



**Government Defence
Integrity Index**



2020



Country Brief:

SERBIA



SERBIA

Recent years have seen a steady decline in democratic standards in Serbia, fuelled by increasing state capture by the ruling party, abuse of power and strongman tactics deployed by President Aleksandar Vučić.¹ The ruling Serbian Progressive Party (SNS) has eroded political rights and civil liberties and increasingly cracked down on political opponents, the media and civil society organisations.² In parallel to this, the Balkans have turned into a strategic chessboard for great power influence, with authoritarian powers such as Russia, China and Turkey vying for influence.^{3 4}

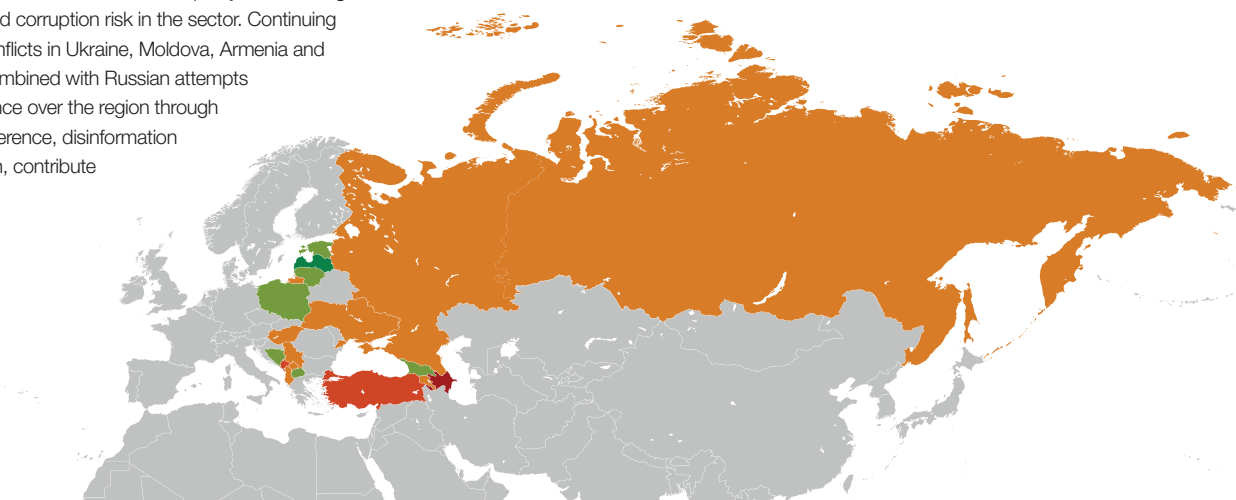
Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2005
Arms Trade Treaty	Ratified in 2014

Under Vučić, Serbia's ties with Russia have been further strengthened and, despite cooperating with NATO and the EU, most Serbs see Russia as their key ally and harbour doubts as to US and NATO influence.⁵ In parallel, and after years of steady decline, Serbian military spending has soared,⁶ carried by sustained efforts to modernise the Serbian defence industry and build up military cooperation with Russia, which is causing concerns in Kosovo.⁷ With the Ministry of Defence's budget increasing by 25% in 2019, Serbia's defence governance architecture is facing considerable challenges. As things stand, poor oversight, weak management systems and high levels of secrecy present significant institutional vulnerabilities to corruption. Left unaddressed, these deficiencies present a serious risk of defence spending being wasted through mismanagement, fraud and corruption.

Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.



¹ Freedom House, *Nations In Transit 2020: Dropping the Democratic Façade*, (Freedom House: Washington DC), 2020, p. 2.

² Freedom House, 'Serbia Country Report 2020'.

³ Freedom House, *Nations in Transit*, p. 2.

⁴ Freedom House, *Nations in Transit*, p. 10.

⁵ Daniel Heler, 'Serbian Guns Have Consequences for Balkans and Beyond', *Balkan Insight*, 13 December 2018.

⁶ Nan Tian, Alexandra Kuimova, Diego Lopes da Silva, Pieter D. Wezeman & Siemon T. Wezeman, 'Trends in World Military expenditure, 2019', *SIPRI Fact Sheet*, April 2020, p. 6.

⁷ Tirana Times, 'Kosovo Worries over Russian-backed Serbian militarization', 6 August 2019.



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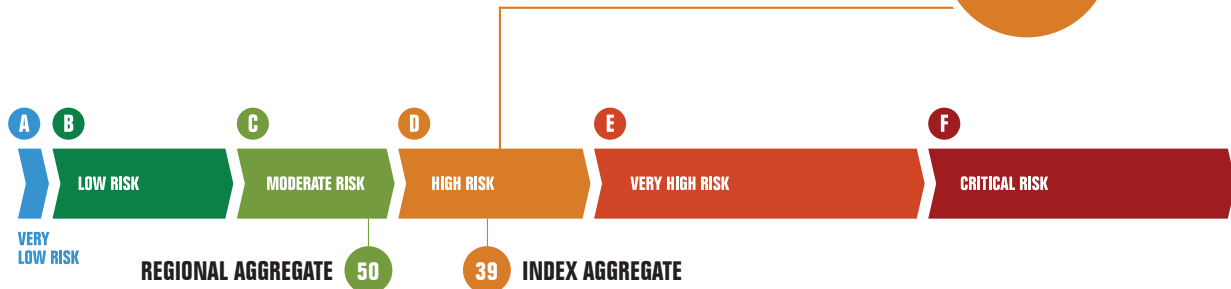
Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

SERBIA SCORE
HIGH RISK

D

42



A > 83-100 VERY LOW

B > 67-82 LOW

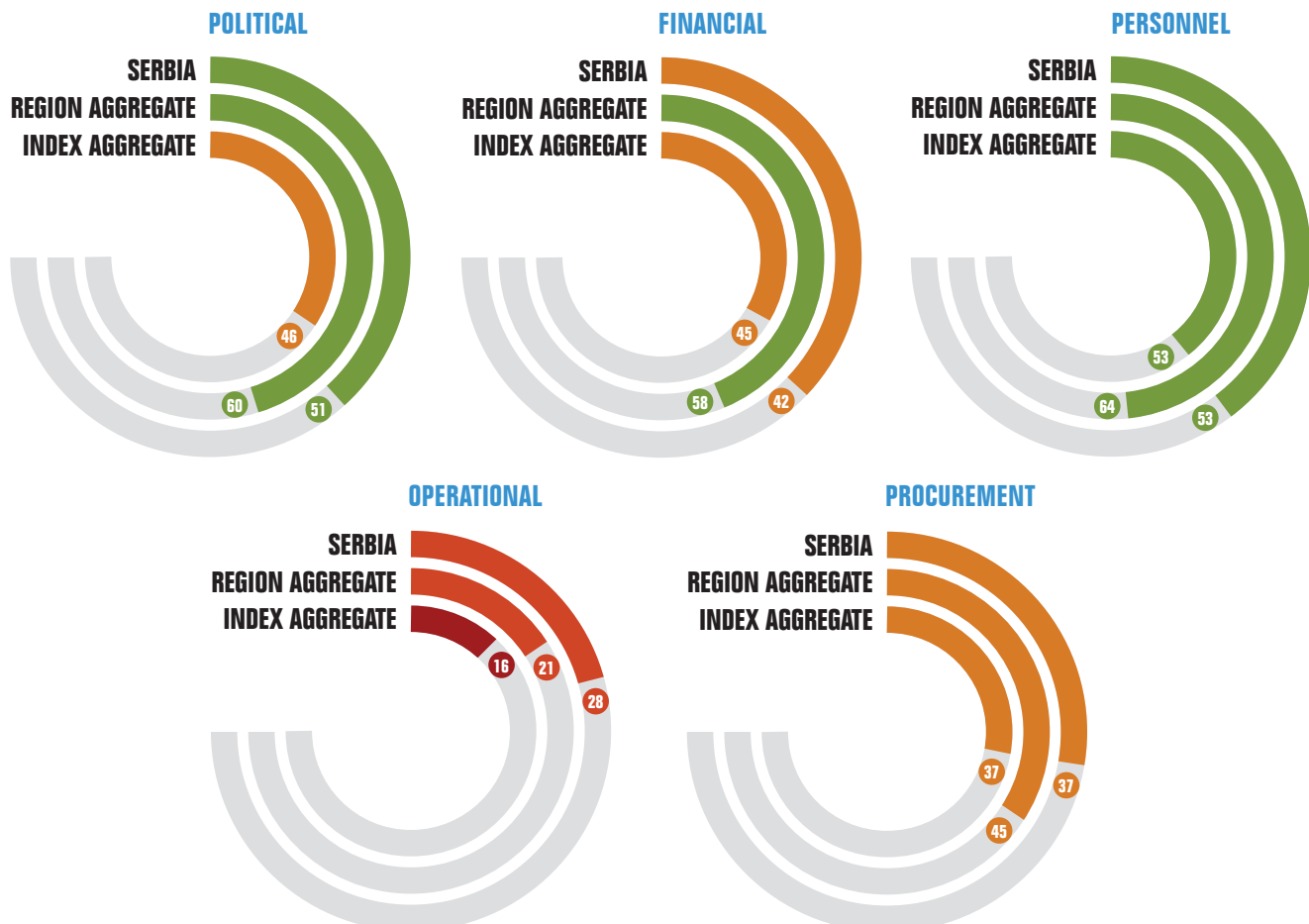
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison





SERBIA

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	57/100
Defence budget as % of GDP	4.6%
Committee members with defence expertise (%)	Insufficient data.
# of meetings/year	14 (2019); 11 (2018); 6 (2017)
Last review of defence policy/strategy	2019

Since coming to power in 2012, the ruling SNS party has systematically curtailed the ability of the opposition to play a role in governing, by consistently undermining Parliament's capacity to hold the executive to account.⁸ From 2016 to 2018, it only put out bills proposed by friendly lawmakers and in 2019 it allowed only two proposals from outside its ranks before voting them down.⁹ To limit parliamentary oversight of its own proposals, the SNS has shut opposition members out of committees and bogged down procedures with frivolous amendments, designed to waste the time allotted for debate.¹⁰ As a result, some opposition parties have boycotted parliament and after the 2020 parliamentary elections, there are no opposition parties in parliament whatsoever.¹¹ In the defence sector, this has resulted in the dilution of effective parliamentary oversight. Executive supremacy in the decision-making process means that legislation is often passed with little debate and with few amendments of substance. There is evidence of high levels of executive influence in parliament, with nearly half of laws passed through expedited procedures and relevant committees largely simulating proper oversight.¹² The Defence and Internal Affairs Committee lacks relevant sectoral expertise and consistently fails to exercise independent scrutiny.¹³ In practice, this means it exercises very little oversight and merely adopts legislation as the executive dictates. It has also not conducted any investigations in the past five years.¹⁴ Any attempt to form inquiry committees has been rejected by the majority. The committee has also failed to discuss audit reports from the Internal Audit Unit, despite these being made available and happening frequently. Moreover, before 2019,¹⁵ the State Audit Institution had not audited the defence sector since 2012 due to a lack of capacity and staffing, thereby depriving oversight bodies of valuable financial and performance information to inform decision-making.

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Insufficient data. (2) # subject to backlog: Insufficient data.
Defence-related complaints to ombudsman/commissioner #	41 (2018)
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	1 financial audit in 2020
Open Budget Index (IBP, 2019)	40/100
World Press Freedom Index (RSF, 2021)	93rd out of 180

The Serbian government has been the subject of sustained criticism in recent years for the decreasing transparency surrounding its activities.¹⁶ Opposition members of parliament do not have adequate opportunity to question the government and the vast majority of parliamentary questions go unanswered. The Law on Free Access to Information regulates information access, including that related to defence. However, despite it being ranked third globally in the Global RTI Rankings,¹⁷ its implementation has lagged, allowing plenty of scope for authorities to deny requests arbitrarily. A 2018 amendment to the Law on Defence also introduced lists of categories of data defined as 'secret', effectively applying blanket classification to large quantities of information. The Commissioner in charge of monitoring the implementation of access to information law has struggled to get security clearance for sensitive defence information, seriously hampering his work in this field. Data from the commissioner's reports shows that in 17% of cases where information was requested from the Ministry of Defence (MoD), the requesting party went on to complain to the Commissioner.¹⁸ In eight cases, the MoD refused to provide the requested information, even after the Commissioner's instruction to do so, raising serious questions as to the effectiveness of the system. The 2020 COVID-19 pandemic has further blurred the picture. Emergency legislation introduced as part of Serbia's response means that officials can now refuse to respond to questions that are not related to the pandemic, whilst also extending the legal time frame governments have to respond to requests, thereby considerably restricting scrutiny over government actions.¹⁹ Aside from this, the government has improved the structure of the published budget, which provides greater disaggregation of data than in past years and also details sources of funding.²⁰ However, reports on budget implementation during the financial year lack explanations and justifications for expenditure, including where there are significant variations with original allocations.²¹

⁸ European Commission, 'Serbia 2019 Report', *Commission Staff Working Document*, Brussels, 29 May 2019, p. 6.

⁹ Freedom House, *Nations in Transit*, p. 8.

¹⁰ Belgrade Centre for Security Policy, *Security Sector Capture in Serbia: An Early Study*, BCSP: Belgrade, June 2020.

¹¹ EWB, 'Serbian Parliament Left Without Clear Opposition as the Ruling Party Wins Partially Boycotted Elections', *European Western Balkans*, 22 June 2020.

¹² Nikola Tomic (ed.), *PreUgovor Alarm Report on the Progress of Serbia in Chapters 23 and 24*, (Belgrade Centre for Security Policy: Belgrade), September 2018, p. 5.

¹³ Nikola Tomic (ed.), *PreUgovor Alarm Report on the Progress of Serbia in Chapters 23 and 24*, (Belgrade Centre for Security Policy: Belgrade), September 2018, p. 5.

¹⁴ National Assembly, 'DIAC Activities'.

¹⁵ State Audit Institution, *Audit Report on the Financial Statements of the Ministry of Defense 2019*, Belgrade, 2019.

¹⁶ Freedom House, 'Serbia', Section C3.

¹⁷ RTI, 'Global Right to Information Rating – Serbia'.

¹⁸ Commissioner for Information of Public Importance and Personal Data Protection, 'Report on the Implementation of the Law on Free Access to Information of Public Importance and the Law on Personal Data Protection', 2017.

¹⁹ Ivana Nikolic, Marcel Gascon Barbera, Samir Kajosevic & Madalin Necsutu, 'Central and Eastern Europe Freedom of Information Rights 'Postponed'', *Balkan Insight*, 6 April 2020.

²⁰ Republic of Serbia, 'Law on the Budget of the Republic of Serbia for 2020', 2019.

²¹ Ministry of Defence, 'Budget'.



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Personnel Ethics Framework

Whistleblowing legislation	Law on the Protection of Whistleblowers (2015)
# defence-sector whistleblower cases	11 (2020)
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

Serbia's Law on Whistleblower Protection came into force in June 2015.²² Overall, it is robust and covers all the elements necessary for effective whistleblower protection. However, it lacks certain elements pertaining to defence and security, specifically related to the disclosure of classified data. This lack of clarity means whistleblowers could expose themselves to criminal liability by disclosing such data. According to the Ministry of Defence, whistleblower cases have remained relatively stable between 2017 and 2020, with 10, 8, 8 and 11 cases in each year.²³ However, there remain question marks over how effectively the law is implemented and a recent case highlights the risks associated with the practice in the defence sector. Whistleblower Aleksandar Obradovic was arrested in 2019 after raising the alarm over corrupt arms deals involving the Serbian Interior Minister.²⁴ After sustained public pressure, he was eventually transferred to house arrest. The case stands as an example of the dangers still apparent in whistleblowing in the defence sector. Further research has highlighted the lack of trust towards reporting channels amongst personnel, who prefer to leave the system altogether rather than report violations.²⁵ The uncertain commitment to anti-corruption in the sector is also reflected in the limited anti-corruption provisions in codes of conduct and training programmes. The Code of Honour of the Armed Forces contains separate codes for different ranks.²⁶ Only the Officer's Code contains any reference to conflicts of interest and corruption, and it is vague. Nowhere else in the codes is corruption mentioned, and there does not appear to be any guidance provided to personnel on how to deal with corruption-related issues. There also does not appear to be systematic training on corruption risk. Some courses cover ethics, however it remains unclear how comprehensive they are, and the courses do not take place regularly.

Operations

Total armed forces personnel (World Bank, 2018)	32,000
Troops deployed on operations #	336 – 178 Lebanon (UNIFIL), 77 CAR (MINUSCA), 1 DRC (MONUSCO), 1 Cyprus (UNFICYP)

Serbian troops are deployed around the world as part of multilateral missions with the UN (UNIFIL, MINUSCA, UNFICYP, MONUSCO and UNTSO)²⁷ and the EU (EUTM Mali). Serbia's commitment to multilateral operations, which was undermined in September 2020 by the Minister of Defence announcing a six-month suspension of all joint military exercises,²⁸ also comes with a caveat. Corruption risks are critically high in its governance framework for operations, raising serious risk of corruption during deployments of Serb troops. Serbia has no publicly available document that addresses corruption as a strategic issue for the success of military operations. This includes the military doctrine, which was classified in 2016. Corruption is also not considered during the forward planning of military operations and there is no evidence that personnel are equipped to identify and mitigate corruption risk in the field as a result. However, through the Peacekeeping Operations Centre in Belgrade, all personnel receive anti-corruption training before deploying on peacekeeping operations, with over 2000 Ministry of Defence and armed forces personnel trained so far. There is no external oversight of reports on corruption during operations and monitoring of these risks during deployments is dependent on the larger troop contributors.

²² 'Law on Whistleblower Protection'.

²³ Ministry of Defence, 'The Report on the Application'.

²⁴ Jelena Veljkovic, 'Serbian Arms Case Whistleblower "Wanted the Truth Heard"', *Balkan Insight*, 16 October 2019.

²⁵ Belgrade Centre for Security Policy, *Why are People Leaving the Serbian Defence System?*, BCSP: Belgrade, March 2020, p. 19.

²⁶ Armed Forces of the Republic of Serbia, 'Code of Honour of the Serbian Armed Forces, 29/10-447'.

²⁷ United Nations Peacekeeping, 'Troop and Police Contributors – Serbia'.

²⁸ Ministry of Defence of the Republic of Serbia, 'Minister Vulin: By Suspending Military Exercises with Partners in both the East and the West, Serbia has Preserved its Neutrality', 27 September 2020.



SERBIA

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	1086
Open competition in defence procurement (%)	35% (2017)
Main defence exports – to (SIRPI, 2016-20)	Cyprus, Bangladesh, Saudi Arabia, Nigeria, Cameroon
Main defence imports – from (SIPRI, 2016-20)	Russia, Belarus, Germany, China

Public procurement in Serbia has been consistently cited as an area of concern, with significant efforts needed to improve competition, efficiency and transparency in the process.²⁹ Defence and security procurement has been identified as an area of particular risk, with weak legislation allowing numerous exemptions from public procurement law, which are overused by the government without justification.³⁰ This is particularly concerning as Serbia's military expenditure has risen by 43% between 2018 and 2019, the fifth largest increase in the world that year.³¹ Secrecy and superficial oversight remain the norm in Serbian defence procurement. The Ministry of Defence's public procurement plans contain no justification for purchases, after a 2015 provision requiring such justification was erased from procurement law.³² Moreover, in practice, regardless of the plan, procurements often happen without any announcement and on an

ad hoc basis, and significant discrepancies have been observed between the Long-Term Development Plan (2011-2020) and actual acquisitions.³³ This significantly increases the risk of waste and could open the door for corruption to become entrenched in the procurement process. Oversight of defence procurement is ensured by three main bodies: the Public Procurement Office, the State Audit Institution and the Commission for Protection of Rights in Public Procurement. However, each one suffers from understaffing, capacity and expertise gaps. Due to staff turnover, the Commission's decision-making period rose from 20 to 74 days,³⁴ whilst the State Audit Institution is chronically under-resourced for the large number of defence procurement procedures. The Procurement Office, which supervises compliance with the law and maintains the procurement portal, has a limited amount of staff which limits its capacity to scrutinise a significant share of defence procurement programmes.³⁵ Open competition in defence remains limited, with nearly two thirds of open tenders attracting only one bidder.³⁶

²⁹ European Commission, 'Serbia', p. 59.

³⁰ European Commission, 'Serbia', p. 60.

³¹ SIPRI, 'Trends in World Military Expenditure 2019', *SIPRI Fact Sheet*, April 2020, p. 6.

³² Ministry of Defence, 'Public Procurement Plan for 2016'.

³³ See for instance, K. Djokic, 'Super Galeb's Flight into the Blue,' *Belgrade Centre for Security Policy*, 2018.

³⁴ National Assembly, '25th session of the Committee on Finance, State Budget and Control of Public Spending', 31 July 2017.

³⁵ OECD – SIGMA, 'Public Administration Reform Assessment of Serbia', April 2014, p. 26.

³⁶ Analysis based on data for 2017 available from MoD's quarterly reports.

Version 1.0, October 2021

GDI data collection for **Serbia** was conducted March 2018 to September 2019. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



SERBIA 2020 GDI Scorecard

		Grade	Score
Political Risk		C	51
Q1	Legislative Scrutiny	C	58
Q2	Defence Committee	E	25
Q3	Defence Policy Debate	D	38
Q4	CSO Engagement	D	42
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	C	50
Q7	Anticorruption Policy	C	63
Q8	Compliance and Ethics Units	D	38
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	B	67
Q11	Acquisition Planning	E	25
Q12	Budget Transparency & Detail	C	50
Q13	Budget Scrutiny	C	50
Q14	Budget Availability	C	50
Q15	Defence Income	A	83
Q16	Internal Audit	E	25
Q17	External Audit	B	81
Q18	Natural Resources	D	35
Q19	Organised Crime Links	C	63
Q20	Organised Crime Policing	B	67
Q21	Intelligence Services Oversight	C	50
Q22	Intelligence Services Recruitment	D	33
Q23	Export Controls (ATT)	C	58
Q76	Lobbying	C	50

Financial Risk		D	42
Q24	Asset Disposal Controls	C	50
Q25	Asset Disposal Scrutiny	E	25
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	F	13
Q29	Off-budget Spending	D	33
Q30	Access to Information	D	38
Q31	Beneficial Ownership	C	50
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	A	88
Q77	Defence Spending	D	44

Personnel Risk		C	53
Q34	Public Commitment to Integrity	D	42
Q35	Disciplinary Measures for Personnel	C	63
Q36	Whistleblowing	C	50
Q37	High-risk Positions	F	0
Q38	Numbers of Personnel	D	33
Q39	Pay Rates and Allowances	A	88
Q40	Payment System	B	75
Q41	Objective Appointments	E	25
Q42	Objective Promotions	C	50
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	NEI	

OVERALL COUNTRY SCORE

HIGH RISK

D

42



		Grade	Score
Personnel Risk		C	53
Q47	Civilian Code of Conduct	NEI	
Q48	Anticorruption Training	E	17
Q49	Corruption Prosecutions	E	25
Q50	Facilitation Payments	B	75

Operational Risk		E	28
Q51	Military Doctrine	F	0
Q52	Operational Training	B	75
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	E	25
Q55	Controls in Contracting	D	38
Q56	Private Military Contractors	NS	

Procurement Risk		D	37
Q57	Procurement Legislation	C	50
Q58	Procurement Cycle	B	67
Q59	Procurement Oversight Mechanisms	E	25
Q60	Potential Purchases Disclosed	C	50
Q61	Actual Purchases Disclosed	D	38
Q62	Business Compliance Standards	F	0
Q63	Procurement Requirements	E	17
Q64	Competition in Procurement	F	13
Q65	Tender Board Controls	C	56
Q66	Anti-Collusion Controls	A	100
Q67	Contract Award / Delivery	B	67
Q68	Complaint Mechanisms	A	83
Q69	Supplier Sanctions	C	50
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	E	25
Q74	Financing Packages	E	25
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI	Not enough information to score indicator
NS	Indicator is not scored for any country
NA	Not applicable



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