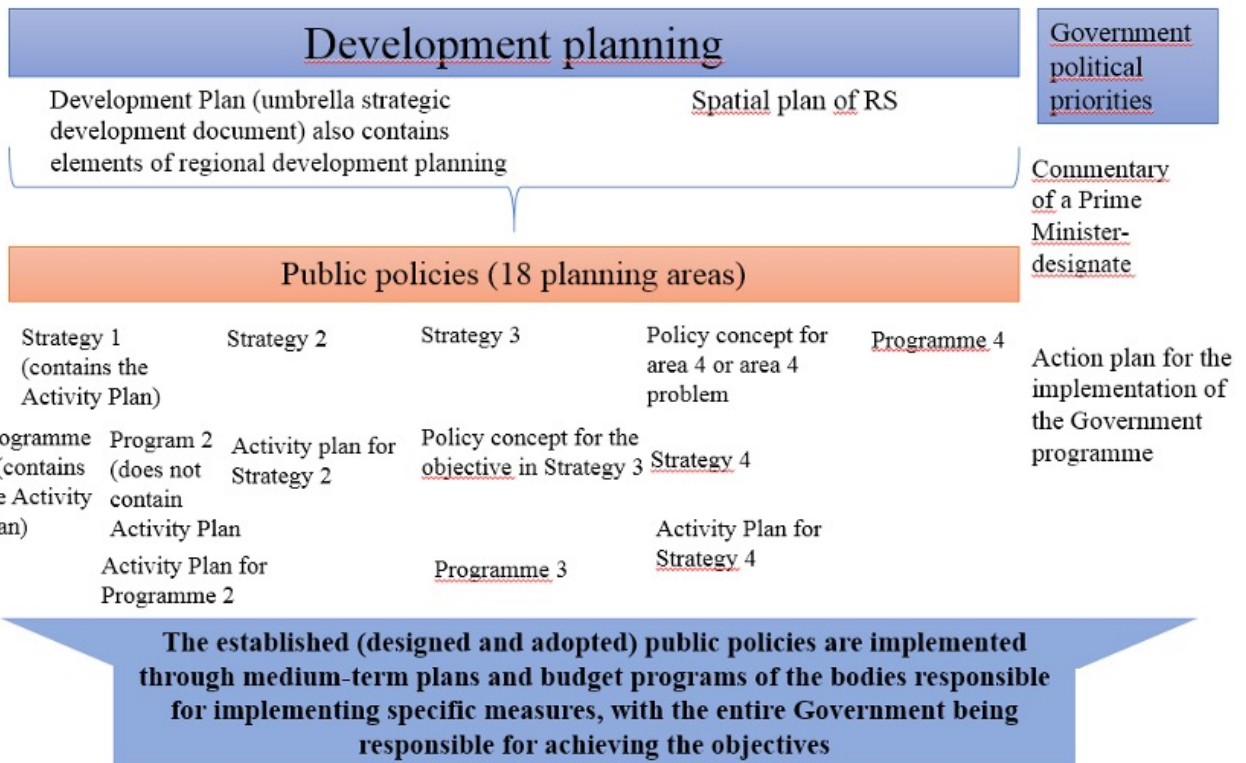
The hierarchy and coherence of different public policy documents and other planning documents have been introduced, as well as the typology of public policy documents. At the very top there is a development plan envisaged by the RS Constitution as an expression of the long-term vision of development, which is, together with the spatial plan, adopted by the National Assembly at the proposal of the Government. Such a plan, though it has long been foreseen by the Constitution, has never been adopted in Serbia. It has been foreseen for the Government to elaborate this plan specifically through the Investment Plan prepared by the Ministry of Finance, being an important instrument for managing capital projects. Below this plan, by their importance and scope (for 18 different areas of planning), there are Government strategies, as well as programmes (for specific areas, so the ministries themselves can adopt them), while their operationalization is devised in the context of the action plans that must be

adopted, otherwise the strategy will not be valid. In parallel to these public policy documents there is the Government's Work Programme contained in the Prime Minister's Keynote Address to the National Assembly, defining the main directions, which is operationalised through the Action Plan for the implementation of the Government's Programme, which is an important instrument for coordination within the Government. The Economic Reform Programme and the National Programme for the Adoption of the Acquis are methodologically set pursuant to EU requirements, and are envisaged to be substantively referenced in public policy documents, as these are derived plans for specific areas where coordination with the European Union and monitoring of the implementation in a unified way is required.

Basic elements of public policy documents are defined. The strategy should include: a description of the current situation, general and specific objectives, a review of measures, indicators and a framework to monitor implementation and a report on the conducted consultations, as well as an accompanying action plan setting out, in addition to the above elements and enforcement responsibilities, the necessary financial resources and sources as well as deadlines for a period of several years.

Types of measures, i.e. public policy instruments have been defined in order to ensure the appropriate content of public policy documents and prevent for the frequent occurrence of strategy remaining on the mere "wish list". The measures are typified as: regulatory (command and control), educational information, incentive (various forms of subsidizing), organizational (partnerships or changes in organization) and direct provision of goods and services.

Graph 1. Alignment of the goals from the different planning documents



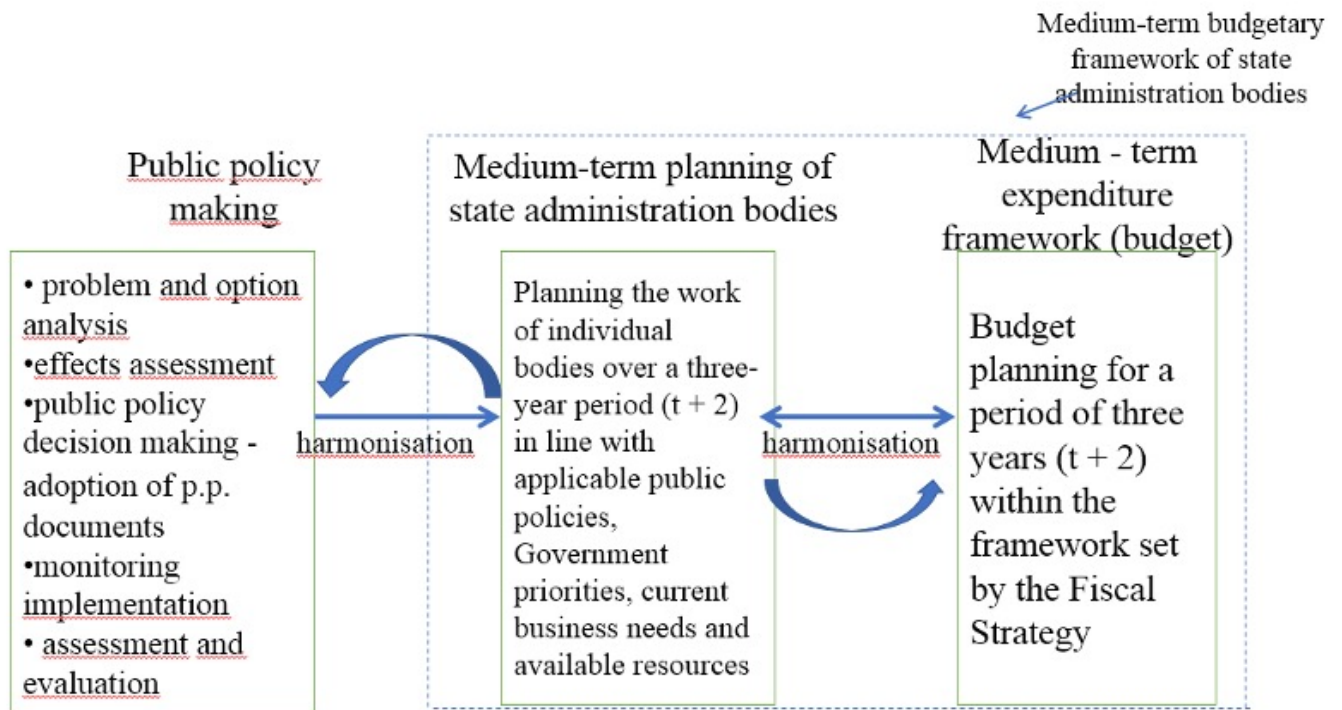
## 2. Public policy making is linked to other elements of government planning to improve governance through the new planning system

Linking public policy planning to budget planning: when developing strategies and defining package of measures, it is insisted on defining the necessary financial resources for each measure and linking it to the budget programme.

Linking public policy planning to governance in public administration organizations - introduced medium-term plans of public administration bodies related to budget planning, which involved a programme organisation as well (in addition to existing ones - functional and economic).

Linking public policy planning to regulatory change planning - When planning public policy measures within strategies and programmes, it is necessary to anticipate changes to regulations. Thus, the basis and quality of the opinion of the Public Policy Secretariat is reinforced when it comes to the analysis of the effects of regulations, since the goal of amending the regulations is known in advance.

Graph 2. Three logical parts of the planning system: public policy making, medium-term planning framework and medium-term budgetary framework at the institution level

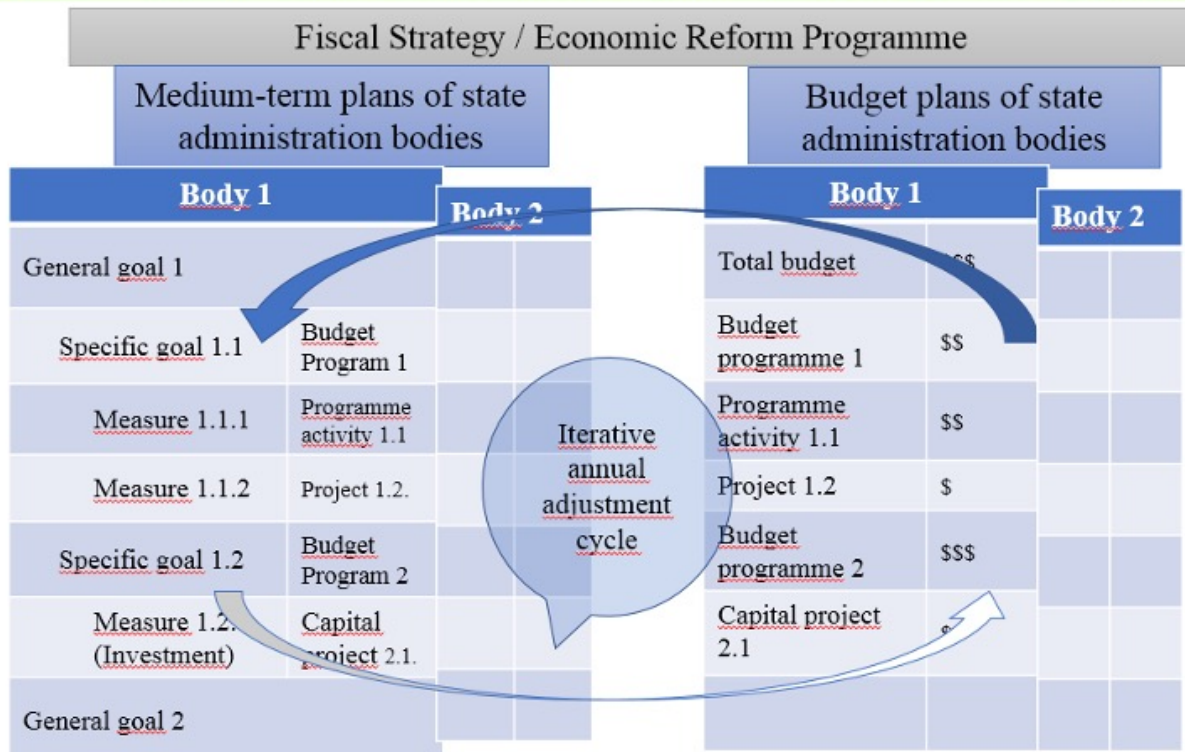


Graph 3. How to reach medium-term plans and budgets

# Development Plan and Investment Plan

## Public policies established by strategies and programmes

Government priorities in the Action Plan for the implementation of the Government programme



### 3. Institutional, organizational and professional capacities in central government have been strengthened:

A new special expert organization has been established at the centre of the Government, i.e. directly responsible to the Prime Minister - Secretariat for Public Policy. It features a function typical of the central bodies - coordination of public policies and support in planning, as well as regulatory impact assessment which was introduced earlier and conducted until then in the Government Office for Regulatory Reform and Regulatory Impact Assessment. The office, namely all of its staff was merged with the Public Policy Secretariat.

Great efforts have been made to strengthen the capacity of employees. In the past five years, numerous training courses, study visits and professional trainings have been carried out for both the staff of the Public Policy Secretariat and for several hundred employees in various state administration bodies and associates from the non-governmental sector. Most often the training was funded by international development assistance projects (IPA and the like). Several basic training courses for civil servants are regularly organized as part of the program of formerly Human Resources Management Service of the Government and today the National Academy of Public Administration and are performed by



employees from the PPS. The training focused on specific topics related to impact analysis, strategic planning, use of data and quantitative methods, regulatory impact analysis, communication, results management, problem solving, negotiation, reporting.

Public policy related activities have been officially recognized in public administration (since 2019 when the Decree on determining competences for the work of state bodies was adopted. This decree regulates in detail the conduct and general functional competences in particular areas of work, the way they are determined and the areas of knowledge and skills to which they relate. The study and analytical tasks defined in Article 21 cover the areas of knowledge and skills for collecting and processing data from various sources, including the ability to critically evaluate and analyse the information available; drafting sectoral analyses; ex ante and ex post analysis of the effects of public policies/regulations; identifying the resources needed to manage public policies - costing; methodology for preparing public policy documents and formal procedure for their adoption; methodology for monitoring, implementing, evaluating and reporting on public policy effects.

## Conclusion

The described reform regarding the change in the way of work in the state administration by introducing principles related to public policy making and decision making based on analyses, stakeholder participation and responsibility for the results has been substantially established in the last five years, primarily due to the efforts of the Public Policy Secretariat. However, a key prerequisite for the effectiveness of this reform is to change the culture in public administration, but also in the wider community - from a bureaucratic hierarchical culture to a culture of equality, critical thinking and focus on results and well-being for citizens. This shift is very difficult, but it is important for any strategy to be implemented. The key to success in changing culture are people. The previous period was marked by a ban on external employment in the public sector, which has lasted from 2014 and continues to this day. Modern government requires modern education as well. Academic institutions in higher education require educational programmes that educate individuals capable of critical thinking who are able to form a judgement based on a variety of sources and findings. The Erasmus plus PPMA project aims to introduce such teaching in Serbia with the help of renowned partner universities from EU. See more at [ppma.pmf.uns.ac.rs](http://ppma.pmf.uns.ac.rs)

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