

COMMENTS ON THE 2023 BUDGET

The budget of the Republic of Serbia for 2023 plans total revenues in the amount of 1,843.4 billion dinars (15.7 billion euros) and 2,107.4 billion dinars (18 billion euros) in expenditures, which represents an increase of 7.8% in compared to the amount provided by the budget rebalancing for 2022. The budget for 2023 is higher for 326.5 billion dinars (2.8 billion euros).

In the structure of total revenues, tax revenues amount is 1,592.8 billion dinars or 86.4%, while non-tax revenues amount is 10,200.1 billion dinars or 10.9% of the total revenues of the budget of the Republic of Serbia. The rest is made up of donations in the amount of 50.5 billion dinars, which is 2.7% of total revenues.

Justification of budget expenditures and expenditures while planning expenditures and expenditures for each budget beneficiary, the authority of the beneficiary according to the Law on Amendments and Supplements to the Law on Ministries ("Official Gazette of RS", number 116/22) was taken as a starting point, as well as their organizational, functional and programmatic structures. Gender-responsive budgeting was also applied in the formulation of program objectives, activities and projects in the program part of the budget.

According to the Minister of Finance, the budget for 2023 is based on three pillars - preservation of citizens' living standards, significant allocations for capital investments and energy. The first pillar is reflected in an increase in pensions, especially agricultural ones, as well as a 12.5% increase in salaries in the public sector, and a 25% increase in salaries in the army. A gender analysis conducted back in 2016 showed that women are the majority of people who have minimum, especially agricultural pensions.[1] Also, the majority of women in Serbia are employed in the public sector, and in that sense, this increase is also a gender-responsive measure. Nevertheless, the double increase in salaries for employees in the army compared to the public sector is gender negative, primarily due to the disproportionate distribution of funds (only 1% of women are employed in the army), but also due to unclear reasons for giving priority and prioritizing the army over others sectors, such as education, health or science. Especially considering the distribution of funds in the public sector and how much money was invested in apartments for employees in the security sector, while the same measure is not available for employees in preschool education, social protection.

Economic studies show that caring for children, the elderly, investing in education, public transport, health services, science and social innovation is crucial for gender equality and social development. Although significant funds are allocated for social protection and education or for investment in public facilities, they are small compared to funds for infrastructure projects that do not have a positive impact on gender equality or the environment. Infrastructure projects are planned for the most part for road traffic, while smaller amounts are allocated for rail traffic.

6.8 percent of GDP is determined by the budget proposal for capital investments. The funds were allocated to the Ministry of Finance and the Ministry of Construction, Transport and Investments. 7.69 billion dinars (65.62 million euros) allocated for the national stadium. Bearing in mind the economic, social and political challenges that Serbia is facing, this kind of investment is unjustified, especially from the perspective of contributing to gender equality. Even if you take into account the potential benefits of the stadium, during design, construction or later use, in terms of the importance it has for the lives of women and men, girls and boys in Serbia, this is a gender negative investment.

[1] Data from the statistical review of the PIO Fund are not classified by gender <https://publikacije.stat.gov.rs/G2022/Pdf/G20225682.pdf>, pages 40 and 44, except for data on Employees by sector of activity, gender and region and Employees by occupation, gender and region, which is a violation of Article 12 of the Law on Gender Equality.

DISTRIBUTION OF FUNDS BY MINISTRIES

Most funds are allocated for public debt financing, followed by social protection, education and transport. Sports and youth, human rights and civil society, labor market, religion and diaspora are financed the least.

Table 1. Budget overview by sector, 2023[2]

Name of the sector	2023
Agriculture and Rural Development	76.892.792.000
Science, Technological Development and Innovation	31.322.453.000
Foreign Affairs	8.610.568.000
Environmental Protection	24.712.092.000
Energy, Mineral Resources and Mining	41.020.936.000
General Public Administration Services	88.930.142.000
Transport and Communications	317.535.081.000
Labor Market	8.519.667.000
Social Protection	429.837.356.000
Human Rights and Civil Society	11.146.884.000
Urbanism and Spatial Planning	6.568.122.000
Culture and Information	15.520.599.000
Sports and Youth	5.533.593.000
Public Safety	117.305.697.000
Economic and development policy	55.024.066.000
Judiciary and legal system	64.487.762.000
Defense	160.867.361.000
Health	31.681.397.000
Religion and diaspora	1.402.835.000
Education	249.342.000.000
Political system	7.995.629.000
Public debt servicing	819.829.298.000
Financial and fiscal system	56.145.526.000
Intervention programs and reserves	132.232.393.000
TOTAL	2.762.464.249.000

[2] Budget 2023..pdf (parlament.gov.rs) page 277.

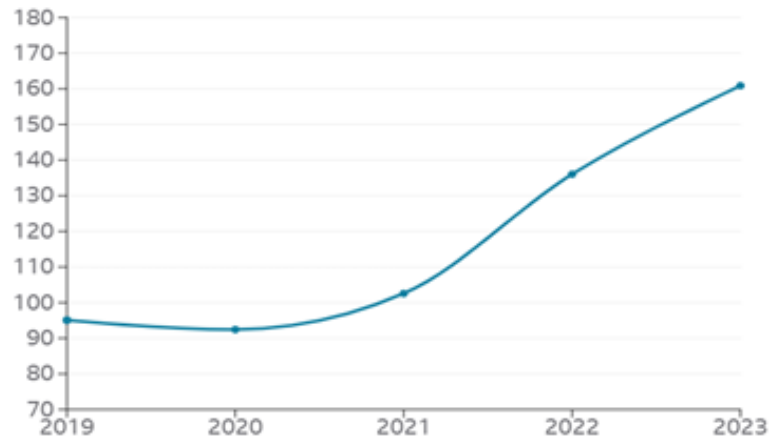
Most capital investments are planned in the budget of the Ministry of Construction, Transport and Infrastructure, followed by the Ministry of Finance and the Ministry of Internal Affairs.

Table 2. Number of planned capital expenditures of budget users by ministries

Ministry of the Interior	18
Ministry of Finance	22
Ministry of Foreign Affairs	6
Ministry of Defense	1
Ministry of State Administration and Local Self-Government	1
Ministry of Construction, Transport and Infrastructure	42
Ministry of Justice	16
Ministry of Agriculture, Forestry and Water Management	3
Ministry of Environmental Protection	2
Ministry of Education, Science and Technological Development	1
Ministry of Health	1
Ministry of Mining and Energy	1
Ministry of Culture	2
Ministry of Labour, Employment, Veterans and Social Affairs	2
Ministry of Trade, Tourism and Telecommunications	1
Ministry of Information and Telecommunications	1
Ministry of Public Investments	6
Security - Information Agency	1
Republic Hydrometological Institute	2
Republic Property Directorate Of The Republic Of Serbia	2
Administration For Joint Affairs Of Republic Bodies	1
Republic Directorate For Commodity Reserves	2
Office For Information Technologies And Electronic Governance	14
УКУПНО	148

The budget increased the most for the Ministry of Defense and the Ministry of the Interior. This has been a trend since 2016, and even during the COVID-19 pandemic, one of the biggest budget increases was for the Ministry of Defense.

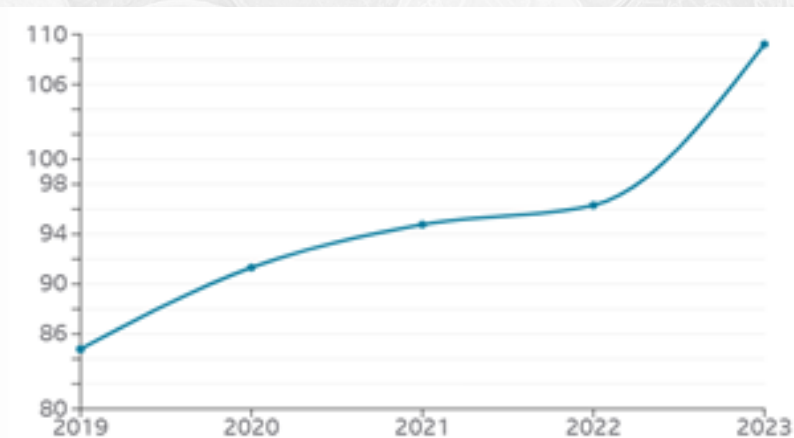
Figure 1. allocations for the Ministry of Defense



For the third year in a row, more than two percent of the gross national product is spent on defense, which is the percentage that NATO recommends to its members. In 2023, it is about 8% of the total budget. This year's defense payments of 160.87 billion dinars are higher than last year's by about 24 billion dinars .

The increase in the budget of the Ministry of Internal Affairs is even more drastic. {3]

Financing of the Ministry of Internal Affairs of the Republic of Serbia in billions of dinars [4]



During the last decade, the Department of Internal Affairs has been receiving more and more money from the budget. The Ministry of the Interior of the Republic of Serbia has announced the expansion of IT capacities, the construction of a center for information security and the expansion of telecommunications capacities for the coming year. Part of the money is also intended for the technical modernization of the surveillance system, especially at border crossings burdened by the constant influx of migrants and the activities of smuggling groups.

There is no information about how much the Ministry of Interior will allocate for the suppression of gender-based violence against women, which remains the biggest security threat for women in Serbia, especially considering the 27 femicides in 2022.

[3] <https://www.bbc.com/serbian/lat/srbija-63972031>

[4] <https://www.bbc.com/serbian/lat/srbija-63972031>

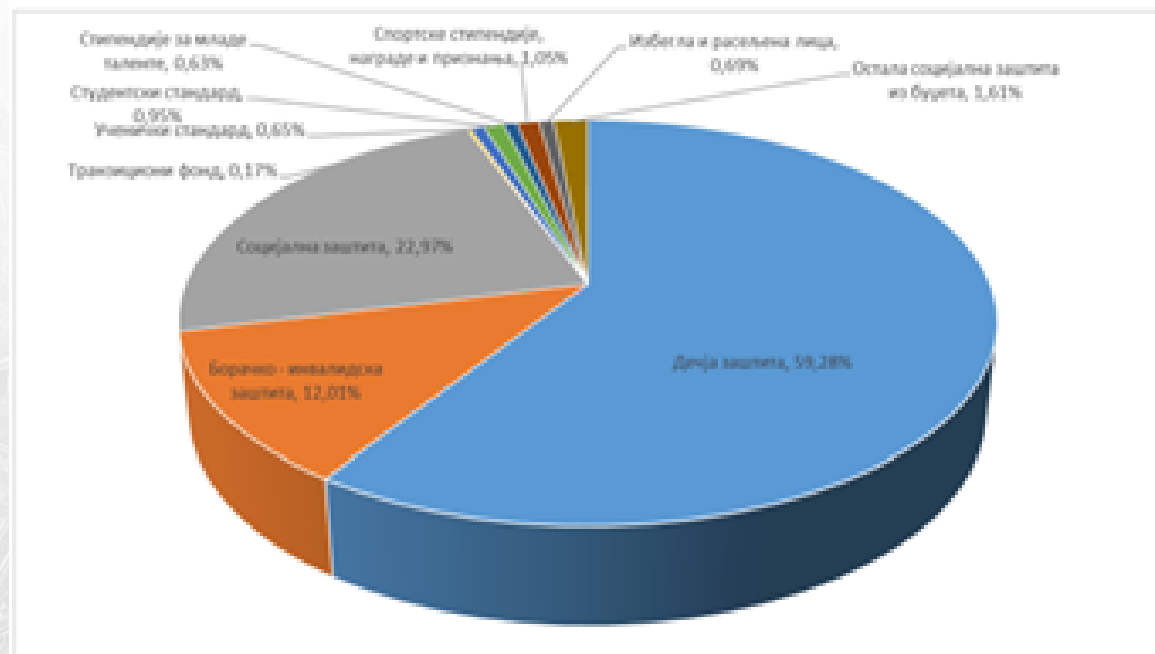
TABLE 3. BUDGET DECLINE AND GROWTH BY MINISTRIES

	Sum of 2023	Sum of 2022	Budget difference	Change index	Percentage
Ministry of the Interior	109,210,768,000	96,958,967,000	12,251,801,000	112.636068	12.64%
Ministry of Finance	1,336,194,821,000	896,583,196,000	439,611,625,000	149.0318831	49%
Ministry of Construction, Transport and Infrastructure	288,925,689,000	255,571,526,000	33,354,163,000	113.0508134	13.05%
Ministry of Education, Science and Technological Development	249,342,000,000		249,342,000,000	0	
Ministry of Labour, Employment, Veterans and Social Affairs	172,157,662,000	142,528,302,000	29,629,360,000	120.7884045	20.78%
Ministry of Defense	160,867,361,000	136,029,908,000	24,837,453,000	118.2588178	18.25%
The Ministry of the Interior of the Republic of Serbia	109,210,768,000	96,958,967,000	12,251,801,000	112.636068	12.63%
Ministry of Agriculture, Forestry and Water Management	79,704,221,000	62,074,179,000	17,630,042,000	128.401571	28.40%
Ministry of Mining and Energy	49,737,652,000	19,153,720,000	30,583,932,000	259.6761987	160
Ministry of Health	31,653,636,000	34,732,172,000	-3,078,536,000	91.13635623	-9%
Ministry of Economy	30,864,294,000	36,491,633,000	-5,627,339,000	84.5790979	84.58%
Ministry of Science, Technological Development and Innovation	30,406,810,000	30,104,035,000	302,775,000	101.0057622	1%
Ministry of Justice	21,309,939,000	21,502,595,000	-192,656,000	99.10403372	-1%
Ministry of Public Investments	20,015,229,000		20,015,229,000	0	
Ministry of Environmental Protection	18,243,640,000	15,401,911,000	2,841,729,000	118.4504962	18.26%
Ministry of Culture	14,070,101,000	14,770,854,000	-700,753,000	95.25583964	-5%
Ministry of Foreign Affairs	8,563,514,000	10,007,682,000	-1,444,168,000	85.56940558	
Ministry of Sports	4,930,562,000	6,628,999,000	-1,698,437,000	74.3786807	-25.26%
Ministry of Information and Telecommunications	4,825,325,000		4,825,325,000	0	
Ministry of Tourism and Youth	3,163,156,000		3,163,156,000	0	
Ministry of State Administration and Local Self-Government	2,243,008,000	2,569,826,000	-326,818,000	-12.71	87.28%
Ministry of Internal and Foreign Trade	1,532,157,000		1,532,157,000		
Ministry of Rural Welfare	1,448,279,000	1,567,380,000	-119,101,000	92.40126836	-7.6%
Ministry of Family Care and Demography	1,019,512,000	929,300,000	90,212,000	109.7075218	9.7%
Ministry for Human and Minority Rights and Social Dialogue	517,380,000	485,601,000	31,779,000	106.5442616	6.54%
Ministry for European Integration		1,189,634,000	-1,189,634,000	0	
Ministry of Trade, Tourism and Telecommunications		6,209,432,000	-6,209,432,000	0	
Ministry of Education, Science and Technological Development		30,104,035,000	-30,104,035,000	0	

The Ministry of Finance will have 13.93 billion dinars at its disposal, which is 49% more than in 2022.

Social insurance and social protection - 147,424,494,000 dinars

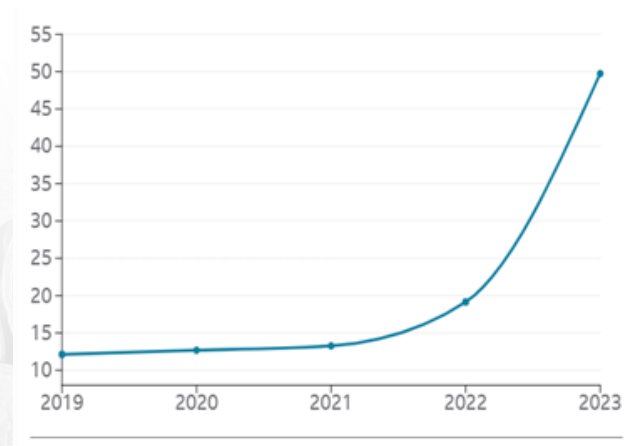
Fees for social protection from the budget amount are 147.42 billion dinars, which represents 7.0% of total expenditures and expenditures. The largest amount of funds is planned for: the rights of beneficiaries in the field of family and child protection, the rights of beneficiaries of social protection, the rights of beneficiaries of veteran-disability protection, the transition fund (employees' rights in case of bankruptcy of the employer), improvement of pupil and student standards, support for the education and training of young people talents, sports scholarships, awards and recognitions, support for forced migrants and improvement of the migration management system and other social protection from the budget (national awards for outstanding contribution to culture, support for persons deprived of liberty, academic awards, support for the realization of general interest in scientific research activities, performing activities of social welfare institutions, support for the work of foster parents, etc.). [5]



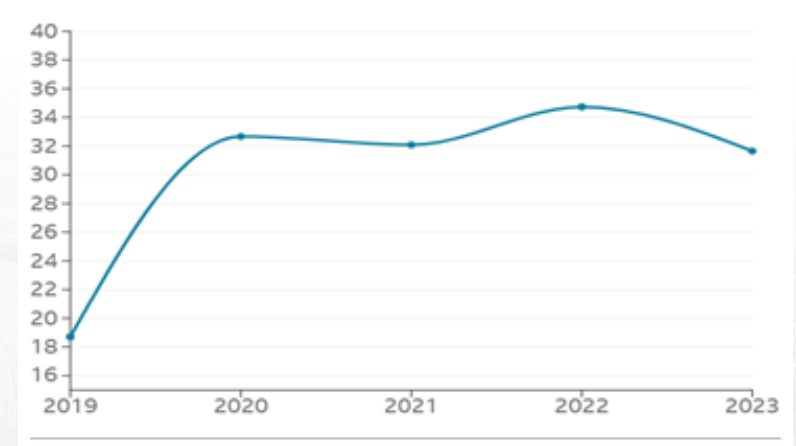
The most funds were allocated to the Ministry of Finance - 1,336.19 billion dinars, which is almost three quarters of the budget (72.49%), followed by the Ministry of Construction, Transport and Infrastructure with 288.93 billion (15.67% of the budget), and that is 49% more than in 2022.

As expected, the budget of the Ministry of Mining and Energy was significantly increased, while the budgets of the Ministry of Health and the Ministry of Education were reduced.

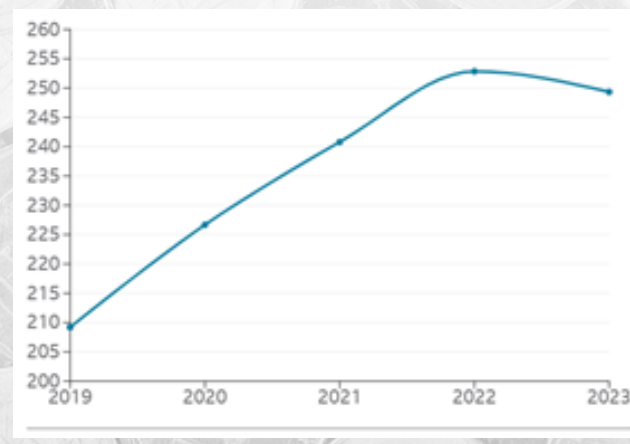
Financing of the Ministry of Mining and Energy of the Republic of Serbia in billions of dinars [6]



Financing of the Ministry of Health in billions of dinars [7]



Financing of the Ministry of Education of the Republic of Serbia in billions of dinars [8]



Due to the covid-19 virus pandemic, education was exposed to ad hoc solutions for the digitization of education. In the coming year, the Ministry of Education will spend 1.63 billion dinars on digitizing the "national education system". Usually, the largest part of the budget for education is allocated for the work of educational institutions and salaries of employees. And the current school year 2022/23. in primary and secondary schools, it started with the suspension of classes or the shortening of classes in 15 cities, when educators demanded an improvement in their material and social status.

[6]<https://www.bbc.com/serbian/lat/srbija-63972031>

[7] <https://www.bbc.com/serbian/lat/srbija-63972031>

[8]<https://www.bbc.com/serbian/lat/srbija-63972031>

GENDER-RESPONSIVE BUDGETING AND ALLOCATIONS FOR GENDER EQUALITY

Gender-responsive budgeting has been implemented in Serbia since 2016, as an obligation of all budget users under the Law on the Budget System. Support is provided to the Ministry of Finance by UN Women in Serbia, and in cooperation with the Coordinating Body for Gender Equality, it publishes Annual Progress Reports. These reports contain an overview of gender-responsive goals and indicators for all budget users, at the national level. The reports are not published during the adoption of the budget, but during the current year, for the previous year.

The report is now available for the 2022 budget. This year, there was no presentation of the implementation of the GRB and gender-responsive goals, that is, the gender aspects of the planned distribution of funds in the budget.

In the course of 2022, the National Action Plan for the implementation of the Strategy for Gender Equality was adopted for 2022 and 2023, which was budgeted, which is a positive step forward compared to the current practice. However, in the budget programs of the ministries, the gender-responsive goals and indicators are not connected with the measures from the NAP, that is, it is not visible that the necessary funds from the adopted NAP have really been allocated.

Table 4. Estimated costs of implementing the National Action Plan for implementing the Gender Equality Strategy, by ministry

	Estimated costs of implementing measures from the NAP for gender equality	
	2023	2022
Ministry of Interior	698080	0
Ministry of Finance	19193360	0.001717632
Ministry of Defense	1500000	0.005291572
Ministry of State Administration and Local Self-Government	4500000	0.319087751
Ministry of Economy	4650000	0.008632116
Ministry of Construction, Transport and Infrastructure	0	0
Ministry of Justice	5826310	0.002092771
Ministry of Agriculture, Forestry and Water Management	0	0
Ministry of Environmental Protection	0	0
Ministry of Education, Science and Technological Development	0	0
Ministry of Health	3400000	0.062159948
Ministry of Mining and Energy		0
Ministry of Culture		0
Ministry of Labour, Employment, Veterans and Social Affairs	315761000	0.012837977
Ministry of Sports		0
Ministry of Human and Minority Rights and Social Dialogue	17836080	4.542412392
Ministry of Family Care and Demography		0
Ministry of Rural Welfare	630068300	2.393695211
Ministry of Science, Technological Development and Innovation		0

RECOMMENDATIONS

- It is necessary to balance the increase in wages and investment in housing and working conditions of employees in the security sector and other sectors, especially considering the number of women and men employed in them.
- Budget users should be guided by the measures defined in the NAP for which they are intended as holders or for which they are responsible, because the GRB, among other things, should also ensure the implementation of gender equality policies. At the same time, it enables an increase in the financing of measures that are defined as priority for achieving gender equality.
- Data on the number of gender-responsive budget programs should be published before the adoption of the budget, i.e. in a timely manner.
- The Ministry of Finance and/or the Coordinating Body for Gender Equality should collect and publish data on the amounts allocated for gender-responsive budget programs. If there are no technical possibilities to allocate specific activities, it is possible to calculate the total % of funds for gender-responsive budget programs.
- It is necessary to increase allocations and monitoring of the amounts allocated for combating gender-based violence against women and domestic violence, and to budget for the implementation of the National Strategy. Increasing the safety of women and girls should be visible in the increased budget of the Ministry of the Interior as a priority.
- Increasing the budget for the Ministry of Defense must also increase the participation of women in matters of defense and security, in accordance with Resolution 1325.
- It is necessary to further improve the statistics of competent institutions, in accordance with the Law on Gender Equality, but Article of the Law on the Budget System, where all indicators related to persons must be classified by gender. It is a necessary condition for considering the effects of the budget on gender equality.

