

Fight against Corruption

Establishment of Anti-corruption Agency

Pursuant to the Law on Anti-corruption Agency, adopted by the National Assembly of the Republic of Serbia in November 2008, the foundation of Agency is ongoing, as a separate, independent institution for the fight against corruption that will become operational following the full implementation of the Law from January 1, 2010. The Agency has preventive and operative competencies in several areas – resolves conflicts of interests of the officials in Serbia, monitors regulations in anti-corruption area, proposes amendments and modifications to laws and monitors implementation of the National Anti-corruption Strategy, Action plan and execution of international obligations, provides guidelines for drafting of integrity plans and realizes cooperation with all government and non-government organizations in Serbia. Operatively, the Agency keeps registers of the officials, their assets, gifts and legal entities in which they own more than 20% of capital, applies the procedure of data verification from the submitted property reports and initiates tortuous or criminal proceedings in case of Law violation and acts upon citizens' complaints. By a special law, the Agency is granted competence and control of financial statements of political parties and reports on financing of electoral campaigns.

The Agency performs these jobs pursuant to the Law through two bodies – Agency Committee and Director and professional service that it establishes. The Agency Committee, consisting of 9 members elected by proposers legally established to represent all three branches of authority (legislative, executive and judiciary) as well as by the public (representatives of the media association and civil sector), was elected by the Decision of the National Assembly on April 15, 2009 and immediately started implementation of obligations as provided for in the Law– the Committee adopted the Rule book on its work and at the end of May 2009 announced an open competition to fill the position of director and deputy director of the Agency, who were elected at the Committee meeting on July 3, 2009 and they began their duties on July 20, 2009.

In the period from nomination and submitting of the report the Agency Director made the Rule book on internal structure and systematization of posts in professional service of the Agency, foreseeing the establishment of 2 sectors (for prevention and for operative jobs) 3 services (for international relations, general affairs and public relations) as well as the existence of a separate Board Office since the Board is a second-instance body for Agency director's decisions. An overall of 60 employees are foreseen in the professional service and the Act of systematization regulates in details the level of their professional training and the needed education.

The Agency also drafted a financial plan proposal for 2010 which was forwarded to the Ministry of Justice for further proceedings. The ongoing preparation of the outstanding internal regulations shall cover the details of activities of the Agency professional service, especially in the area of register keeping, records and proceedings.

The Agency also drafted a financial plan proposal for 2010 which was forwarded to the Ministry of Justice for further proceedings. This plan foresees the amount of 160 million RSD necessary for the first year of agency activities. Out of this amount only 35% was planned for the payroll of the professional service staff, which consists of 72 persons in total. The remaining part of the

planned budget is programmed and relates to the execution of international obligation of Serbia, i.e. participation in international conferences and meetings, fulfilling thus the obligations pursuant to the ratified conventions i.e. membership in the international organizations and associations. The rest of the financial plan encompasses costs of software programs procurement that should support keeping and storing of data in five big registers which the Agency is keeping as well as other equipment necessary for work. The ongoing preparation of the outstanding internal regulations shall cover the details of activities of the Agency professional service, especially in the area of register keeping, records and proceedings.

The Period from the beginning of Law application is primarily targeted to creation of material presumptions for the Agency work, ensuring of premises and working equipment. In this period the activities are aimed at establishing of cooperation with all relevant Government authorities, independent control institutions, NGOs and international organizations and determination of the way of future cooperation. The Activities are also directed at the execution of international obligations of Serbia in the area of the fight against corruption and institutional connecting between regional and European associations and organizations in this respect.

Having regard that the Anti-corruption Agency shall become fully operational on January 1, 2010, at this moment the Ministry of Justice is competent for implementation of the National strategy for the fight against corruption. The Ministry of Justice, in order to implement the aforesaid Strategy and Action plan, collected the reports of the competent Government authorities of the Republic of Serbia, who participate in prevention, curbing and fight against all forms of corruption:

- Ministry of Interior

The Ministry of Interior set the fight against all forms of corruption as one of the main strategic tasks. To this effect, the Criminal Investigations Directorate is continuously undertaking all activities, which in this context gave good results in detection of corruption-related criminal acts. This is substantiated by the fact that detection of these criminal acts has continuously been increasing in the previous 5 years (from 493 in 2004, to 681 in 2005, followed by 2.809 in 2006, 3.102 in 2007 and 3.318 in 2008). Last year only, from July 1, 2008 to June 30, 2009, 3.863 corruption-related criminal acts were detected. The tendency of increased disclosure of these criminal acts has also continued throughout the first 5 months of 2009 – 2.057 criminal acts (for 21, 1% more than in the same period in 2008 when 1.623 criminal acts were detected).

Proportionally, with the increased detection of criminal acts of corruption, a number of reported persons has increased so that in the first six months of 2009 a number of reported persons was for 8,3% higher compared to the same period in 2008, i.e. 1.658 criminal acts. The major realizations in the course of 2008 and 2009 were in public procurement field, public revenues management, credit operations, handling with real estate assets, pension insurance, professional sport etc. The abuses related to obtaining and usage of all bank loans are more and more present, resulting in expansion of banking market and great credit offer, for example abuses in “PROKREDIT” bank from Vranje and in “NLB Continental bank” from Novi Sad, then in February 2009, an organized crime group was discovered engaged in abuses related to

assignment of financial loans from the funds of the National Investment Plan. Because of the abuses in professional footballers' transfers and results "fixing" of football matches, the officials of the following football clubs were deprived of liberty: Red star, FC Vojvodina, FC Beograd etc. Beside the aforesaid, in the course of 2009 an organized criminal group (lawyers, police officials, physicians included), who provided, for financial compensations, a privileged position in criminal proceedings to persons from criminal environment.

Surely, for the Ministry to achieve even better results, it has to be involved in a consistent implementation of the National Anti-corruption Strategy and of the Action plan for its implementation which precisely defines the obligations and tasks of all Government authorities. Therefore, in July 2009 a working group of the Ministry of Interior (MoI) drafted also a sector Action plan which detailed the recommendations and tasks of the National strategy for the fight against corruption.

- Republic Public Prosecutor's Office

In order to consider and implement the National Anti-corruption Strategy and the Action plan for implementation of National Anti-corruption Strategy, in January 2007, a working group was set up within the Republic Public Prosecutor's Office in order to provide a compulsory instruction to public prosecutor's offices on proceedings in cases of corruption-related criminal acts, to inform the Republic Public Prosecutor's Office on proceedings in certain phases and the decisions that were made, to further control prosecutorial decisions in cases of failing to initiate proceedings or suspension of proceedings, as well as in cases of delayed criminal proceedings (the realization of measure provided in point 44 of the Action plan). A group was formed for monitoring and consultations in the aforesaid cases, and special records of the submitted reports were introduced, monitoring of the realization of the Compulsory instructions, issued in January 2007 and distributed to all district and communal public prosecutor's offices, was ensured .

The working programs for 2007, 2008 and 2009 predicted proceedings per citizens' complaints, with a particular stress on follow up of complaints against holders of judiciary offices, especially when they refer to corruption cases. A program of professional improvement of public prosecutors related to these problems was created.

In line with the Action plan for implementation of the National Anti-corruption Strategy, GRECO recommendation and the UN Convention against corruption, operational program of the Republic Public Prosecutor's office for 2008, a specialized department was set up to handle the corruption cases, including corruption-related financial crime acts. Also, the departments were set up within the district public prosecutor's offices in Belgrade, Novi Sad, Kragujevac and Nis, and they have been operational since the middle of 2008. Additionally, in line with Art. 46 of the Criminal Procedure Code, and in view of GRECO's recommendations, joint work teams were formed consisting of the Deputies of the Republic Public Prosecutors assigned to the Special department for the fight against corruption and the Ministry of Internals of the Republic of Serbia and such teams were formed also within the aforesaid district public prosecutor's offices.

The Republic Public Prosecutors and five Deputies of the Republic Public Prosecutor were engaged in realization of the set work program and assigned to the Special department. The Head

of the department was elected as well as a secretary, who was given a title of counselor in the Republic Public Prosecutor's Office. The Special departments in district Public Prosecutor's offices in Belgrade and Nis employ five Deputies of Public Prosecutors and the departments in Novi Sad and Kragujevac have three deputies of Public Prosecutors. Special attention is dedicated to ensuring Prosecutors' integrity protection and therefore local jurisdiction is exempted in order to avoid pressure of local social structures, conflict of interest in the area of locally competent prosecutor's offices and therefore transfer of jurisdiction is ensured by devolution and substitution. The department deals with criminal cases of corruption and corruption-related financial crime, including state officials, appointed and nominated persons, cases of importance for broader public, as well as the cases requiring closer cooperation with the line ministries and careful coordination with other Government authorities. The department within the Republic Public Prosecutor's Office monitors work of district and communal Public Prosecutors, offers professional assistance to first-instance prosecutor's offices, and if necessary it operatively gets involved in first grade proceedings and coordinate work of communal and other district public prosecutor's offices which do not have specialized departments. It is also planned to set up special departments even in those public prosecutor's offices. The special activity of this department is the Action plan for implementation of the National Anti-corruption Strategy. Aimed at prevention of corruption in the Public prosecutor's office activities, a subsequent mandatory control is conducted to examine the prosecutorial decisions in cases of failing to initiate proceedings or suspension of proceedings for corruption-related criminal actions or in cases of delayed criminal proceedings. Additionally, the Department periodically analyzes the work report, takes care of consistent application of regulations and seizure of property benefits resulting from corruption, cooperates with financial experts and the police and deals with international cooperation on the plan of prevention of corruption. In the period from January 1 to August 28, 2009 the Special department elaborated 677 cases from jurisdiction of the Republic Public Prosecutor's Office. A great number of professional consultations with the competent communal and district Public Prosecutor's offices was carried out, in order to ensure cooperation and professional assistance, also resolving of disputable legal issues in dealing with certain cases. Within the activities of the Department, a special care was targeted at activities of the fight against money laundering and implementation of the National strategy for the fight against money laundering and financing of terrorism as well as at the activities following the enforcement of the Law on seizure of assets acquired through criminal acts. In cooperation with the Agency for prevention of money laundering, liaison officers were determined in territorial Prosecutor's offices, in order to provide professional assistance and cooperation in elaboration of cases with money laundering suspicion, which is part of the obligations in implementation of the Law on prevention of money laundering and financing of terrorism, adopted in March 2009. Following the adoption of the National strategy for the fight against money laundering and financing of terrorism, in September 2008, two Deputies from this Department of the Republic Public Prosecutor's Office, became members of the permanent coordination group formed by the Government of the Republic of Serbia for follow-up of the Strategy implementation.

Following the adoption of the Law on seizure of assets acquired through criminal acts, that went into force on March 1, 2009, a series of activities was undertaken in the Republic Public Prosecutor's Office and in cooperation with other competent bodies in order to prepare other Public Prosecutor's offices for implementation of this Law which foresees that Public Prosecutor manages financial investigation in the phase of detection of illegally acquired assets and

collection of data and evidence. In order to ensure intersectoral cooperation of the prosecutor's offices and other competent Government authorities in implementation of this Law, in June 2009 a meeting was held at the Republic Public Prosecutor's Office with the managers of the Unit for financial investigation of the Ministry of Interior, with Service for the fight of organized crime, the Administration for prevention of money laundering, Tax administration and Tax police, Direction for management of seized assets and the Republic fund for pension and invalidity insurance; while in July was held a meeting with all district public prosecutors and representatives of police forces competent for financial investigations, so as to ensure professionalism and efficacy when submitting and realization of the financial investigation requests.

The Republic Public Prosecutor's Office through the representative of the Department was involved in the activities of working groups for amendments of the Criminal Code and Criminal Procedure Code which were adopted in the National Assembly on August 31 2009. The material provisions, among others, foresee modifications of legal distinctions in corruptive criminal acts, such as abuse of office, money laundering, financing of terrorism, as well as a new criminal offence – trading in influence; while within the general institutes, the provisions were detailed about the notion of assets and about seizure on financial gain. The amendments of the Criminal Procedures Code expand the catalogue of criminal offences for which special measures can be taken, to all corruptive criminal acts and to all special investigation techniques, apart from witness collaborator and under cover agent. Besides, these changes are in compliance with the ratified international conventions in the area of the fight against organized crime, corruption, money laundering and financing of terrorism.

- Administration for the Prevention of Money Laundering

On October 10, 2008, the Government of the Republic of Serbia adopted the National strategy for the fight against money laundering and financing of terrorism ("Official Gazette of the Republic of Serbia" No 89/2008), with a purpose to offer recommendations for overcoming the problems and promotion of the existing system of fight against money laundering and financing of terrorism. The main aims of the Strategy: reduction of crime related to money laundering and financing of terrorism, implementation of the international standards, development of the system of cooperation and accountability of all practitioners in the fight against money laundering and financing of terrorism, promotion of cooperation of public and private sector, as well as ensuring financial system transparency.

Following the adoption of the Strategy, on April 22, 2009, a Permanent Coordination Group for monitoring of implementation of the National strategy for the fight against money laundering and financing of terrorism was established by the Decision of the Government of the Republic of Serbia (PCG). Besides the follow up of the implementation of the Strategy, which is its fundamental task, the PCG is also competent for proposal of measures to the competent bodies for promotion of the system against money laundering and financing of terrorism, enhancement of cooperation and sharing information between those bodies, providing opinion and professional motivations to the competent Government authorities and harmonization of attitudes and participation of the Republic delegations. The Strategy foresees adoption of the Action plan, to

further elaborate the recommendations set out in the Strategy. The adoption of the Action plan is ongoing.

The Law on prevention of money laundering and financing of terrorism (hereinafter: the Law), which fully complies with the Convention on laundering, search, seizure and confiscation of the proceeds from crime and on the financing of terrorism, as well as with other international standards in this field, entered into force on March 27, 2009 and it was published in "Official Gazette of the Republic of Serbia" No 20/2009.

The Administration for prevention of money laundering, in compliance with the EU Directive rechecked the obligors who are obliged to report suspicious transactions, therefore before all an additional obligation is foreseen related to prevention and detection of terrorism financing and not only money laundering. Besides, the list of obligors is completed by expressions used regarding the concrete financial entities, including the definition of new organizational forms which appear in the financial market (for example society for management of voluntary pension funds). New obligors are both physical and legal persons who offer services of money transfer and guarantees. Excepting the obligors engaged in organization of games of chance, foreseen by the former law, the new law included also as obligors and the organizers of games of chance via Internet, telephone or in another way via telecommunication connections. Physical and legal persons who trade in goods and services are not separately classified into obligors, when they deal with cash payments amounting to EURO 15.000,00 and over, because Art. 36 of the Law expressly restrict cash payment, i.e. payment of goods and services in cash which exceed EURO 15.000,00. The new Law, differently from previous, does not prescribe as obligors stock exchanges and tour operators. Due to the specific activity that stock market, in line with the law regulating the market of securities, performs, it could not be classified as an obligor, as provided in Art. 4 of the Law, but Art. 71 of the Law, harmonized with the UN Directive, prescribes that market organizer, in line with law regulating the securities and Central Registry of Securities, custody account and clearance of the securities are obliged to inform the Administration if, when doing business from their area, they should ascertain, i.e. discover the fact that is, or could be related to money laundering and financing of terrorism. The persons, engaged in organizing of journeys, are no longer foreseen as obligors, because there is little risk of money laundering and financing of terrorism related to the stated activity, EU Directive also, does not classify them into obligors.

The Law foresees an obligation of each obligor to regularly educate, train, provide advanced training for the employees engaged in jobs related to the prevention of money laundering and financing of terrorism. The representatives of the Administration shall regularly participate in seminars organized by the Judicial Training Center, the USA Department of Justice, Center for security studies. Since the beginning of 2009 the employees within the Administration participate also in seminars organized by the UNODC, OSCE, the Ministry of Foreign Affairs of Romania and TAIEX.

In the period from the entry into force of the new law until today, the meetings were held with leasing companies, insurance companies, exchange offices, real estate agencies, in order to educate the obligors and more successfully implement the Law. The Administration regularly

has meeting with the representatives of banks to discuss possible disputable issues with regard to implementation of the new Law.

Following the adoption of the new law, the Administration has also issued the Indicators for recognizing of suspicious transactions for banks, brokers, exchange offices, insurance companies and real estate obligors and they can be retrieved at the Administration web site www.apml.org.rs both in Serbian and English language.

- Public Procurement Office

In the annual report of the European Commission for 2008 it was found out, inter alia, that functioning of public procurement system was endangered by corruption and therefore activities are required for training and development of public procurement system. Therefore, the Public Procurement Office offered initiative for introducing of legal provisions and participated in its formulation, to prescribe an obligation for the purchasing entities to apply for training of their employees involved in public procurement activities. This obligation is foreseen by the new Public Procurement Law, adopted in December 2008. The training program is standardized and prepared together by the Ministry of Finance, Public Procurement Office and the Republic Commission for the protection of rights in public procurement procedures. The examination shall be administered by the Office based on the procedure they are preparing together with the Ministry of Finance. Thus, the entire training procedure is established for those civil servants who administer public procurement which is around 6,500 in Serbia, making the foundation for professionalism in this important sector with an annual expenditure of 4 billion euros.

The Public Procurement Office experts participated in realization of numerous seminars with an aim to introduce the procuring entities to the new Public Procurement Law, starting from December 2008, with an overall of around 3000 attendees. The seminars included representatives of 21 city and 154 communities providing thus a full regional coverage of Serbia. The Office experts also participated in seminars organized for bidders, also aimed at introduction to the new Public Procurement Law. The seminars were organized by the Serbian Chamber of Commerce, as well as by regional chambers of commerce of Belgrade, Subotica, Valjevo, Krusevac and Kraljevo. Thus, the foundations were created for raising of standards and training quality by providing competent lecturers from all line institutions (Office, Ministry and Commission), as well as for ensuring of full capacity therefore to enable each interested person to get trained in a planned time frame. The experts of the Public Procurement Office also prepared a set of models with detailed explanations and examples entitled: „Models of decisions and other acts made by the procuring entity in public procurement procedures“ with an aim to help the procuring entities to rightly and in a standardized way conduct public procurement procedures in line with the new legislation. The model of procurement plan was prepared together with the Treasury and together with other decision models and other acts, it is available to all stakeholders on the Office web site, as well as in a paper version in the Public Procurement Office.

The recommendation related to upgrading of public procurement procedures transparency, given by the European Commission and the World bank in their annual reports was applied by establishment of a Public procurement portal where the procuring entities are obliged to

publicize all types of public calls for the procedures exceeding the value limit for small value procurements, and optionally for small value procurement as well. Additionally, the Portal data base can be searched by the public, which is a mighty instrument to increase efficiency of monitoring of public procurement procedures. Beside the public calls of the procuring entities (public announcements, notifications, decisions), the decisions of the Commission for the Protection of Rights are publicized on the Portal. In that way, information related public procurement in Serbia can be retrieved on one place, free of charge. For the first six months of Portal functioning, 10.000 calls were published, and it is visited by an average of 10.000 visitors monthly.

Public Procurement Office, within the realization of the task of monitoring public procurement procedures, elaborated 3806 reports and information on those procedures where irregularities were noted and that delivered to the Ministry of Finance, as the competent for supervision of the implementation of the Public Procurement Office, as well as to the line ministries.

Within the cooperation with other organizations to curb corruption in public procurement procedures, the Public Procurement Procedures, the experts of the Public Procurement Office actively participated in anti-corruption conference organized by „Transparency Serbia“ entitled: „Public procurements – saving of budgetary money and harmonization with EU standards“. Additionally, the Office, together with the European Commission, organized a seminar on public procurements and significant part of its program was devoted to curbing of irregularities in public procurement procedures.

The Office also, significantly contributed to affirmation of the concept of centralized public procurement in Serbia, which offers significant potentials for savings and reduction of irregularities. This initiative resulted in establishment of the Agency for public Procurement of the City of Belgrade and the Sector for Public Procurement of the city of Novi Sad. The Public Procurement Office continued to provide professional support to these bodies, one of the concrete results was the establishment of efficient information data base on public procurements on the level of the two cities for needs of these bodies.

The Public Procurement Office started a regional initiative for establishment of a regional Forum for public procurements, which would, via joint portal, connect regulatory institutions from: Croatia, Bosnia and Herzegovina, Montenegro, Macedonia and Serbia. The Forum would enable sharing of experiences and information between related bodies in practical issues, primarily those regarding curbing of irregularities. The support for this initiative was obtained by all the institutions from the region as well as by OSCE mission in Serbia that is ready to assist in establishing of such a portal.

- Customs Administration

Within the organizational structure of the Customs Administration, an Internal Control Department was founded in 2003 with a major task to fight corruption in the Customs Administration, as well as to control legality of proceedings of the customs officials. The Department is directly subject to the Administration Director and therefore the Department is competent for collection of relevant facts related to real cases preceding to the disciplinary

action, and in more complex activities in clarification of events with elements of criminal offence. The Internal Control Department proceeds in cooperation with the competent bodies of the Ministry of Interior of the Republic of Serbia.

The Customs Administration civil servants within a great joint action of Serbian and Hungarian customs cut the chain of textile goods smuggling in their action, code name "Cotton" at the end of 2008 in which the Customs Administration civil servants participated as well. Also, this year in August in cooperation of these two customs administrations another similar action was conducted with the customs civil servants as the main actors, together with border police of the Ministry of Interior of the Republic of Serbia.

Among the activities of the Department we select also the verification of the customs officers obtained through the requests of other Government authorities, related to verification of statements of various petitions regarding the alleged abuse of customs officers. The same activity is carried out for the petitions obtained by a „direct telephone line“ which is used for reporting of irregularities in customs procedure, whose number is visible on the posters placed on prominent places in custom's outposts and border crossings.

The communication of the Internal Control Department of the Customs Administration and the competent services of the Ministry of Interior of the Republic of Serbia, Tax Administration, Administration for the prevention of money laundering, the Security Intelligence Agency, Serbian Military services, line Prosecutor's Offices, Special Department of the District court in Belgrade and Special Prosecutor's Office for organized crime is held on daily bases depending on the problems.

- Office for Human Resource Management

In line with the adopted Program of general professional advancement of civil servants in public administration and the Government services for 2009, following a planned module entitled "Fighting against corruption and publicity of state administration work", the Office for human resources management organized two training sessions entitled "Integrity plan". The trainings were held on May 19 and 21, 2009 and were intended for the secretaries of the ministries and state civil servants who will be in charge of implementation of integrity plans in within those authorities. 26 people participated in the training. The lecturer was Radmila Vasic, PhD, professor at the Faculty of Law and member of the Anti-corruption Council. Another training with the same title is planned. The seminars entitled "EU rules for implementation of public procurements (PRAG, Terms of References)" were held on 01- 02 and 08 - 09 June 2009 in order to upgrade civil servants knowledge about the rules for budget preparation for the projects financed from EU funds. 34 participants attended the training. Until the end of 2009, more trainings with the same title are planned.

Of the planned activities, the following trainings entitled „Free Approach to Information of Public Importance“ are be held on September 21 and 22, 2009. The lecturers will be Mr. Rodoljub Sabic, Commissioner for Information of Public Importance and Protection of Personal Data and Ms Stanojla Mandic, Deputy Commissioner. The training is intended for those civil

servants who are authorized persons for providing of information of public importance and shall include all state administration authorities and Government offices. In December 2009, another two trainings with the same topic are planned.

Till the end of the year, training was predicted entitled “Openly about corruption” as well as training “Ethical standards of Civil Servants Conduct” at the end of November, intended to all state civil servants, in order to introduce them contents of strategic documents in the field of the fight against corruption, causes and consequences from corruption, as well as preventive measures of actions.

- High Employee Council

Starting from the competencies of the High Employee Council as provided in Art. 164 of the Law on Civil Servants (Official Gazette of the Republic of Serbia, No 79/05, 81/05-correction, 83/05-correction, 64/07, 67/07-correction and 116/08), the High Employee Council following the adoption of the Code of Conduct of Civil Servants („Official Gazette of the Republic of Serbia” No 29/08) published on March 21, 2008 went into force on the eight day from its publishing, has no other powers in anti-corruption area. In the previous period the activities of the High Employee Council were targeted at administration of the announcements to fill the posts.

- Protector of Citizens (Ombudsman)

In his work, Ombudsman has numerous contacts with citizens, where they point out various problems, included corruption. The number of contacts almost doubled in 2009 when compared to 2008 (See the table below).

No	OMBUDSMAN’S REALIZED CONTACTS WITH CITIZENS	1/1-31/12/2008	1/1-15/8/2009
1.	Complaints	1.030	1.067
2.	Citizens received for talk	1.395	1.087
3.	Telephone conversations with citizens	2.232	3.226
4.	Various requests in electronic form	89	530
	Overall	4.746	5.910

One of the basic tasks of the Ombudsman is to verify whether some administration body or other organization, with public authorities, legally and rightly solved upon rights or interest of citizens. Ombudsman investigates the cases of violation of the rights on basis of citizens’ complaints, but also at his own initiative. Anyone who thinks that some administrative body or other organization applies or fails to apply the regulations of the Republic of Serbia to his/her disadvantage can appeal to Ombudsman. Citizens, in their complaints submitted to Ombudsman sometimes point out to a single problem, more frequently to a few problems related to illegal and/or irregular proceedings of the administrative body towards them. At least in one third of all received complaints in the course of 2008 and 2009 the citizens pointed out to problems of

corruption, sometimes as a unique problem but more often as one of more problems (See the table below).

No	PROCEEDINGS UNDER COMPLAINTS	1/1-31/12/2008	1/1-15/8/2009
1.	Rejected	583	196
2.	Refused as unfounded	115	30
3.	The appellants dropped the complaint	20	13
4.	Proceedings discontinued – administrative bodies removed the deficiencies in its work	56	17
5.	Recommendations based on complaints	11	11
6.	Opinions based on complaints	1	3
7.	Ongoing	244	797
	Overall	1.030	1.067

In the period from 1/1/2008 to 15/8/2009 Ombudsman made 39 recommendations, directed to administrative bodies, in which he ascertained violation of the principle of good governance and therefore violation of human rights and freedom. Thus he recommended taking of appropriate measures in order to eliminate the determined failures in work of these bodies.

In the period from 1/1/2008 to 15/8/2009 Ombudsman proposed 7 initiatives for modifications and amendments to laws and other regulations.

Amendment to the Law on Free Access to Information of Public Importance

In this occasion we want to underline the amendment, submitted by Ombudsman to the National Assembly to the Draft Law amending the Law on Free Access to Information of Public Importance.

This amendment guarantees protection to sources of information of public interest (the so called „whistleblowers“). The amendment protects all those who conscientiously reveal information of public importance, especially if such information indicates existence of corruption, exceeding of powers, criminal offence, corporate offence, irrational disposal of public resources and similar illegality and irregularity in work of any Government authority.

This amendment aspire to full realization of constitutionally granted civil right to access to data held by government authorities and organizations entrusted with public authorizations.

Simultaneously, protection of „whistleblowers“ is also the international obligation of Serbia, on several basis, with a particular stress to Recommendation XXI from the Report of the Group of States against corruption (GRECO) on compliance for the Republic of Serbia, adopted at the GRECO plenary meeting from June 9 to 13, 2008. This recommendation was inspired, among

others, by the provisions of Art. 9 of Civil Law Convention on Corruption of the Council of Europe, ratified by Serbia in 2007. However, protection from the Recommendation is more extended than the minimum granted by this Convention. Additionally, GRECO invited the Head of Serbian Delegation to submit additional information until December 31, 2009 related to implementation of several recommendations from the Report, these recommendations included. The adoption of this amendment should stimulate civil servants to indicate irregularities more openly. However, the entire activity is not completed by adoption of this amendment. Namely, it is necessary, through other legislative solutions in the area of Labor Law, to enable also the employees of the private sector to initiate important issues within the company, before competent government authorities or in public.

- Commissioner for Information of Public Importance and Protection of Personal Data

According to the statistical data of the Commissioner, in the period from October 1, 2008 to August 26, 2009., the Commissioner received an overall of 1,737 files, out of which 1,280 are complaints in cases when access to information was rejected by the decision of a body from which information was requested or the public authority did not reply upon request, i.e. the reply was not in a legal form. In the reporting period 1,171 cases was solved upon complaints of the appellants.

The activities of the Commissioner aimed at fighting against corruption for the period October 1, 2008 to September 1, 2009 within the competencies prescribed by the Law on Free Access to Information of Public Importance („Official gazette of the RS“, No 120/2004 and 54/2007) consist primarily of competencies of protection of the right to free access to information through the institute of complaint to the Commissioner, activities of training of the state authorities employees, as well as of appellant (representatives of the media and citizens) related to the right to access to information of public importance, activities of affirmation of the right to free access to information, as well as cooperation of the Commissioner with the relevant state authorities, civil sector and international organizations.

Training of Civil servants in administrative state bodies and services is held as part of systematic training of civil servants and individually, either on initiative of the state body or the Commissioner. The issue of free access to information became the integral part of the Program for taking State Professional Exam, on the initiative of the Commissioner and accepted by the Ministry for State Administration and Local Self-government. Following, the motion of the Commissioner submitted to the Human Resource Service of the Government of the Republic of Serbia, the issues from the field of free access to information of public importance became an integral part of the annual programs of general professional advanced training of civil servants in state administration bodies and services of the Government for 2007, 2008 and 2009.

Individual training sessions were realized as one-day seminars and workshops targeted at state bodies, judiciary and local self-government bodies.

In the course of long lasting good cooperation with the media representatives and their associations as well as with civil society organizations, the Commissioner organized or took part

in great number of seminars, workshops and other events aimed at raising awareness and knowledge on rights to free access to information. Particular stress of all the events related to free access to information was put to importance of this right in strengthening of accountability in work of state bodies and the fight against corruption. Corruption was the main topic of some meetings during the reporting period.

Affirmation of the right to free access to information is one of the Commissioner's legal powers and as for this reporting, the related activities refer not only to affirmation of the right in broader sense, i.e. Commissioner's appearance in public, but also to all other activities aimed at increasing of the level of realization of rights to free access on one side and stimulation of state bodies to fully implement their legal obligations. As for the cooperation between the relevant state bodies, civil society organizations and international organizations, the Commissioner also held a series of meetings during the reporting period, where one of the topics was also significance of Commissioner's work in the fight against corruption.

- State Audit Institution (SAI)

Until the end of 2009, the Institution shall adopt the following acts:

- Determined Draft financial plan for 2010 and shall submit it to the Finances Council of the National Assembly;
- Rule book on budgetary accounting and financial operations of the SAI;
- Rule book on institutional allowance;
- Rule book on office and archive operations;
- Rule book on data protection in the Institution;
- Rule book on business trips;
- Rule book on acceptance and recording of presents;
- Rule book on conditions and way of using company vehicles in the SAI;
- Rule book on use of funds for corporate gifts.

The SAI Rules of Procedure were adopted in line with the Law, following the obtained consent of the Assembly of the Republic of Serbia and published in the Official Gazette of the Republic of Serbia No 9/2009 of February 14, 2009. These Rules of Procedure closely regulate way and procedure according to which the Institution carries out its auditing services, counseling of the users of public assets, way of reporting to the National Assembly, organization and composition of the Institution, way of ensuring transparency in work and other issues relevant for the activities of this Institution.

The Rule book on recruitment of auditor's posts regulates the way of education and work of admission board for selection of candidates pursuant to internal and public announcements, which professional qualifications, knowledge and skills are to be assessed in selection procedure when administering internal and public announcement for recruitment of auditor's posts, way of verification of these professional abilities, knowledge and skills and criteria for election for auditor's post in the Institution. This Rule book is drafted in line with the regulations which regulate equal position of civil servants having regard to the fact that the employees of the

Institution have equal position like state employees. The existence of this Rule book is a prerequisite for recruitment of auditor's posts in the Institution.

Having regard to the outstanding activities for admission of employees, it is planned to select another 40 employees for the auditing services, until the end of 2009.

Execution of Annual Auditing Program

In the period from July 14, 2008 to December 31, 2008 in the premises of the Ministry of Finance - the Treasury, in compliance with the provisions of Art. 37 of the Law on State Audit Institution, two state auditors collected from the beneficiaries of public assets the necessary information, data and other documents, i.e. carried out other researches needed for planning and auditing of the financial statements for 2008.

Based on the collected data, information, other documents as well as other executed researches, several facts were ascertained about functioning of the internal control systems as well as about functioning of the accounting system. The President of the Institution, in the form of letter to the management, notified the Ministry of Finance, how these facts could be used for a possible upgrading of functioning of those systems in the forthcoming period.

In line with the legal obligations as provided for in the Law on State Audit Institutions and the Rules of Procedure of the Institution, and following the collected data and other accounting documents, at the beginning of May 2009, the Ministry of Finance and the National bank of Serbia were submitted the Conclusions on implementation of financial statements auditing, i.e. changes to the Draft law on annual financial statement of the budget of the Republic of Serbia for 2008 and financial statements in the part related to operations with the state budget for 2008.

The aim of auditing is to provide opinion on the Draft Law on Annual Financial Statement of the Budget of the Republic of Serbia for 2008 and opinion on financial statements in the in the part related to operations with the state budget.

Since May 18, 2009, in the Ministry of Finance, i.e. in the Treasury, 8 newly appointed auditors joined the supreme auditors in the sector for budget of the Republic of Serbia and budgetary funds, as well as in the Sector for auditing of financial statements of the National Bank of Serbia in the part related to operations with the state budget, and they initiated the implementation of procedures of final auditing of financial statements.

Following execution of all the procedures of auditing, starting from the phase of data collection before the beginning of auditing and the conducting of auditing procedure, (drawing up of Draft report, Proposal of the report and adoption of auditing report), at the end of October or beginning of November the Institution shall submit to the National Assembly of the Republic of Serbia the first Report on executed audit and provide opinion on the Draft Law on annual financial statement of the 2008 budget.

Additionally, in compliance with Art. 34 of the Law on State Audit Institution, which foresees the range of activities related to translation and publishing of generally accepted international

auditing standards, the Institution initiated the process of translation of the International Standards of Supreme Auditing Institutions (ISSAI), and we expect the first set of standards to be published by the end of 2009.

Cooperation with International Organizations and Institutions

The Institution has joined the drafting of the framework plan for the National Programme for Integration of the Republic of Serbia into the European Union. This document sets out the detailed plan, timeline and priorities in adapting our legislation to EU legislation. Members of the Council have participated in the work of the Subgroup for Financial Monitoring which, apart from the Coordination Body for the EU Accession Process, should study EU *acquis communautaire* that regulate the area of financial control. The Council has set the dynamics and priorities in the legislation harmonization process within the planned general deadline, taking into account the role of certain EU regulations in the process of establishment and development of the Institution. There were no objections to the Council's proposals.

Cooperation has been established with the Court of Audit of the Republic of Slovenia in the context of recommending auditing methods and introduction of work method of their auditing institution, organizational model and auditing competencies that are best suited to our model.

The essential part of international cooperation related activities was conducted with the Office of the Auditor General of Norway (OAGN), with which the Institution has signed the Declaration on Mutual Cooperation on May 28, 2008. In the context of cooperation between the OAGN and the Institution, it should be noted that during August and November of 2008, joint meetings were held at which representatives of the Court of Audit of Slovenia also took part. In these meetings, gathered data, information and announcements were evaluated, as well as risk areas which were established based on data from the Draft Law on the Republic of Serbia's 2007 Budget Balance Sheet. A workshop with the media and public relations as a subject was held for Council members in Oslo, in April 2009. Also, in early May 2009, quality evaluation was performed for inherent and control risk and areas definition, based on data from 2008 report. In the last week of May, introduction of initial training is underway for newly appointed auditors for financial audit by OAGN, with particular focus on performance of final audit and writing of the audit report. After these evaluations and initial training OAGN experts will, in the following months, start realization of project activity related to financial audit and on-the-job training of DRI's audit staff.

The Ministry of Justice of Serbia has organized a meeting in 2008 with representatives of the GRECO Committee dedicated to programme implementation and recommendations for combating corruption. Particular attention has been given to recommendations XXIV and XXV which should be implemented by the State Audit Institution.

Contacts have been established with the World Bank, which is also interested in the work and establishment of the Institution.

During the visit of the IMF delegation, which came to Serbia as part of technical assistance and at the invitation by the Ministry of Finance, the method and conditions of functioning of the Institution were discussed, as well as legislative and normative activity and problems encountered, the Institution's budget preparation process and other issues of relevance to the Institution's activities.

In mid-November 2008, the State Audit Institution gained full membership in the International Organization of Supreme Audit Institutions INTOSAI, as well as in the European Supreme Audit Institutions EUROSAI in early June of 2008.

Provision of working conditions

As an interim solution, the Institution was provided with 10 offices with the total of 235m2 for use in 41 Mekenzijska Street, where it should move by mid-September.

Judicial Training Centre

In the context of realisation of the Regular Annual Training Programme, the Judicial Centre has organized the following seminars on corruption for the period from October 1, 2008 to September 1, 2009:

Measures for combating corruption. Seminars for judges and prosecutors of district and municipal courts. There were 18 seminars with 476 attendees. The subject of the seminar was measures for combating corruption, international standards and obligations of Serbia in combating corruption.

Organized crime, money laundering and corruption. Seminars were organized for judges of district courts, prosecutors, directorate for combating organized crime, Administration for Prevention of money laundering. There were three two-day seminars with 97 attendees.

Investigation and investigative acts in combating corruption. The seminar was organized for judges and prosecutors. There were 11 two-day seminars attended by 292 participants. Lecturers were given by judges of the Supreme Court of Serbia and prosecutors of the Prosecutor's Office of the Republic of Serbia.

Challenges and successful examples of combating money laundering and corruption in Serbian and worldwide. Seminars were organized for investigative judges, prosecutors and policemen. There were 172 participants in these seminars.

Organized crime, money laundering and corruption. A special programme for education of judges and prosecutors. Working groups of the Judicial Training Centre for judges of criminal divisions and prosecutors have determined programme attendees. The first group, with six participants, attended the trainers' training programme. They attended a five-day seminar on the

subject of Organized crime, money laundering and corruption. Six two-day seminars were also organized for judges and prosecutors, with 196 attendees.

Seizure of assets acquired from criminal activity. A four-day training was organized for lecturers, judges and prosecutors. Also, 20 one-day seminars were held for judges and prosecutors, dedicated to “Implementation of the Law on Seizure and Confiscation of the Proceeds from Crime”, attended by 678 judges and prosecutors. Starting from April, two-day seminars are being organized for judges and prosecutors from district courts together with members of the police, where practical examples and practical application of the Law are being discussed. From April to September 2009, there were 4 two-day seminars with 126 attendees. Three more seminars are planned to take place by the end of 2009. These seminars are organized in cooperation with the US Embassy in Belgrade and the OSCE Mission to Serbia.

Implementation of Group of States against corruption (GRECO) **Recomandations**

With the adoption of the Anti-Corruption Agency Act and establishment of an independent body three GRECO recommendations were implemented: broader definition of the term “public official” – recommendation xvii, *pantouflage* - recommendation xviii. and lowering the value of gifts - recommendation xix.

- Recommendations regarding broader definition of the term “public official”, pantouflage and gift value

With the adoption of the Anti-Corruption Act by the National Parliament and its implementation starting on 1 January 2010, the recommendation referring to the broader definition of the term “public official” has been fully complied with. A public official shall be any person elected, appointed or nominated to a state, autonomous province or a local self-government body or a body of any public enterprises founded by the Republic of Serbia, autonomous province, local self-government or any person elected by the National Parliament.

With regard to the recommendation on *pantouflage*, the Anti-Corruption Agency Act prescribes that a public official whose public term of office has ended shall not, for a period of two years, get employment with a legal entity, entrepreneur or international organisation performing activities in connection with the function that the public official used to hold, except in the event that the public official gets the approval from the Agency. The ban does not refer to a public official elected in direct elections. Therefore, this recommendation has been fully complied with as well.

The law also lays out a general ban on gifts: public officials must not accept any gift in connection with their tenure of public office other than protocol or other “appropriate” gifts and only as long as these are not in the form of money or securities. Protocol gifts are to be handed to the competent body that manages public property. Public officials must not keep an

“appropriate” gift if its value exceeds 5% of the average net monthly salary in the Republic of Serbia (i.e. EUR 17.5). Total value of “appropriate” gifts received over one year must not exceed the value of an average net monthly salary in Serbia. Thus, the recommendation referring to the value of gifts that a public official is allowed to accept is implemented, bearing in mind that the current Resolving Conflict of Interests when Holding Public Office Act lays out the value of the gift of 50% of the net monthly salary in Serbia.

- Recommendation regarding criminal liability of legal persons

Furthermore, with the adoption of the Law on Criminal Liability of Legal Entities recommendation xxiii. has been complied with. The National Assembly adopted this law and it entered force at the beginning of November 2008.

- Recommendations regarding justice and Criminal Procedure Code

Recommendations ii. and iv. have been implemented with the adoption of the judicial law package.

The Serbian National Parliament adopted a set of laws regulating justice system¹ (Judges Act, High Judicial Council Act, Public Prosecutor’s Office Act, State Council of Prosecutors Act and Court and Public Prosecutors’ Offices Locations and Jurisdictions Act, which were produced in accordance with the expertise of the Venetian Commission (Judges Act and High Judicial Council Act) and Council of Europe’s experts (Public Prosecutor’s Office Act and State Council of Prosecutors Act), as well as laws amending the regulations governing criminal proceedings and organized crime, in full consideration of the GRECO recommendations addressing the matter (transparent election of judges and prosecutors, term of office of the special prosecutor for organized crime, special investigation techniques).

Bearing in mind that the deadline for the new GRECO report is 31 December 2009, Serbia will be fully committed to complying with the remaining five recommendations.²

¹ Official Gazette of the Republic of Serbia, No. 116/2008

² **Recommendation xii.** – GRECO recommended keeping under careful review the range of reporting institutions, pursue enhanced training initiatives to increase awareness of suspicious transaction reporting and monitoring progress. GRECO also recommends that guidelines be issued containing money laundering indicators, for all obligated entities.

Recommendation xxi. – GRECO recommended ensuring that civil servants who report suspicions of corruption in public administration in good faith (whistleblowers) are adequately protected from retaliation when they report their suspicions.

Recommendation xxii. – GRECO recommended limiting licenses and permits to those that are indispensable, to reduce the turnaround time required for obtaining them and to encourage the compilation and editing of guidelines both for civil servants handling licenses and permits and for the general public.

Recommendation xxiv. – GRECO recommended encouraging private auditors, accountants and other advisory professionals to report suspicions of corruption to the public prosecutor and to organize training on detection and reporting of corruption.

Recommendation xxv. – GRECO recommended speeding up the introduction of a national auditing authority.