

Budget commentaries and recommendations 2024 - Republic of Serbia

Gender Responsive Budgeting is mandatory in Serbia, according to the Organic Budget Law from 2015, with gradual implementation from 2016 with extended deadline to 2024. Being a part of the public finance reform, there is a progress, but also obstacles, in its full implementation.

Article 16, paragraph 1 of the Law on Amendments and Supplements to the Law on Budgetary System ("Official Gazette RS No. 103/15, 72/19, and 149/20") advises that the provisions of this law related to gender-responsive budgeting shall apply to budget beneficiaries in accordance with the annual plan of gradual introduction of gender-responsive budgeting, entirely until the adoption of the budget of the Republic of Serbia and the budgets of local authorities for the year 2024.

In implementing and adopting the budget for 2024, users of budgetary funds already involved in this process should continue to apply and further enhance gender-responsive budgeting. These users of budgetary funds should formulate their gender-responsive goals and indicators that effectively measure their contribution to promoting equality between women and men, girls and boys. All indicators related to individuals should be disaggregated by gender.

In 2017, 28 budget users at the central level were selected to introduce GRB. In 2023, 51 user have this obligation and 48 fulfilled the obligation. In 2024 it is the same number at the central level. The data are obtained from the Audit of Gender Responsiveness of Budgeting published in 2024^[1] by the State Audit Institution and are not timely and officially available by the Ministry of Finance or Coordination Body for Gender Equality.

The Ministry of Finance prepared and published the Instruction for the Preparation of Gender Responsive Budget, but not the overview of the gender component in the budget law draft or an overview after the budget has been adopted.

The budget for the year 2024 anticipates moderate growth in the Republic's consumption, leading to a gradual departure from an expansive fiscal policy. The past four years have been turbulent for Serbia's public finances, particularly marked by changes on the expenditure side of the budget.

[1]<https://www.dri.rs/aktuelnost/predstavljen-izvestaj-o-reviziji-svrsisxodnosti-poslovanja-uspostavljanje-rodno-odgovornog-budzetiranja-u-republici-srbiji#>

Two of the materially most significant new expenses in 2024 are increased pensions and public sector salaries. Together, they account for nearly 50% of the total expenditures of the general state, making careful management of them fundamentally important for the sustainability of Serbia's public finances. The budget for 2024 foresees an increase in both of these expenditure categories. Regarding expenditures for public sector employees, a linear salary increase of 10% is projected for 2024 for all employees in the state sector. This, along with the impact of several other factors (expanding the budget coverage to secondary schools and increased employment in the military), will lead to a rise in the wage bill of almost 59 billion dinars compared to the plan from the 2023 budget revision.

PUBLIC INVESTMENTS

Public investments in 2024 remain high, but a shadow on this generally positive trend is cast by inadequacies in their structure that are not adequately addressed. The general state's capital expenditures in 2024 will amount to 6.9% of GDP, less than the expected level in 2023 (7.4% of GDP) but still sufficiently high for a country with a relatively underdeveloped infrastructure like Serbia. Examining individual areas, the key contribution to this decline comes from a reduction in the Republic's investments **in the security sector** (over 0.3% of GDP). In comparison, the remaining reduction (0.2% of GDP) is projected within other levels of government, i.e., local OOSO funds for health institutions and public road enterprises. Republic's public investments in other important areas remain slightly changed. For example, investments in transportation remain at a high 2.5% of GDP, healthcare stays at a solid 0.4–0.5% of GDP (with capital transfers from the Republic and APV and investments from the own revenues of healthcare institutions), while this year, just like in the past, Republic's **investments in environmental protection and educational infrastructure remain insufficient** (0.3% of GDP and 0.2% of GDP, respectively), significantly below the required level. Another major change is the strong increase in allocations for the international exhibition EXPO 2027. According to current plans, this investment will cost 0.4% of GDP in 2024 **with the National Stadium, practically doubling compared to the level projected for 2023 in the budget revision (0.2% of GDP).**

Having in mind that majority of women are employed in the public sector, this can have good impact to the economic position of women. Still, in the military or security sector in general women are less represented and for gender equality are more relevant investments in child or elderly care, that is not specifically covered or set as an objective in the state budget.

In the Ministry of defence gender responsive objective is to increase representation of women among staff, to 25,4% and in decision making position to 10.6% in 2024.

The biggest part of the budget is allocated for the Ministry of Finance – almost 50%. The Ministry of Labour, Employment, Veteran and Social Affairs has 6,52% of budget, which is significant increase especially in comparison to other sectors, potentially exceeding the budgeted amount by up to 10 billion dinars. The Republic budget finances various social programs, the majority of which fall into three areas: (1) child protection, including maternity benefits, child and parental allowance, and paid leave for child care, (2) veterans and disability protection covering a range of programs related to veterans' rights and war-disabled individuals, such as personal and family disability benefits, and (3) social protection, including cash social assistance, support for caregivers, support for the work of social protection institutions, and additional care allowances. All these programs are consolidated in the budget under the common heading of social transfers. For the 2024 budget, expenditures for these programs are projected to be just below 157 billion dinars, representing an increase of 2.5 billion dinars compared to the level in the September 2023 rebalance.

In the program budget information of the The Ministry of Labour, Employment, Veteran and Social Affairs gender responsive budget objectives are not visible.

The proposed budget for the year 2024 envisions a slight increase in subsidies for the economy – from around 25 billion to just over 26 billion dinars. This increase is practically entirely the result of new subsidies for the realization of EXPO Belgrade 2027, a part of which is classified in the new budget under incentives for the economy (the other part is listed under the category of subsidies for energy, as previously mentioned).

The gender impact of EXPO Belgrade 2027 remains to be examined.

Republic investments in transportation infrastructure are still priority with 10.29% of the budget and will remain at the level of 2.5% of GDP. Increased investment in railway are positive having in mind environmental impact and public transportation infrastructure development. Still, the highest investment are in the road infrastructure that constitute two-thirds of the mentioned amount, totaling 141 billion dinars (in the 2023 rebalance, the value was 150 billion).

According to the Budget, the railway infrastructure is expected to achieve investments of 56.7 billion in 2024 (an increase from the planned 46 billion in 2023). This increase in planned investments in railways largely represents compensation for unrealized investment plans from previous years. Most of this amount, specifically 38 billion, is allocated to the Hungarian-Serbian railway project. Additionally, 7.7 billion in capital expenditures is earmarked for reconstructing the Niš–Dimitrovgrad railway line.

The project for constructing the Niš-Dimitrovgrad railway line has experienced significant cuts in funding in previous years, making it crucial that the planned investments of 7.7 billion dinars in 2024 are realized. A new project in 2024 will involve the railway line between Zemun Polje and the National Stadium, with planned expenditures of 4.3 billion. Other railway infrastructure projects contribute to a total of 6.6 billion in planned investments for the coming year.

The budget projects 6.3 billion dinars in investments for the Belgrade Metro. Additionally, direct capital expenditures should be added to capital transfers to the City of Belgrade, totaling 11.6 billion which also improves public transportation but does not contribute to the regional development and not contributing to the mobility of rural women.

In the Ministry of Construction, Transport and Infrastructure gender responsive budget objectives are also related only to the participation of women in decision making positions in the Ministry and working bodies that are established. Also, the sectoral gender analysis has been planned, but there is already gender analysis in the sector of transport and gender analysis in the Ministry has been in the budget since 2018. Therefore, there are no specific allocations with gender equality impact.

The Budget for 2024 marks an increase in planned investments by the Republic in education, mainly infrastructure that was neglected.

Unlike in infrastructure, investment in health care is more decentralized. In addition to the Republic's capital expenditures, it is necessary to include: 1) capital transfers from the republic level, 2) capital expenditures and transfers of local self-government units (Autonomous Province of Vojvodina, cities, and municipalities), and 3) investments by healthcare institutions from their own and other sources. According to the plans for 2024, these three categories are projected at 6.3 billion, 6.0 billion, and 8.9 billion dinars, respectively, bringing the total public investments directed towards healthcare to 37 billion.

Table 1: Total funds of the Ministries

MINISTRY	Total Funds
Ministry of Internal Affairs	116.189.680,000
Ministry of Finance	1.406.825.924,000
Ministry of Foreign Affairs	9.319.382,000
Ministry of European Integration	1.216.539,000
Ministry of Defence	158.859.212,000
Ministry of Public Administration and Local Self-Government	1.762.091,000
Ministry of Economy	33.796.207,000
Ministry of Construction, Transport and Infrastructure	289.742.835,000
Ministry of Justice	24.639.262,000
Ministry of Agriculture, Forestry and Water Economy	104.746.218,000
Ministry of Environmental Protection	18.654.892,000
Ministry of Education	314.192.950,000
Ministry of Health	31.645.623,000
Ministry of Mining and Energy	25.118.059,000
Ministry of Culture	15.146.651,000

MINISTRY	Total Funds
Ministry of Labour, Employment, Veteran and Social Policy	183.609.841,000
Ministry of Sports	6.087.737,000
Ministry of Internal and Foreign Trade	1.864.238,000
Ministry of Human and Minority Rights and Social Dialogue	547.109,000
Ministry of Family Welfare and Demography	1.030.202,000
Ministry of Rural Welfare	1.452.600,000
Ministry of Science, Technological Development and Innovations	36.512.125,000
Ministry of Tourism and Youth	5.131.076,000
Ministry of Information and Telecommunications	7.083.535,000
Ministry for Public Investments	20.050.437,000
TOTAL	2.815.224.425,000

At the level of the budget programs, in relevance sectors, are not visible allocations for the implementation of the National Strategy on Gender Equality, as it is noted also in the GRB audit report published in 2024 by the The State Audit Institution. The conclusion is that an effective framework for integrating a gender perspective into the budgetary process is not fully established and that implementation of the Action Plan for 2022 and 2023 for implementing the Gender Equality Strategy from 2021 to 2030 is not ensured.

For example, there are no gender transformative objectives in the security sector – Ministry of Defence or the Ministry of Interiors and indicators track participation of women in the security sector. There is no visible budget allocated for the implementation of the Resolution 1325 and reports on the implementation are available until 2020 and the new Action plan has not been adopted.

In line with the SAI findings, gender equality objectives and indicators needs to be better linked to the national policies, first of all the implementation of the National Strategy on Gender Equality. Gender equality and women's empowerment priorities need to be better defined at the sectoral level and funds needs to be allocated.

Reporting on GRB implementation has to be improved so as the discussion on gender impact of the budget in the process of its adoption.

The role of Coordination Body for Gender Equality in monitoring and reporting on GRB should be increased, including the cooperation and accountability to women's organisations and other interested CSOs.

The number of budget users that applied GRB should be available during the process of budget adoption or timely after that and budget users should prepare the gender budget statement, of the key gender equality measures that will be implemented or finished in the fiscal year. They already are obliged to do so, within the programme budget information, but it is not transparent or easily accessible to the wider public.





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