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ASSESSING POLITICAL INTEGRITY RULES IN SERBIA

INTEGRITY WATCH WESTERN BALKANS & TURKEY



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Assessing Political Integrity Rules in Serbia

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Assessing Political Integrity Rules in Serbia

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Transparency Serbia is a non-governmental organisation established in 2002, and national chapter and representative of Transparency International in Republic of Serbia. The Organization promotes transparency and accountability of the public officials as well as curbing corruption defined as abusing of power for the private interest in Serbia.



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LIST OF ABBREVIATIONS

| | |
|------------|-------------------------------------|
| APC | Agency for Prevention of Corruption |
|------------|-------------------------------------|

| | |
|------------|---------------------------------|
| LPC | Law on Prevention of Corruption |
|------------|---------------------------------|

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|-------------|--|
| LFPA | Law on Financing of Political Activities |
|-------------|--|

| | |
|-----------|--------------------------|
| MP | Member of the Parliament |
|-----------|--------------------------|

| | |
|------------|---------------------------|
| LPP | Law on Public Procurement |
|------------|---------------------------|

EXECUTIVE SUMMARY

This assessment is an in-depth diagnostic of the laws and regulations regarding the disclosure of important information on assets and interest declarations of public officials, political finance and public contracting topics. The three topics: asset and interest declarations, political finance, and favouritism in public contracting and licencing were selected based on their importance for creating an environment of accountability, fostering trust in public institutions, and reducing opportunities for corruption. While public contracting covers aspects beyond political integrity issues, we have chosen political-connection aspects of them that concern the conflicts of interest between public officials with contracting authority on the one hand, and suppliers, bidders and licencing applicants. This assessment was originally designed for the lawmakers, officials and stakeholders that will support efforts to advance reforms in these areas.

Assets and Interest Declarations

Strengths

The Agency for Prevention of Corruption (APC) keeps a register of the assets and income of public officials, and publicly available information from that register are those on incomes from public sources, ownership of real estates and vehicles, and ownership of shares in companies. Public officials must declare assets and income to the Agency for the Prevention of Corruption within 30 days of taking office. They are also obliged to report changes in the value of their property higher than the average annual salary or when there is a change to the structure of their assets. A report must also be filed within 30 days of termination of office. The APC has the authority to check the accuracy and completeness of the data from the reports, as well as the timely delivery of the reports, according to the annual verification plan adopted by the Director. The APC is not authorised to conduct criminal investigations, but some of its activities have investigative elements - verification of property and income declarations.¹

Vulnerabilities

According to the Law on the Prevention of Corruption, only some data (for example, income from public but not private sources; whether the official has bank savings, but not the amount; apartments owned by the official, but not by a family member) from the report on the assets and income of officials should be disclosed. Additionally, all data related to former public officials are deleted from the register three years after they end their mandate. The authentic interpretation of the term “public official” in the Law on the Prevention of Corruption, adopted by the Parliament, narrowed the scope of those that are obliged to submit as-sets and interest declarations.

Political Finance

Strengths

The regulation enables political entities financing from both public assets (the budgets), but they are also allowed to finance their activities from private sources. Political entities are entitled to receive compensation from the budget both for election campaign purposes² and for financing of regular work.³ There are relatively comprehensive regulations requiring political parties to make their financial information publicly available via the APC. There are a number of provisions which mandate political parties to keep and publish records of their finances but provisions on the subject and the scope of the financial control are not comprehensive enough.⁴

Vulnerabilities

The Law on Financing of Political Activities with its legal solutions on financing of political entities creates huge discrepancies among political actors: by enabling use of the funds received for regular financing for the purpose of election campaigning, thus creating advantageous position over new political competitors and parties with no representatives in the parliament, by not stipulating the limit for the election campaign budget per participant,

late deadlines for distribution of public assets during the election process, limiting political parties to use them effectively. Transparency of financing third-party campaigns in favour or against political parties is not regulated, neither is it the duty of election candidates to report on expenditures paid by them directly. There is financial oversight of political parties but it is ineffective, and sanctions for non-compliance are generally insufficient. Despite comprehensive regulations, in practice, citizens do not have complete information on political financing and rarely witness the institutional outcome of illegal financing allegations.

Favouritism in Public Contracting

Strengths

One notable strength in Serbia's regulations on public procurement is the inclusion of conflict-of-interest provisions. The Serbian Law on Public Procurement ensures that contracting authority representatives with financial or familial ties to bidders are excluded from the process, reducing favoritism risks. Additionally, the Agency for the Prevention of Corruption maintains a special register tracking public procurement procedures involving companies owned by public officials, promoting transparency. Furthermore, the timely publication of procurement information on the Public Procurement Portal ensures greater public access to data, contributing to accountability and reducing opportunities for undue political influence in contracting decisions.⁵

Vulnerabilities

A key weakness in Serbia's public procurement regulations is the lack of restrictions on officials with past remunerated positions in bidding entities, leaving room for potential favouritism through the "revolving door" phenomenon. Furthermore, companies are not required to publicly disclose their political engagement activities, creating opacity around their influence on public contracting. The wide range of exemptions in the Law on Public Procurement, particularly through special laws or interstate agreements, also allows the bypassing of standard procurement rules. This leads to contracts being awarded to politically connected entities, undermining transparency and creating opportunities for undue influence and favouritism.

Recommendations

Assets and Interest Declarations

- The Law on the Prevention of Corruption should be amended such to stipulate mandatory reporting and disclosing of the assets of public officials' companies, such as shares in other companies and real estates and information about income from licit private resources.
- The Law on the Prevention of Corruption should be amended such to stipulate legally prescribed minimal number of controls and minimum content for the control of asset declarations that the Agency for Prevention of Corruption has to perform and provide sufficient powers and resources for such controls.
- The registries managed by the Agency for Prevention of Corruption should be updated with more user-friendly interface and the possibility for downloading data in an open data format, to enable their further use.

Political Finance

- The Law on Financing Political Activities should be amended such to stipulate the responsibilities of the Agency for Prevention of Corruption and other authorities in the process of control of political activities and political entities, related to deadlines, transparency and content of the control reports.
- The Law on Financing Political Activities should be amended such to stipulate obligations and mechanisms for transparent financing of political entities: establish thresholds for the cost of the election campaign per one electoral list/presidential candidate, redefine the purpose of budget subsidies and their distribution, more precisely regulate the purpose of tax administration control of party's donors, in order to prevent abuse, introduce the system of transparent accounts that would enable the timely publishing of political parties' incomes and expenditures, and strengthen regulation of third-party campaigning and financing of activities by candidates and explicitly prohibit all forms of abuse of public assets for the campaign purposes.

- The Law on Financing Political Activities should be amended such to criminalise threats to service providers of political parties and to adequately punish all types of retribution towards both party donors and service providers.

Favouritism in Public Contracting

- The Law on Public Procurement should be amended in order to implement clear regulations that prevent public officials with previous employment or financial interests in bidding companies from making decisions or influence in public procurement procedures, i.e., the “revolving door” restriction should be introduced into Serbian legal system.
- The Law on Prevention of Corruption and the Law on Public Procurement should be amended in a way to require public officials involved in public procurement to regularly disclose any potential conflicts of interest beyond the current ad hoc system, including detailed information on personal and familial financial ties.
- The Serbian government should stop the practice of circumventing the public procurement rules through special laws and interstate agreements, which create a high risk of politically connected entities exploiting these exceptions to bypass competitive and transparent procurement procedures.

The findings presented highlight significant strengths and vulnerabilities within Serbia’s framework for addressing corruption through asset declarations, political finance regulation, and public procurement processes. The existing mechanisms, such as the public availability of asset declarations and conflict-of-interest provisions in procurement, showcase a foundational commitment to transparency and accountability. However, the study also uncovers critical gaps that undermine the effectiveness of these systems.

The strengths identified demonstrate that Serbia has established crucial baseline measures to combat corruption, such as public registers, political finance reporting, and procurement transparency. These tools provide the foundation for fostering public trust, ensuring fair competition, and promoting the responsible use of public funds. However, the vulnerabilities, including insufficient reporting requirements, inadequate oversight mechanisms, and loopholes in public procurement laws, reveal systemic risks that allow for favoritism, lack of accountability, and abuse of public resources. Addressing these issues is essential for fostering a culture of integrity and ensuring equitable governance.

The proposed recommendations target these vulnerabilities by advocating for enhanced legal frameworks, more stringent oversight mechanisms, and greater transparency. For instance, strengthening the laws that regulate asset declarations and political finance would improve the ability of oversight bodies like the Agency for the Prevention of Corruption to detect and deter corruption. Similarly, reforms in public procurement laws, such as the introduction of “revolving door” restrictions, would mitigate risks of favoritism and undue influence, ensuring a more equitable allocation of public resources.

These measures are critical for creating an environment of accountability, fostering trust in public institutions, and reducing opportunities for corruption. Moreover, they align with broader international standards, helping Serbia improve its global reputation and meet its commitments to transparency and anti-corruption initiatives.

This study acknowledges several limitations and challenges that contextualize its findings. One major limitation is the reliance on existing data, which may not fully capture informal or undocumented corruption practices. Additionally, the legal and institutional inertia in implementing reforms poses a significant challenge. Political resistance, limited resources for enforcement, and public skepticism may hinder the timely and effective adoption of proposed measures.

Despite these challenges, the recommendations provided offer a clear roadmap for mitigating corruption risks and strengthening Serbia’s institutional integrity. The findings underscore the importance of ongoing vigilance, robust legal reforms, and active citizen engagement in promoting transparency and accountability. Addressing the identified vulnerabilities will not only enhance governance but also reinforce public confidence in the country’s commitment to fairness and justice.

INTRODUCTION

The legal framework that regulates political integrity in Serbia is relatively well developed (The Law on Prevention of Corruption, The Public Procurement Law, The Law on Financing of Political Activities, The Law on Lobbying, The Law on State Audit Institution etc). This framework in the past decade brought to institutional set-up that is considered as one of the greatest assets of the integrity system (The Agency for Prevention of Corruption, The Public Procurement Office, The State Audit Institution, The Ombudsman, The Commissioner for Free Access to Information of Public Importance, The Anti-corruption Council etc). Most of the data that should ensure political integrity are made available on-line through various set of registries managed by state bodies and independent institutions, however, the inconsistency of data presentation, non-machine-readable formats, delay in publishing etc. present obstacle in holding political actors accountable.

The practice showed that significant improvements are needed in almost all areas. Reforms are needed to address specific issues related to Serbian legal system, even though legislation generally fulfils good international standards. In time, institutional framework proved to be fragile. Constitutional and legal guarantees of institutional independence and principles of checks and balances are diverted in practice by the division of real political power. The ability and willingness of most institutions to fulfil their role in curbing or preventing corruption ultimately relies on Parliament. However, Parliament shows little interest in supporting and improving the work of independent institutions. Predominance of one political party with centralized internal structure, leaves MPs with no space for independent disposing with their mandates, and subordinated to the executive authority where the decision-making power lies in practice.

The legislation regulating the work of independent institutions should transform legal powers of responsible oversight institutions into clearly defined duties. However, the legislative reforms are not sufficiently driven by national stakeholders and domestic interest, rather with recommendations and criticism from relevant international organisations in which the Republic of Serbia is a member. The authorities are even reluctant on acting upon these requests, as the current state of play with its loopholes provides ample space for scarce integrity. The reforms are implemented with significant delays and only to fulfil minimal requirements that would ensure positive opinions of these organisations.

METHODOLOGY

The methodology for this assessment is based on the Integrity Watch framework developed by the Transparency International Secretariat (TI-S). It is designed to evaluate the political integrity regulations in selected countries, with a specific focus on asset and interest declarations, political finance, and public contracting and licensing. The aim is to identify regulatory gaps, assess the effectiveness of existing frameworks, and provide actionable recommendations to improve transparency and accountability.

1. DATA COLLECTION



The assessment relies on both primary and secondary sources of data:

- **Primary Data:** Collection of laws, bylaws, rulings, and decisions applicable to political integrity, including asset declarations, political finance regulations, and public contracting rules. This includes the most recent legislative amendments and their practical implications.
- **Secondary Data:** Reports, analyses, and databases, especially from Integrity Watch's own platform and government portals, were reviewed to supplement factual data on political integrity.

2. SCOPE OF ANALYSIS



Three main topics were selected for analysis:

- **Asset and Interest Declarations:** This involves evaluating the comprehensiveness of rules requiring public officials to declare assets and interests, with particular focus on high-risk officials such as Politically Exposed Persons (PEPs).
- **Political Finance:** This includes examining regulations governing political donations, campaign financing, and the influence of third parties in elections and political decision-making.
- **Public Contracting and Licensing:** This area focuses on the potential for conflicts of interest in public procurement processes and the role of political connections in the issuance of licenses.

3. ASSESSMENT DIMENSIONS



The questionnaire assesses each set of regulations across 12 dimensions, categorized into three main groups:

- **Extent:** Evaluates the existence and scope of the regulations.
- **Transparency:** Examines the accessibility, comprehensiveness, and reliability of the disclosed information.
- **Accountability:** Assesses the strength of compliance mechanisms, enforcement agencies, and sanctions for breaches of political integrity.

4. EVALUATION CRITERIA



Each aspect of the regulations is rated on a four-point scale:

- Not at all
- Some extent
- Most extent
- Full extent

This scale allows the assessment to measure the level of implementation and effectiveness of regulations, considering both the written laws and their application in practice.

5. VALIDATION



To ensure the accuracy of the assessment, all findings were cross-referenced with relevant stakeholders and publicly available data sources. Peer consultations were conducted where necessary to substantiate findings, and recommendations were formulated based on the results.

6. RECOMMENDATIONS



For each dimension assessed, up to three recommendations are provided. These recommendations target regulatory improvements, practical enhancements in enforcement mechanisms, and strategies to close existing loopholes. Each recommendation is addressed to the appropriate agency, such as the Ethics Committee, oversight bodies, or lawmakers.

7. REGIONAL COMPARISONS



The methodology allows for a comparative analysis across countries in the region, identifying best practices and weaknesses in political integrity regulations. This comparative approach aims to foster a shared learning environment for the adoption of robust anti-corruption measures.

LIST OF INDICATORS AND SUB-INDICATORS

Pillar 1: Asset and Interest Declarations

MAIN INDICATORS:

1. Extent

- Existence of regulations governing asset and interest declarations.
- Goals of the regulations (e.g., conflict of interest prevention).
- Scope of regulations (e.g., high-risk officials, family members).

2. Transparency

- Comprehensiveness of declarations (e.g., disclosure of assets, employment, secondary income).
- Reliability (e.g., updates, inclusion of family interests).
- Timeliness (submission deadlines and publication requirements).
- Openness (public access, centralized platforms, searchability).

3. Accountability

- Compliance systems (support for accurate reporting, electronic submission).
- Empowered agencies (independent oversight and verification).
- Verification mechanisms (audits, cross-referencing with other data).
- Deterrence (sanctions for non-compliance, effectiveness of enforcement).

SUB-INDICATORS:

- Laws and bylaws relevant to asset declarations.
- Compliance with updates (e.g., frequency, family members' inclusion).
- Existence of public access to asset declarations.
- Presence of a dedicated agency for overseeing declarations.

Pillar 2: Political Finance

MAIN INDICATORS:

1. Extent

- Existence of regulations for political finance (laws, dates of enforcement).
- Goals (levelling the playing field, curbing undue influence).
- Scope (reporting obligations for parties, candidates, legal entities).

2. Transparency

- Comprehensiveness (reporting of income, expenses, donations).
- Reliability (bookkeeping, financial controls, audit reports).
- Timeliness (campaign and annual reporting deadlines).
- Openness (public access to political finance reports, centralization).

3. Accountability

- Compliance systems (facilitation of accurate reporting).
- Empowered agency (functional independence, funding for enforcement).
- Verification (audits, third-party collaboration for cross-checks).
- Deterrence (sanctions for breaches, complaint mechanisms).

SUB-INDICATORS:

- Laws on financial transparency for political parties.
- Requirements for timely submission of campaign finance reports.
- Accessibility of political finance data to the public.
- Presence of sanctions for non-compliance with political finance rules.

Pillar 3: Favouritism in Public Contracting and Licencing

Main Indicators:

1. Extent

- Existence of regulations for ethical public procurement.
- Restrictions on officials (conflict of interest rules, revolving door policies).
- Influencing (disclosure of political engagement by contractors).

2. Transparency

- Comprehensiveness (disclosure of procurement details, contractor contributions).
- Timeliness (publication of procurement information in open formats).

3. Accountability

- Verification (cross-checking procurement declarations with political finance data).
- Deterrence (sanctions for non-compliance, redress mechanisms for breaches).

SUB-INDICATORS:

- Laws on public procurement/licencing ethics.
- Disclosure obligations for contractors (e.g., political donations).
- Existence of procurement oversight agencies.
- Sanctions for conflict-of-interest violations in procurement.

ASSESSMENT RESULTS

TOPIC 1: ASSET AND INTEREST DECLARATIONS

1.1. Extent

List the laws, policies, or regulations governing the collection or reporting, verification, publication and appropriate accountability of Asset and Interest Declarations (or equivalent), and management of conflicts of interest particularly in public contracting and licencing, indicating:

- **links to or digital copies of documents**
- **When were they first passed/did first enter into force? (dates)**
- **When were last amended, and what specific issues were addressed by such amendments (dates)**

The Law on Prevention of Corruption (Official Gazette no. 35/2019, 88/2019, 11/2021 – authentic interpretations 94/2021 and 14/2022). This LPC was adopted in May 2019 and its implementation began in September 2020, thus replacing the previous Law on Anti-Corruption Agency which has been in force since 2010. Although the LPC was adopted relatively recently, it has already been amended five times, and its provisions were the subject of authentic interpretation before the National Assembly. An authentic interpretation is the interpretation of a legal norm or other rule given by the legislator itself. The Law regulates reporting on assets and incomes in chapter VII, articles 67-76: establishing of a registry, officials' duties of reporting, contents of the reports, transparency of the data from the reports and their verification; The Law regulates conflict of interest in chapter III and IV, articles 40-55: definition, reporting to the APC, initiation of procedure, engagement of the officials in activities outside their incumbent, engagement in political entities, transfer of management rights and post-office limitations.

The Constitution of the Republic of Serbia (Official Gazette no. 98/2006 and 115/2021).

To what extent do the regulations provide for the following goals:

- **prevention of conflicts of interests.**
- **detection of variations in wealth of the senior, high-risk, elected and appointed public officials (e.g. PEP); and increasing public scrutiny and bolstering confidence in the integrity of public officials?**

Conflict of interest prevention rules do exist in the legal system and they are defined in the Constitution and relevant laws, with the LPC being the most comprehensive, as it applies to most public officials, either as only regulation or as a supplement regulation. According to LPC, conflict of interest is a situation where a public official has a private interest which affects, may affect, or appears to affect the discharge of public office. As it can be seen, the definition of conflict of interest in this law includes both actual and potential conflicts. It is also related to the constitutional ban of the conflict of interest. Public officials do not have to disclose at the beginning of their mandate other types of potential interests, coming from, for example, previous contracts with companies or valuable gifts received before taking office, even if such connections may potentially raise a conflict of interest during their mandate. In line with the LPC officials are obliged to report their assets and incomes within 30 days of taking office, and officials are obliged to report "important changes" – increase or decrease of more than annual average net salary in the status of their assets and incomes, and two years after expiration of incumbent. The APC checks the accuracy and completeness of the data in the Report, as well as the timeliness of the submission of the Report, according to the annual inspection plan adopted by the director based on the category of public officials, the amount of their income and the amount of financial resources from the budget available to the public authorities in which public officials hold public office. The APC checks the accuracy and completeness of the data in the Report, if it suspects that the correct and complete data are not reported in the Report. Assets and income registry provides following information to the public: name and surname of public official, the public function he performs, the source and amount of the public official's net income received from the budget and other public sources, the right to use the apartment for official purposes, except for the address where the apartment is located, right of ownership or right of lease on immovable property, except for the address where the immovable property is located, the right of ownership or the right of lease of a public official on movable property subject to registration, except for their registration number, deposits in banks and other financial institutions without the

name of the bank or other financial institution and without specifying the type and number of accounts and the amount of funds in the accounts, shares in a legal entity, shares in a legal entity in which the legal entity from previous point has more than 3% of shares, entrepreneurship.

To what extent do regulations unambiguously define the responsibility for officials at the most at-risk agencies and positions to submit interest and asset declarations, including:

- **At-risk high-level officials (PEPs)**
- **Elected officials (national, subnational)**
- **Family: partners, children**
- **Associates**

The duty for public officials to file a declaration of assets and income (that covers also the duty to report on some other types of interests) has existed since 2004, and currently it is prescribed by the LPC. From January 2010, the coverage significantly increased, and included officials in all branches and levels of government. However, the Parliament, through authentic interpretation of the Law in 2021, significantly reduced the number of officials covered by the legislation. Some important stakeholders are not covered by the definition of public official, without due justification, such as directors of indirectly state-owned companies. Some individuals with potential high influence in designing government policies are not considered public officials nor have specific conflict of interest rules (such as advisors to the president, prime-minister and minister, heads of cabinets). Furthermore, there are no asset declaration rules for employees of the public administration (not even for those working in high corruption risk positions), with some exceptions (e.g., in some departments of the Police).

1.2. Transparency

To what extent are reporting obligations sufficiently comprehensive to enable the detection of:

- **...conflicts of interest, by requiring declaration of secondary employment; prior remunerated positions in companies and other outside activities; shares and stocks in companies, beneficial ownership in companies, securities, and others relevant?**
- **...unexplained variation of wealth, by requiring the value of bank deposits, cash, immovable assets; movable assets, including art, stocks, securities, and gifts, among others relevant?**

Elected official has to list his/her interests such as shares in private companies, assets, membership in associations, loans and information about household members. On the other hand, officials do not have to expose at the beginning of their mandate other types of potential interests, coming from, for example, previous contracts with companies or valuable gifts received before taking office, even if such connections may potentially raise a conflict of interest during their mandate. Public officials are required to disclose "suspicions of conflicts of interests" which may arise during the course of their work and if they fail to do so, it may be reported or investigated. Asset declarations do cover most relevant financial interests and assets. Gifts are not necessarily reported in asset declarations, but separately, when such a gift is offered or received, but only if it was "connected with public office." Other gifts should be visible in asset declarations, if they resulted in a significant change of the value of assets. The required frequency of declarations could be considered mostly adequate, as officials have to submit it upon taking and leaving office and also during term in office, as well as annually, in case of significant changes in the assets' value. However, in case other changes do not necessarily affect the property value, there is no requirement to submit an annual declaration. There are duties and restrictions in place for former public officials. They have to submit asset declarations in the two subsequent years after leaving office. Furthermore, they have to seek permission from the APC if they intend to work for or have other types of business relations with companies and other subjects having business cooperation with the public body they previously worked in. In 2023, APC verified reports on assets and incomes of 277 public officials, including 8 extraordinary verifications based on suspicion on accuracy and completeness of data. APC initiated 175 procedures against public officials for delays in reporting obligations and failures to report important changes during the incumbent. ACA issued 178 warning measures and 8 measures of public declaring decisions on violation of the LPC.

Are information on previous employment, affiliations, ownership, relationships, and interests of contracting and/or licencing authorities required to be disclosed as part of regular Asset and Interest declaration?

According to the LPC public official is obliged to disclose in their assets and income report shares in a legal entity, shares in a legal entity in which the legal entity from previous point has more than 3% of shares and entrepreneurship. This information is publicly available.

Are contracting and/or licencing authorities required make ad hoc declarations of no-conflicts of interests (sworn statements, affidavits, etc.) on the relationships they have with specific bidders or applicants at the onset of contracting and licencing procedures, as appropriate?

The contracting authorities are not required to make ad hoc declarations of no-conflicts of interest on the relationships that they have with specific bidders.

To what extent do regulations provide for the collection and reporting of...

- **information to be submitted by public officials themselves?**
- **regular updates of significant changes in assets or interests?**
- **declarations to include assets and interests of family (e.g. spouses) and other associates?**

Public officials must declare assets and income to the Agency for the Prevention of Corruption within 30 days of taking office. They are also obliged to report changes in the value of their property higher than the average annual salary or when there is a change to the structure of their assets. A report must also be filed within 30 days of termination of office. Declarations filled by an official also have to cover some household members, i.e., spouse or extra-marital partner and minor children of officials, either natural or adopted. Other members of the household (e.g., parents, siblings, adult children) are not covered.

To what extent do regulations set clear and reasonable timelines for:

- **the submission of declarations?**
- **their publication?**
- **declaration and publication of regular updates?**

Public officials must declare assets and income to the Agency for the Prevention of Corruption within 30 days of taking office. They are also obliged to report changes in the value of their property higher than the average annual salary or when there is a change to the structure of their assets. A report must also be filed within 30 days of termination of office. A person who has ceased public office is obliged to submit a report two years after the end of public office according to the situation on December 31 of the previous year, no later than the deadline for submitting the annual tax return for the determination of personal income tax, provided that the property and income are significantly changed compared to the previous year. The Agency compiles and maintains the Register of Assets and Income of Public Officials, which contains data from the Report.

Does an agency, public or otherwise, effectively publish the information thus received 1) online, 2) in a centralised location so that it is easily located, in formats that are 3) downloadable, 4) comparable, and 5) searchable by the public, in 6) user-friendly platforms, and 7) free-of-charge manner? To what extent the exceptions to the publication of the information are minimal and well justified?

Public officials' asset declarations are only partially accessible to the public. They are published by the APC in the Registry of Asset Declarations. The database is not presented in open data, user friendly format and is not searchable, comparable nor downloadable. However, this database is free-of-charge and does not require registering of an account. One may assess the content of all asset declarations after selecting a public official that person is interested in. Information about former officials remain in this database three years after the mandate expiration and upon their erasing from it, this information is not available, even on the basis of free access to information requests.

Is the regulation specific on open data standards that could allow detection of political corruption risk? For example, but not limited to:

- **Minimum information required.**
- **Unique identifiers that for cross comparison with other datasets**
- **Open and machine-readable formats**

The LPC stipulates in detail data from assets declarations that are disclosed to public. The LPC does not stipulate requirements on the quality of public presentation and the use of machine-readable formats. However, the Law on e-Governance provided basis for establishing of Open Data Portal where the authorities are obliged to publish open data from the scope of their jurisdiction in a way that enables easy searching and reuse. However, for the purpose of reuse, the authority is not obliged to create or adapt open data if this requires a disproportionate expenditure of time or resources.

1.3. Accountability

To what extent do existing systems facilitate reporting? Do regulations empower an agency or official to facilitate tools for the accurate and timely reporting and publication of required data, through e.g. advisory services, electronic reporting and disclosure systems (clear formats, automatised, web-based).

The APC published guides for public officials related to the reporting of assets, conflicts of interests and Code of Conduct for MPs, with some examples. Reporting is performed in an electronic form in available template, based on the instructions prepared by the APC. The details on the database and the reporting are regulated by the by-law on the register of public officials and the assets and income declarations. After receiving the confirmation of the electronic registration of the Report, the public official submits the signed Report in printed form to the APC, directly or by post, immediately, and no later than within eight days from the day of receiving the confirmation.

To what extent do regulations clearly endow an agency with functional independence and a mandate to ensure monitoring the implementation of regulations, timely conduct of verifications, investigations and sanctioning in cases of non-compliance, as well as adequate funding to train and professionalize staff on the job and keep up appropriate technology?

There is an independent mechanism in place to check samples of declarations, aimed at ensuring compliance and that filings are complete and correct. The APC has to conduct such checking based on its annual verification plan. However, the number of such audits is not determined in the LPC. The LPC provides for both criminal and misdemeanour sanctions in case of violations of the rules. In the case of intentional hiding or intentional rigging of data on assets and income, an official may be sentenced to prison between six months and five years. Following such a sentence, their term in office will be terminated and a ban imposed for obtaining a new position within the ten years period. There is also a fine for officials that fail to submit declarations in a timely manner or submit incomplete declarations. The ACA publishes decisions on violation of the LPC on its web-site and the statistics including number of initiated misdemeanour procedures, their outcomes, types of sanctions, classified by gender but with no information on the amounts sentenced is published in the Annual Report on work of the ACA under the section "gender perspective of corruption prevention". The quality of the verification process performed by the APC may not be externally assessed, as it is fully confidential. Furthermore, the outcomes of cases where some wrongdoing is identified are not always visible to the public.

Do(es) agency(ies) invest resources to verify declarations? To what extent does the agency effectively verify the information received, request missing or additional information, conduct audits, and engage with other agencies or external parties to verify information received as necessary?

The APC is mostly able to check whether public officials submitted their assets disclosure at the beginning of mandate, upon expiration of the mandate and after appointment on some additional public function. Such checking is based on information that the APC receives from the institutions where the appointment and dismissal took place and the share of public officials covered by such basic checks is high, although not exactly known. On the other hand, the number of substantially verified declarations is relatively low. Approximately 5% of all public officials are covered by such verifications during typical four-year mandate.

Do the regulations effectively mandate the agency to cross-reference information from Asset and Interest Declarations and/or additional ad-hoc disclosures by contracting authorities with beneficial ownership and business registries of companies that are government suppliers, bidders and licencing applicants?

According to the LPC public authorities and other entities exercising public powers are obliged to, upon written and explained request of the Agency, in order to perform tasks within its competence, provide the Agency with direct access to the databases they maintain in electronic form. This is obligatory also for other legal entities, with the exception of banks and other financial institutions. The APC may, in order to carry out tasks under its competence, obtain data on the accounts of public officials from banks and other financial institutions, and data on the accounts of other persons with their consent. If, upon checking of assets and declarations, ACA suspects that a public official is concealing the real value of his property or income, the Agency may request that related persons directly submit information on their property and income within 30 days from the date of receipt of the request.

To what extent do rules allow for investigations that lead to credible, proportional sanctions? Does the agency credibly implement regulations and deterrents against non-compliance, including complaint systems, investigations, and proportional sanctions on infringements, including administrative and criminal liabilities?

When it comes to sanctions for presenting false and incomplete information in asset declarations, the main impression is that they do not have a deterrent effect. First of all, the number of such cases identified is very low, criminal procedures last long, most criminal charges are dismissed completely and even when there is a court verdict, punishments are only conditional. The cases of identified wrongdoing are not promoted in the public, in order to achieve greater compliance in the future. The APC does not publish decisions in cases where only a warning measure is issued against the official who violated the LPC. One may assess their decisions only where recommendations for dismissal, recommendations for resignation or decisions that the former official violated the law are issued.

To what extent do rules enable adequate resolution of cases?

When there is failure to submit declarations, or when conflicts of interest are disclosed or detected, how adequate are the rules for managing them in practice?

When undeclared or unexplained changes in assets are detected, how adequate are the rules to investigate and prosecute them in practice?

While the APC enjoys a very high level of independence in the law, there are practical examples where its independence in performing its duties was challenged. This relates to instances where the APC was allegedly too lenient when deciding about a possible violation of the law by high-level ruling party officials, deciding to apply weaker measures (a warning and not a recommendation for dismissal) or failed to investigate all relevant data. The APC's decisions and recommendations relating to violations of conflict of interests and other rules are not always followed, e.g. not all public officials were dismissed after the recommendation of the APC. The ACA publishes the statistics on conflict of interest including number of requests for additional engagement, decisions upon them with the outcome, number of reported suspicions to conflict of interest and ACA's opinions classified by gender, also statistics on assets and income declarations including number of initiated misdemeanour procedures, their outcomes, types of sanctions, classified by gender but with no information on the amounts sentenced is published in the Annual Report on work of the ACA under the section "gender perspective of corruption prevention".

To what extent do measures such as recusal, resignation, divesture, reassignment, termination, etc. adequately help manage conflicts of interest by contracting authorities in public contracting and licencing procedures?

Are civil, administrative, and criminal sanctions -such as contracts null and void, fines, debarment, or recovery of funds, etc- adequate or proportionate to redress instances of favouritism or conflicts of interest in public contracting and licencing procedures?

Enlisted measures do not have impact on the prevention and management of conflicts of interest because it rarely occurs in practice. The much bigger is the issue of favouritism in public contracting, which has taken large scale in Serbia public procurement system.

The sanctions which are now in place aren't adequate or proportionate, and what is most important, they are rarely imposed. For instance, in 2023 there has been only 10 verdicts for the abuse in public procurements criminal act, while there have been over 48 thousand public procurement procedures during that year.

Pillar Recommendations

- The Law on the Prevention of Corruption should be amended such to stipulate mandatory reporting and disclosing of the assets of public officials' companies, such as shares in other companies and real estates and information about income from licit private resources.
- The Law on the Prevention of Corruption should be amended such to stipulate legally prescribed minimal number of controls and minimum content for the control of asset declarations that the Agency for Prevention of Corruption has to perform and provide sufficient powers and resources for such controls.
- The registries managed by the Agency for Prevention of Corruption should be updated with more user-friendly interface and the possibility for downloading data in an open data format, to enable their further use.

TOPIC 2: POLITICAL FINANCE

2.1. Extent

List the laws, policies, or regulations governing the recording, reporting, verification, publication, and accountability for political finance information, indicating:

- **Links to or digital copies of documents**
- **When were they first passed/did first enter into force? (dates)**
- **When last amended, what specific issues were addressed (indicate dates)**

The Law on Prevention of Corruption (Official Gazette no. 35/2019, 88/2019, 11/2021 – authentic interpretations 94/2021 and 14/2022). This LPC was adopted in May 2019 and its implementation began in September 2020, thus replacing the previous Law on Anti-Corruption Agency¹⁷ which has been in force since 2010. Although the LPC was adopted relatively recently, it has already been amended five times, and its provisions were the subject of authentic interpretation before the National Assembly. An authentic interpretation is the interpretation of a legal norm or other rule given by the legislator itself.

The Law on Financing of Political Activities (Official Gazette no. 14/2022). This law was adopted in 2022, thus replacing the previous LFPA from 2011. Although this is a ‘new’ law, it is essentially based on the previous law that has undergone many changes, which is why it formally bears the label of a new law.

Does the regulation adequately provide for, overall:

- **...levelling the playing field for political contestation for political parties and candidates --during and outside election periods?**
- **...curbing undue influence of vested interests (govt, private, foreign, criminal, etc) on election outcomes and policy decisions?**

The Law on Financing of Political Activities with its legal solutions on financing of political entities creates huge discrepancies among political actors: by enabling use of the funds received for regular financing for the purpose of election campaigning, thus creating advantageous position over new political competitors and parties with no representatives in the parliament, by not stipulating the limit for the election campaign budget per participant, late deadlines for distribution of public assets during the election process, limiting political parties to use them effectively. Political entities can be financed both from public and private sources.

The Law prohibits financing of political entity from: foreign countries; foreign natural and legal persons, except for international political associations; anonymous donors; public institutions, public companies, business companies and entrepreneurs who perform services of general interest; institutions and companies with the participation of state capital; other organizations that exercise public powers and individuals who are prohibited by law from being members of political parties; union; associations and other non-profit organizations; churches and religious communities; organizers of games of chance; importers, exporters and producers of excise goods; of legal entities and entrepreneurs who have due and unpaid obligations based on public revenues, unless otherwise specified by this law. The contribution that international political associations make to a political subject cannot be in money. It is forbidden for a political party to acquire shares or shares in a legal entity. Additionally, It is forbidden to exert any form of pressure on legal and natural persons when collecting funds for a political entity, to promise or give the appearance of any privilege or personal benefit to the donor of a contribution to a political entity, provide contributions to a political entity through a third party and concealing the identity of the donor or the amount of the contribution.

Does the regulation’s scope establish reporting and disclosure obligations applicable to:

- **Political parties (organisations)**
- **Candidates (party lists and independents)**
- **Third parties (un/coordinated)**
- **Legal entities making donations**
- **Media outlets (print, broadcast, online)**
- **Online platforms (search engines, social networks, messaging services, etc)**
- **Political consulting companies**
- **Others**

There are relatively comprehensive regulations requiring political parties, including candidates (party lists and independents), to make their financial information publicly available via the APC. However, there is no requirement for political parties to publish election campaign expenditure reports on their own websites. Transparency of financing third-party campaigns in favour or against political parties is not regulated, neither is it the duty of election candidates to report on expenditures paid by them directly. A political entity with representatives in representative bodies and registered political parties must submit an annual financial report to the APC by 30 April. Political parties are also required to record all donations and publish on their website donations that exceed the annual level of an average monthly salary (approximately €700 in 2023). These donations must be published within eight days from the date the value of the donation exceeded the amount of one average monthly salary.

2.2. Transparency

Do regulations establish that obligated subjects must timely record and report to a designated agency:

- **Income transactions, both monetary and in-kind, with the identification of the sources of public subsidies and private donations, loans, discounts, credits, in kind and monetary, incl. beneficial owners in case of legal entities; distinguishing campaign periods;**
- **Itemised expenditure transactions with the identification of vendors against which expenditures are incurred, distinguishing campaign periods;**
- **the clear concept, date, and value (cash or in-kind) of each income and expenditure transaction (e.g. political consultancy, advertising, etc)**

The 2022 LFPA legislative amendments introduced an obligation for political entities competing in the election to submit two reports on election campaign expenditures, which are also published on the APC website. Firstly, political contestants must submit a preliminary report on election campaign expenditure five days before election day, and a final report within 30 days from the date of publication of an aggregate report on the election results. The reports must include information on the origin, amount and structure of raised and spent funds from public and private sources, credits and loans. A political entity with representatives in representative bodies and registered political parties must submit an annual financial report to the APC by 30 April. The report must include information on donations and assets, together with the previously obtained opinion of a certified auditor. In the income section, political parties must list the names of all donors who made financial or service contributions to the party. The submitted report should include the value of each contribution. Also, all the expenditures, including online campaigning expenditures, must be reported in a designated section.

Do regulations effectively compel to -at least- political parties, candidates and third parties to apply minimum controls, such as:

- **essential bookkeeping (incl. by treasurers or accounting professionals);**
- **manage cash flows through dedicated bank accounts;**
- **due diligence checks before accepting the donations or expenditures;**
- **audited financial reports**

There are a number of provisions which mandate political parties to keep and publish records of their finances but provisions on the subject and the scope of the financial control are not comprehensive. Political entities that have representatives in representative bodies and registered political parties are obliged to keep accounts of all income and expenses and to keep special records on contributions, gifts and services provided without compensation, i.e. under conditions that deviate from market conditions, as well as records on property. All transactions are made through dedicated bank accounts. For the purpose of collecting funds to finance the election campaign, the political entity opens a special account, which cannot be used for other purposes. The annual report on the financing of the political entity, which also contains data on contributions and assets, must be submitted to the APC with a previously obtained opinion of an authorized auditor.

Do regulations effectively provide for the submission of reports and their publication within reasonable timelines, namely:

- **Campaign interim reports for candidates, political parties and third parties, both income and expenditure incl. individual transactions (fortnightly or as possible as in real time in election campaigns.**
- **Campaign period reports by candidates, parties and third parties (after election day);**
- **Annual report incl. financial statements for political parties.**

Political contestants must submit a preliminary report on election campaign expenditure five days before election day, and a final report within 30 days from the date of publication of an aggregate report on the election results. The preliminary report on the expenses of the election campaign is published on the Agency's website within three days from the day of receipt of the properly submitted report in the prescribed form, and the final report on the expenses of the election campaign is published on the Agency's website within seven days from the day of receipt orderly and in prescribed form of submitted report. A political entity with representatives in assemblies on any level (national, provincial or local) and registered political parties must submit an annual financial report to the APC by 30 April. These reports have to be published on the APC's website and must be published on the websites of the political entities within eight days of their submission to the APC.

To what extent is political finance information publicly accessible to citizens? Do regulations mandate the oversight agency receiving the reports to publish them in timely and accurate fashion, accessible online, centralised so that it is easily located, downloadable, comparable, and searchable in a user-friendly, and free-of-charge manner by the public? Indicate if exceptions to the publication of comprehensive information are minimal and/or well justified, as well as whether political parties and campaigns are required to publish the information themselves.

The preliminary report on the expenses of the election campaign is published on the Agency's website within three days from the day of receipt of the properly submitted report in the prescribed form, and the final report on the expenses of the election campaign is published on the Agency's website within seven days from the day of receipt orderly and in prescribed form of submitted report. The annual report on the financing of the political entity is published on the Agency's website within seven days from the date of receipt of the annual report on the financing of the political entity submitted in the prescribed form and must be published on the websites of the political entities within eight days of their submission to the APC. The registries of the APC are not in a machine-readable format, but are however free-of-charge.

Is the regulation specific on open data standards that could allow detection of political risk, such as unique identifiers that for cross comparison with other datasets?

The LPC stipulates in detail data that the reports should comprehend and that are disclosed to public. The LPC does not stipulate requirements on the quality of public presentation and the use of machine-readable formats. However, the Law on e-Governance provided basis for establishing of Open Data Portal where the authorities are obliged to publish open data from the scope of their jurisdiction in a way that enables easy searching and reuse. However, for the purpose of reuse, the authority is not obliged to create or adapt open data if this requires a disproportionate expenditure of time or resources.

2.3. Accountability

To what extent are there systems in place to facilitate reporting? To what extent does the relevant oversight agency facilitate accurate, timely reporting and publication through e.g. advisory services, clear formats, digital reporting, and disclosure systems, etc.

The APC has adopted Rulebook which regulates the manner of keeping records on donations and property of political entities and the form, content, and manner of submitting the reports. APC prepares a report on the results of the monitoring of the final reports on election campaign expenditure no later than 120 days from the deadline for submitting these reports. However, the drawback is that the LFPA does not precisely determine what must be the subject of the monitoring carried out by the APC and what is the minimum amount of data that the APC should present in its report. Annual report on the financing of the political entity, preliminary and the final report on the costs of the election campaign is mandatory in both electronic and written form and it is considered that the report was not submitted in prescribed form if it is submitted only through the system for electronic submission of reports or if it is submitted only in written form.

To what extent do regulations clearly endow an agency with functional independence and a mandate to ensure monitoring the implementation of regulations, timely conduct of verifications, investigations and sanctioning in cases of non-compliance, as well as adequate funding to train and professionalize staff on the job and keep up appropriate technology?

The APC has the mandate to check the accuracy of reported incomes and expenditures in annual and election campaign finance reports. The control of the reports is performed following the plan adopted by the APC. The Law envisages sanctions for not submitting financial reports to the Agency in full and a timely manner. However, the Law lacks comprehensive provisions on the subject and scope of the financial control. The legislation empowers the APC to obtain free access to bookkeeping records and financial documents of political parties. The APC does

not have adequate resources to achieve its goals in practice in all its competencies, it lacks the sufficient budget, human resources, and the office space. Comparatively, the Agency's independence is very high. However, the Agency's independence has been called into question on several occasions, in the past 10 years, particularly in connection with the selection of its directors, their resignations and decisions. The Agency's independence was challenged based on dealing with some prominent cases related to the ruling party and its high-level officials.

Do(es) agency(ies) invest resources to verify compliance with political finance rules? To what extent does the agency effectively verify reports, request missing or additional information, monitor undeclared income or expenditure, conduct audits, and engage other agencies or external parties to obtain additional information as necessary, in particular from public procurement and company registries?

The APC does not respond promptly to most alleged violations, especially during the election campaign. Considering the number of complaints submitted by CSO observers against political parties for breaching legal provisions, the impression is that the APC's control of political parties' financial reports is superficial and futile. In its annual report, the APC provides only aggregated data on the total number of initiated proceedings and court decisions without any reference to specific irregularities noted in the previously published control of the final election campaign expenditure reports. The 2022 LFPA stipulates that the SAI conducts an audit of the appropriate number of political entities that have representatives in parliament. The term appropriate number is not defined, which leaves room for a biased selection of political parties to be audited. The annual tax control plan should include the control of donors of funds, and/or goods and services to political entities. The list of donors that should be subjected to tax control is made on the basis of the APC's report. However, it is unclear whether the tax administration should control only those entities marked as suspicious in the APC's report, or it might pick any entity mentioned in the report.

To what extent are breaches of political finance regulations detected and sanctioned? To what extent does the agency implement complaint systems, investigations, and proportional sanctions on infringements, including administrative and criminal liabilities?

The APC does not respond promptly to most alleged violations, especially during the election campaign. The APC tends to issue warning measures instead of fines, even for repeated violations committed by the same party. Looking back, the APC and competent state bodies never addressed the allegations about a large-scale attempt to conceal a true private source of financing in election campaigns. Many publicly prominent suspicions remained without reaction from relevant authorities.

To what extent are there effective preventive measures in place to reduce the risk of illegal contributions (monetary or in-kind) by suppliers, bidders or licence applicants, directly or through third parties?

The Serbian Law on Financing of Political Activities stipulates that the financing of political entity by a natural or legal person engaged in activities of general interest pursuant to contract with organs of the Republic of Serbia, autonomous province and local self-government units and public services founded by them is prohibited throughout the validity of such contract and for a period of two years subsequent to termination of contractual relations. However, even if companies which are winning tenders aren't officially donating to political parties, it is often found that they are pro bono providing some services to political parties – such as organizing the transportation of voters – for which they are afterwards rewarded with winning in tenders.

PILLAR RECOMMENDATIONS

- The Law on Financing Political Activities should be amended such to stipulate the responsibilities of the Agency for Prevention of Corruption and other authorities in the process of control of political activities and political entities, related to deadlines, transparency and content of the control reports.
- The Law on Financing Political Activities should be amended such to stipulate obligations and mechanisms for transparent financing of political entities: establish thresholds for the cost of the election campaign per one electoral list/presidential candidate, redefine the purpose of budget subsidies and their distribution, more precisely regulate the purpose of tax administration control of party's donors, in order to prevent abuse, introduce the system of transparent accounts that would enable the timely publishing of political parties' incomes and expenditures, and strengthen regulation of third-party campaigning and financing of activities by candidates and explicitly prohibit all forms of abuse of public assets for the campaign purposes.
- The Law on Financing Political Activities should be amended such to criminalise threats to service providers of political parties and to adequately punish all types of retribution towards both party donors and service providers.

TOPIC 3: FAVOURITISM IN PUBLIC CONTRACTING (Procurement)

3.1. Public procurement

Does the public procurement framework contain rules or guidance for ethical discharge of duties by officials involved in public procurement procedures (pre-award, solicitation, tendering and post-award phases)?

To what extent do public procurement regulations establish protections from undue influence by politically connected individual and entities on contracting preparation, tailoring technical specifications, selection criteria, non-competitive procedures and other conflicts of interests?

The Serbian Law on Public Procurement prescribes circumstances what can be considered as a conflict of interest in public procurement procedures, while foreseeing the obligation of the representative of the contracting authority to be excluded from the public procurement procedure if he finds out that he is in a conflict of interest. The LPP prescribes that the contracting authority representative shall, in particular, be: 1) contracting authority/entity's manager, or responsible person, or member of the administrative, executive or supervisory board of the contracting authority/entity, 2) a member of public procurement committee, i.e., person conducting of public procurement procedure.

While the LPP doesn't explicitly mentions public officials, it is clear that such person should be excluded from conducting a public procurement procedure, however, only in a case of a conflict of interest. The lack of this prohibition is compensated by a wide range of persons covered by the rules on preventing conflicts of interest in public procurement procedures. Thus, related persons to the contracting authority representative are also considered to be those in: lineal consanguinity; collateral kinship up to the third degree; in-laws up to the second degree of kinship; relationship of adopter and adoptee; marriage, irrespective of whether the marriage is terminated or not; extramarital union; living together, and in relationship of guardian and ward.

Are there effective restrictions and incompatibilities to participate as contracting authorities to officials who:

- **directly or indirectly (through relatives, associates) have substantial financial interest (share of stock, controlling position, or similar) in bidding and licencing applicant legal entities?**
- **With past remunerated positions in active suppliers or licence holders, bidding, and licencing applicant entities in the past x years in the same area of procurement or licencing?**
- **to have concurring responsibilities for promoting investment in their areas of competence?**

There are restrictions for officials to participate as contracting authorities to officials who take part in economic operator's management, or where contracting authority representative (official) holds more than 1% of economic operator's share or stocks. Also, as already previously mentioned, the rules on conflict of interest apply to persons related to the contracting authority's representatives, specifically those who are in: lineal consanguinity; collateral kinship up to the third degree; in-laws up to the second degree of kinship; relationship of adopter and adoptee; marriage, irrespective of whether the marriage is terminated or not; extramarital union; living together, and in relationship of guardian and ward.

On the other hand, there are no regulations which would restrict the officials to participate who in the past had positions in active or which have concurring responsibilities for promoting investment in their areas of competence.

Do companies that are government suppliers publicly disclose information about their corporate political engagement activities, including but not limited to:

- **the positions on relevant policy issues affecting their core business activities.**
- **direct and indirect interactions with public officials with responsibilities in public contracting and licencing (from lawmaking to awarding procedures), including the information they provide in these interactions.**
- **On their own website or as part of lobbying and interest representation registries**

It is not a common practice for companies which are suppliers to the government, or who or not, to publicly disclose information about any political engagement activities in Serbia.

Are there reasonable limitations and incompatibilities to prevent 1) legal entities with government contracts and 2) bidders in contracting procedures from making in-kind and financial donations to political parties and campaigns? Are there ways these limitations can be circumvented in practice?

Apart from the general limitations which are prescribed by the Law on Financing of Political Activities, there are no limitations or restrictions which would prevent a bidder who has won tender or is in a contracting procedure to make a financial donation to a political party. Maximum value of donation at annual level that any legal person may give to political entities for regular work must not exceed 30 average monthly salaries.

Regarding the legal entities with government contracts, there is a prohibition prescribed by the LFPA stipulating that the financing of political entity by a natural or legal person engaged in activities of general interest pursuant to contract with organs of the Republic of Serbia, autonomous province and local self-government units and public services founded by them is prohibited throughout the validity of such contract and for a period of two years subsequent to termination of contractual relations.

In practice, legal entities (companies) do not donate to political parties, so there are no good examples from the practice whether these rules can be circumvented.

To what extent are there suppliers, bidders required to disclose (on their own websites or to the contracting authority) the contributions made to political parties, candidates and/or third parties pursuing electoral outcomes, and is this information timely published?

There is no obligation for bidders or suppliers do disclose on their website or to the contracting authority the contributions made to the political entities. On the other hand, political entity is required to publish each donation exceeding the amount of one monthly average salary on its website within eight days from the date the value of donation has exceeded the amount of one monthly average salary.

Do public officials with responsibilities in public procurement (from lawmaking to procurement procedures) timely disclose their personal interactions, meetings with, and documents received from suppliers, bidders?

There is no obligation for public officials in public procurement procedures to disclose their personal interactions, meetings and documents received from bidders or suppliers. If to happen, such situations would be considered as a conflict of interest, and the public officials would have to exclude himself/herself from the public procurement procedure.

To what extent information concerning public procurement (pre-award, tendering and post-award phases) is published in a timely manner in open data formats?

Information concerning public procurement is published in a timely manner, and is uploaded on a daily level on the Public Procurement Portal, which is the central e-procurement platform for the Republic of Serbia. However, not all information about the public procurement procedures can be downloaded and/or are available in open data formats. Certain data about public procurement procedures can be downloaded in .json, .xml, .xlsx format, but this doesn't include, for example, information about the level of competition in procedures, i.e., the number of bids.

To what extent are ad hoc disclosures on conflicts of interest or their lack thereof, requested from public officials involved in the public procurement process?

Upon the opening of tenders or requests (bids), the contracting authority representative which is involved in conducting the public procurement process must sign a statement on the existence or non-existence of conflict of interest.

Present other strengths and vulnerabilities on regulations, not mentioned before, on political integrity in the public procurement process in your country.

What can be highlighted as an example of good practice is the special register led by the Agency for Prevention of Corruption, which shows public procurement procedures in which companies that are owned, or in which public officials have stocks or shares, participated, no matter if their company won the tender or not.

There is a wide range of exemptions of the Law on Public Procurement, through which the rules on political integrity and prevention of conflict of interest in public procurement can be circumvented – such are usage of special laws or interstate agreements. Through these exemptions, contracts are often given to companies which are somehow connected either to public officials or to political parties.

PILLAR RECOMMENDATIONS

- The Law on Public Procurement should be amended in order to implement clear regulations that prevent public officials with previous employment or financial interests in bidding companies from making decisions or influence in public procurement procedures, i.e., the “revolving door” restriction should be introduced into Serbian legal system.
- The Law on Prevention of Corruption and the Law on Public Procurement should be amended in a way to require public officials involved in public procurement to regularly disclose any potential conflicts of interest beyond the current ad hoc system, including detailed information on personal and familial financial ties.
- The Serbian government should stop the practice of circumventing the public procurement rules through special laws and interstate agreements, which create a high risk of politically connected entities exploiting these exceptions to bypass competitive and transparent procurement procedures.

CONCLUSION

The assessment highlights critical issues in Serbia's anti-corruption framework, focusing on asset and interest declarations, political finance, and favoritism in public contracting. While the legal and institutional frameworks have notable strengths, such as mandatory asset reporting by public officials, financial reporting requirements for political entities, and the existence of conflict-of-interest provisions in public procurement, significant gaps undermine their effectiveness.

The study found that while asset declarations cover a broad spectrum of financial interests, the absence of regulations for disclosing previous financial ties or gifts before public office leaves potential conflicts of interest unchecked. Similarly, loopholes in political finance regulations, including weak controls over third-party campaigning and insufficient oversight of campaign expenditures, create an uneven playing field and obscure the origins of political funding. In public procurement, exemptions and the lack of restrictions on revolving-door practices provide avenues for favoritism and abuse, undermining transparency and public trust.

These findings underscore the urgent need to address vulnerabilities that perpetuate corruption risks. Transparency and accountability are vital for promoting good governance, fostering public confidence in institutions, and aligning Serbia's practices with international anti-corruption standards.

The report suggests concrete reforms, including amending laws to broaden the scope of asset and income declarations, enforce stricter oversight of political financing, and close legal loopholes in public procurement. Introducing revolving-door restrictions, enhancing transparency requirements, and ensuring adequate resources for oversight bodies like the Agency for Prevention of Corruption are crucial steps.

By implementing these recommendations, Serbia can strengthen its anti-corruption mechanisms, reduce risks of favoritism, and create a more equitable and transparent governance framework. Addressing these challenges is not only a legal obligation but also a societal necessity for sustainable democratic development.

ENDNOTES

- 1 The Law on Prevention of Corruption stipulates that the Agency must verify the accuracy of the information in property declarations following the annual verification plan “for a certain number of officials and categories of officials”, meaning that the agency can set the numbers of controls itself. In the case of a discrepancy between the data presented in the asset declaration and the actual situation or between the increase in the value of an official’s assets and their legal and reported income, the Agency must establish the cause of such discrepancy and call an official or a related person to obtain information about the actual value of the official’s assets.
- 2 Public funds designated for election campaigns (0.07% of tax revenues) are distributed in the two late cycles, limiting political parties to use them effectively. The first part of 40% is allocated only to those political entities who applied for public funds within five days of the official announcement of the election list. The second 60% is distributed within five days from the announcement of the final election results to political entities who passed the electoral threshold, proportionally to the votes won. In the case of presidential elections, the first part (40%) is allocated to nominators of candidates if they have submitted a request for public financing. The nominator of a winning candidate is awarded with the rest of the funds (60%).
- 3 Political entities whose candidates have been elected to parliament, autonomous province and/or local assemblies are eligible to receive funds of 0.105% of the tax revenues for their regular work. Political parties generate more than 80% of the reported annual income for their regular operations from public funds.
- 4 The legislation empowers the APC to obtain free access to bookkeeping records and financial documents of political parties. The 2022 LFPA stipulates that the SAI conducts an audit of the appropriate number of political entities that have representatives in parliament. The term appropriate number is not defined, which leaves room for a biased selection of political parties to be audited.
- 5 Serbian Public Procurement Portal <https://jnportal.ujn.gov.rs/>