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# BUDGETING FOCUSED ON CHILDREN'S RIGHTS

**Manual**

**Publisher**

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**Disclaimer**

The views expressed in this publication are those of the contributors and do not necessarily reflect the views of the National Assembly of the Republic of Serbia, CEF, or UNICEF

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# **BUDGETING FOCUSED ON CHILDREN'S RIGHTS**

**Manual**



# PREFACE

## United in the Same Values

The manual before you will provide you with the fundamental knowledge necessary for your role as Members of Parliament, with the aim of protecting children's rights through their effective financing from public resources.

Child-sensitive budgeting is an approach in which the specific needs, rights, and well-being of children are taken into account during the preparation and execution of the budget. It encompasses not only ensuring adequate budget allocations for programs relating to children but also systematically analyzing and assessing the impact of funds intended for children on the realization of child rights in everyday life.

The content of this Manual offers you essential knowledge about the subject, objectives, and methods of protecting children's rights. It also presents the international obligations of the Republic of Serbia, as well as domestic legislation directed toward the protection of children's rights. With this Manual, you will have the opportunity to gain and expand your knowledge in the area of public finance management of the Republic of Serbia, of which you are an active part.

The knowledge you acquire with this Manual will serve you in more effectively fulfilling the rights and obligations you have as Members of Parliament.

The protection of children's rights, and consequently their financing, rests on a system of values as the foundation of action for all representatives of authority. The selection and ranking of values define a society and a state in relation to the achievements of civilization and a meaningful understanding of the real needs of society.

The most important prerequisites for the protection of children's rights—responsibility and humanity—are borne by every Member of Parliament, individually and collectively. Your parliamentary mandate gains new quality through genuine commitment to protecting the rights of every child. Children are a category of citizens who, aside from their legal representatives (most often parents and sometimes others), have no other representatives but you to protect their rights directly.

Alongside active voters, you are also accountable in the National Assembly of the Republic of Serbia for your decisions to every child. Children lack formal legal instruments to provide you, as Members of Parliament, with

feedback about the conditions in which they live. It is up to you to listen to children and their needs, to hear their representatives and qualified institutions. An analysis of children’s quality of life—their health, the level and quality of their education, their safety, their innovativeness, as well as the fulfillment of the special needs of children who have them—represents the most objective measure of the success of your parliamentary mandate.

Beyond the values on which the protection of children’s rights rests, quality and constructive cooperation with all actors in child rights protection is crucial for their realization. All branches of government—legislative (to which you belong), judicial, executive, independent oversight institutions as a “fourth branch” of government (the Ombudsman, the State Audit Institution), local self-governments, as well as civic associations and international organizations—share both formal and moral responsibility toward children. Dialogue and cooperation within parliamentary bodies, as well as cooperation with citizens, parents, legal representatives of children, civil society organizations, state institutions, local governments, and international organizations, are key for a comprehensive approach to child rights protection. In this way, decision-making mechanisms are established that are based on objective analysis and projections, are multidisciplinary, and are in line with best practices.

The formal legal position of Members of Parliament, according to the constitutional order of the Republic of Serbia, is representative, elective, legislative, and supervisory. Substantively, the law places Members of Parliament in the privileged position of active agents of change. An analysis of the nature of your mandates points to the fact that you have access to information both from the electorate and from state institutions. By working within your constitutional and legal competences, and based on your personal values and the information available to you, you can assume a leading role in protecting children’s rights. The improvement of the position and treatment of children, as the true guarantee of a society’s future, is an important measure of the success of your mandate.

# **PART I**

## **Why should we invest in children?**

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## 1.1. Budgets as paramount social policy conventions

As a compassionate and responsible society, it is our paramount duty to ensure that children's rights are protected and upheld. This is not only a legal and moral obligation, but it also has significant implications for economic and social development policies. Children are the heart and soul of our communities and the future of our nations. Their well-being and development are of utmost importance.

In order to truly prioritize children's rights, countries must go beyond simply talking about their importance or enacting legislation to protect them. It is equally important to allocate sufficient resources to ensure that these rights are upheld. This means that governments must focus on implementing relevant legislation and policies, as well as on building strong institutions with the capacity to fulfil these rights.

As the budgets are top social policy commitments, governments should ensure that their budgets reflect a commitment to children's rights, and that they devote adequate resources to areas such as education, healthcare, and social welfare. They should also prioritize the development of effective systems for monitoring and reporting on the implementation of children's rights, as well as for holding accountable those who fail to fulfil their obligations in this regard.

**To truly prioritize children's rights, countries must allocate sufficient resources to ensure their protection.**

At the same time, as the budgets are not single instruments of upholding children's rights, the governments must also work to build the capacity of the institutions responsible for implementing children's rights. This includes investing in the training and development of personnel, as well as in the establishment of effective systems for coordination and collaboration across different sectors and levels of government, and promotion of public administration practice on the fundamentals of good governance principles.

Ultimately, prioritizing the rights of all children means recognizing that these rights are

not just important today, but also for future generations. It requires a sustained and concerted effort to ensure that children can live healthy, happy, and fulfilling lives, free from discrimination and with access to the opportunities and resources they need to thrive.

The Convention on the Rights of the Child (Convention) is an international agreement that obligates countries to provide care, assistance, and protection to children. However, fulfilling these obligations has financial implications. In settings with severe resource constraints, it can be challenging to translate these commitments into strong programs with corresponding budgets.

Social investment often involves trade-offs, where devoting resources to one area may imply sacrificing them in others. Thus, to create a budget that serves to realize the rights of all children within a country, it is necessary to profile the amount of revenue available or what needs to be raised, as well as the allocated expenditure. However, governments must first create fiscal space to allow for children's issues to be debated and policies to be designed to address them.

When viewed in this context, the budget can be one of the most significant bottlenecks to achieving child rights. It can also be a cause of poor outcomes. Therefore, creating a budget that prioritizes children's issues is crucial in achieving their rights. It is necessary to allocate sufficient resources to staffing, training, medications, and social protection for the poor to enable access, particularly in marginalized and poor communities. By doing this, governments can ensure that children's rights are protected, and they can enjoy a better quality of life.

Advocating for children is an essential task, particularly given the fact that children are often excluded from policy and budgeting decisions. As a result, specialized government institutions, civil society organizations, and donors must step in to fill this gap and push for investment in children. This is crucial because children typically do not have a voice in these processes, and they are not given the space to make their priorities known.

## 1.2. Key considerations for child-responsive budgeting

Investing in children is the most fundamental and integral aspect of ensuring that their rights are realized. The Convention on the Rights of the Child specifies the legal obligations of national governments to achieve children's economic, social, civil, political, and cultural rights to the fullest extent possible, while also ensuring that the rights of future generations are not compromised by current actions.

**Governments must protect children's rights and ensure non-discrimination, avoid regression of existing protections, and provide minimum essential levels of protection for economic, social and cultural rights.**

In addition, governments must adhere to key principles to promote child rights, in line with the International Covenant on Economic, Social and Cultural Rights (ICESCR):

**PROGRESSIVE REALIZATION:** The states have a duty to achieve the full realization of the rights recognized in the Covenant over time and to the maximum extent of their available resources.

**NON-DISCRIMINATION AND EQUALITY:** The ICESCR affirms that everyone is entitled to all human rights and freedoms, irrespective of any form of discrimination, including age.

**NON-RETROGRESSION:** States should not allow the existing protection of economic and social rights to deteriorate, as any retrogressive measure would be contrary to the principles of human progress and would negatively impact the realization of child rights.

**MINIMUM ESSENTIAL LEVELS/MINIMUM CORE OBLIGATIONS:** The State is obligated to ensure that people living under its jurisdiction, including children, enjoy at least minimum levels of protection of each of their economic, social, and cultural rights, and that these minimum levels are not compromised.

Investing in children is a crucial step towards building a fair and inclusive society, where every child has an equal opportunity to succeed. By providing them with essential health, education, and nutritional services, we can create a level playing field that allows all children to reach their full potential, regardless of their economic background. For children

### Summary of the arguments in support of social investments

ETHICAL ARGUMENT



IMPLEMENT RIGHTS AND ACHIEVE EQUALITY

AGE-SENSITIVITY ARGUMENT



CHILDHOOD IS A UNIQUE WINDOW OF OPPORTUNITY

ECONOMIC ARGUMENT



PRODUCTIVITY GAINS AND ECONOMIC GROWTH

POLITICAL ARGUMENT



SOCIAL COHESION AND DEMOCRATIC GOVERNANCE

Investing in children is a crucial step towards building a fair and inclusive society, where every child has an equal opportunity to succeed. By providing them with essential health, education, and nutritional services, we can create a level playing field that allows all children to reach their full potential, regardless of their economic background. For children living in poverty, access to these services can be a lifeline that helps them break the cycle of poverty and achieve a brighter future.\*

\* <https://www.unicef.org/bih/media/726/file/EU-UNICEF%20Child%20Rights%20Toolkit%20.pdf>

living in poverty, access to these services can be a lifeline that helps them break the cycle of poverty and achieve a brighter future.

Beyond the practical benefits, investing in children is a moral obligation that reflects our society's values and beliefs. Children are the most vulnerable members of our society, and it is our duty and responsibility to ensure their safety, health, and well-being. They are also the future of our nation, and investing in them is an investment in the future of our country.

Children rely heavily on public services, including education, health, water and sanitation and child protection services. Therefore, it is essential that governments prioritize investing in children and providing them with the services they need to thrive. By doing so, we can create a society that is not only prosperous and equitable but also compassionate and just.

Defining child-responsive budgeting is crucial for society and the state to have a comprehensive understanding of the challenges and risks that children face in today's world. This includes recognizing their fundamental rights and ensuring their future well-being. By having a deeper understanding of these issues, we can develop appropriate and effective responses to address them.

A child-responsive budget should provide sufficient resources to realize child rights, prioritize excluded sectors, involve key stakeholders in decision-making, and have accountability mechanisms in place.

It is equally important to ensure that the state has the necessary resources and capabilities to implement these measures effectively. This requires a commitment to providing adequate funding and support to organizations and programs that work towards improving the lives of children.

Ultimately, our goal should be to create a safe and nurturing environment for children to grow and thrive, where their rights are protected, and their future is secure. This requires a collective effort from society,

the state, and other stakeholders, working together towards a common goal.

It is important to understand that child-responsive budgeting does not create a new set of budget categories or procedures. Instead, it involves new ways of analysing budgets, with the focus on realisation of children's rights and needs. This can be done through providing appropriate resources for children, prioritisation of needs of most marginalized children, transparent decision making on allocating budget resources devoted to children and establishing proper accountability mechanisms in place

Child-responsive budgeting does not create a new set of budget categories or procedures. Instead, it involves new ways of analyzing budgets. A budget can be considered child-responsive if it meets the following minimum criteria:

1. It provides an appropriate resource base for the progressive realization of child rights;
2. It prioritizes excluded sectors and assigns special allocations with costed plans to reach the most marginalized children;
3. Decision-making processes are transparent and allow for the effective participation of key stakeholders, including CSOs representing children and children themselves;
4. Accountability mechanisms are in place, thereby fulfilling the right of all citizens to be informed about the way in which the budget affects children.

Child-responsive budgeting aims to prioritize the needs of children when planning and allocating government resources. This work includes several steps such as publishing accurate and transparent information about policies, costs, and budgets. It also involves engaging with stakeholders throughout the budget cycle to ensure their participation and input. Additionally, child-responsive budgeting involves analyzing revenue and expenditure policies to influence budget discussions and

advocating for improved social protection schemes to support households during economic and social shocks. Formal internal and external evaluation of policies implementation bears a set of reporting duties, both within the executive branch and that of executive brace to the parliament. Lastly, it supports program and budget-support planning with a focus on children, especially during times of crisis.

In order to go into depth of the outlined issues, this manual shall present key issues related to child responsive budgeting, which will be structured in four forthcoming chapters. In the chapter II, shall present key international legal instruments in the area of the child protection, in order to better understand the international obligations of the Republic of Serbia in the area of children's rights. In chapter III we shall present

a practical guide through the budget process, which shall provide the basis for members of parliament to understand the budget process as a whole. Within this chapter we shall analyse the concept of the budget, differences between the home and republican budget, citizens budget and child's budget; key stakeholders of the budget process; how to prepare and execute the budget; what is a program budgeting etc. In the chapter IV, members of parliament will be able to get acquainted with their powers and possibilities on how to hold the Government to account for the use of the public funds related to children's rights and get their voices heard and respected throughout the complexities of the budget process. In chapter V we shall present the best international practices in children sensitive budgeting.

### Self-evaluation questions

1. What is a child sensitive budgeting? Please name minimum criteria for establishment of a child responsible budgeting.
2. What are the key considerations in child sensitive budgeting?
3. How the public funding enhances better lives for children?

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# **PART II**

## **International law fundamentals of the children rights' protection**

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As a United Nations Member state, Serbia is a party to a set of international acts that establish a framework and thus obligations to protect the very rights within the domestic legal regime.

Your work as members of the supreme legislative body of the Republic of Serbia is thus of high relevance for domestic observance of the following international law acts and mechanisms:

**The Universal Declaration of Human Rights** (Declaration), adopted in 1948, is a pivotal document that marks a significant milestone in the long history of human rights. This momentous event of adoption of the Declaration followed the end of the Second World War and the creation of the United Nations, which committed the international community to prevent atrocities like those of the war from ever occurring again. As a result, global leaders came together to complement the UN Charter with a comprehensive roadmap that guarantees the rights of every individual, regardless of their background or status. This groundbreaking document sets out fundamental human rights that must be universally protected and has been translated in over 500 languages. The declaration is widely recognized as having inspired and paved the way for more than seventy human rights treaties, which are now applied globally and regionally on a permanent basis, ensuring that human rights are respected and protected worldwide.

**The Convention on the Rights of the Child** (Convention) is a crucial international document that focuses on the rights of children. This landmark treaty defines the entire spectrum of children's rights in one place, including their civil, political, economic, social, health, and cultural rights. Its significance lies in its recognition of children as individuals with their own set of unique rights and needs. Furthermore, it is the most widely accepted legal instrument for the protection of human rights, with 196 countries having ratified it. This treaty helps to ensure that children's rights are respected, protected and fulfilled, allowing them to grow and flourish in a safe and nurturing environment.

The Convention on the Rights of the Child was adopted on November 20, 1989, by

the United Nations General Assembly. The Socialist Federal Republic of Yugoslavia (SFRJ) ratified the Convention on December 18, 1990, and the Republic of Serbia has maintained its commitment to the Convention since its succession in 2001. Additionally, Serbia ratified two Optional Protocols in July 2002, addressing the sale of children for prostitution and child involvement in armed conflict. In 2023, the Ministry initiated the procedure to ratify the Optional Protocol on a Communications Procedure, which facilitates the submission of individual communications related to children's rights. A Draft Law for this ratification has been prepared; however, the Protocol has yet to be adopted. This ongoing effort reflects Serbia's dedication to the protection and promotion of children's rights.

It is important to recognize and understand various conventions, such as **the one that defines discrimination against women-SEDAW**. This convention states that discrimination occurs when there is any distinction, exclusion, or restriction based on sex that impairs or nullifies the recognition, enjoyment, or exercise of human rights and fundamental freedoms by women—regardless of their marital status. It emphasizes the need for equality between men and women in all areas, including political, economic, social, cultural, and civil rights. The CRPD (Convention on the Rights of Persons with Disabilities) is designed as a human rights instrument that also emphasizes social development. It provides a comprehensive definition of persons with disabilities and affirms that everyone, regardless of the type of disability, should enjoy all human rights and fundamental freedoms. The convention clarifies how all categories of rights apply to individuals with disabilities, identifies areas where adaptations are necessary for them to exercise their rights effectively, and highlights instances where their rights have been violated. Additionally, it underscores the need for stronger protection of these rights.

**The Convention on the Rights of the Child is a vital international document that focuses on children's rights, encompassing civil, political, economic, social, health, and cultural rights.**

The Convention serves as a guiding principle for all government policies and programs related to children. When a country ratifies the Convention, it commits to taking all necessary steps to ensure that the rights of every child within its jurisdiction are respected, protected, and fulfilled.

The **UN Committee on the Rights of the Child** is responsible for ensuring that States parties comply with the Convention. This independent body consists of 18 experts in children's rights from different countries and legal systems. They are not representatives of their countries but act based on their expertise and experience in the field.

The UN Committee on the Rights of the Child plays a crucial role in holding states parties accountable for upholding the Convention. Governments ratifying the Convention must regularly submit reports to the Committee outlining steps taken to implement and ensure children's rights are respected, with guidance from the Committee on report content.

Governments that ratify the Convention must submit regular reports to the Committee outlining the steps they have taken to implement the Convention and ensure the rights of children are respected. The Committee provides guidance on what information should be included in these reports.

By prioritizing the Convention on the Rights of the Child and ensuring its implementation, governments can create a more just and equitable society for children, free from discrimination, violence, and neglect.

In addition to these regular reports, the Committee may request further information or supplementary reports to gain a more comprehensive understanding of the situation in a particular country. The Committee then uses this information to provide recommendations for improving the implementation and protection of children's rights in that country.

These recommendations are tailored to the individual state and take into account the specific challenges and circumstances that exist

within that country. The Committee urges all levels of government to use the Convention as a guide for policymaking and legislation, as it provides a comprehensive framework for ensuring that children's rights are respected, protected, and fulfilled.

During the next examination of a country's compliance with the Convention, the Committee will evaluate the progress made against the recommendations provided during the previous review. This ensures that States are held accountable for their commitments to protect the rights of children and that progress is made towards the full realization of children's rights.

The Committee urges all levels of government to use the Convention as a guide in policy-making and legislation, to:

- Develop a comprehensive national agenda;
- Develop permanent bodies or mechanisms to promote coordination, monitoring and evaluation of activities throughout all sectors of government;
- Ensure that all legislation is fully compatible with the Convention and, if applicable the Optional Protocols, by incorporating the provisions into domestic law or ensuring that they take precedence in cases of conflict with national legislation;
- Make children visible in policy development processes throughout government by introducing child impact assessments;
- Analyse government spending to determine the portion of public funds spent on children and to ensure that these resources are being used effectively;
- Ensure that sufficient data are collected and used to improve the situation of all children in each jurisdiction;
- Raise awareness and disseminate information on the Convention and the Optional Protocols by providing training to all those involved in government policy-making and working with or for children;

- Involve civil society including children themselves in the process of implementing and raising awareness of child rights and
- Set up independent national offices – ombudspersons, commissions, focal points within national human rights institutions, or other institutions to promote and protect children’s rights.

The active involvement of **nonprofit organizations**, also referred to as non-governmental organizations (NGOs), is vital in raising public awareness about the Convention on the Rights of the Child and its objectives, as well as supporting its implementation. The Convention recognizes and encourages the participation of NGOs in the reporting and monitoring process, which is a unique feature among human rights treaties. Governments are urged to engage all sectors of society in the preparation of reports, and NGOs are specifically invited to participate in this process.

While some governments consult NGOs extensively in the reporting process and incorporate their contributions into reports to the Committee, individual NGOs or coalitions can and do prepare alternative reports for the Committee’s consideration.

The contributions of NGOs are valuable and acknowledged in the Convention, as they play a significant role in advocating for children’s rights and promoting their welfare.

As a member of the Council of Europe, the Republic of Serbia committed to a set of legal acts aiming to protect children’s rights - the European Convention of Human Rights and the European Social Charter. Besides the eminent role of the European Court of Human Rights, based in Strasbourg, engagement of the national MPs within the Parliamentary Assembly of the Council of Europe holds leverage in united promotion of human and social rights in this pan-European organization.

Outline of the selected principles, scope and mechanisms of the children’s rights were made available in the Annex I of this Manual. We have left additional blank pages, as a call for your individual studying, and accordingly contributions and notes on the specific children’s rights and their observance. We believe that you will complement and enrich this Manual with your knowledge and observance of the complexities that encompass scope and fulfilment of children’s rights gained so far through various learning activities.















# **PART III**

## **General guide through the budget process for members of parliament**

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# 3.1. What is a budget?

## HOUSEHOLD BUDGET

## NATIONAL BUDGET



Budgeting is a fundamental aspect of financial management, whether at the individual household level or on a national scale. While the scale and complexity may differ significantly, both household budgets and national budgets share common principles aimed at effective resource allocation and financial stability.

In essence, both household budgets and national budgets play vital roles in financial management. While household budgets cater to individual needs and lifestyle choices, national budgets are comprehensive frameworks that shape the economic trajectory of an entire country. Despite their differences in scale, both serve as tools for responsible resource management, ensuring financial stability and meeting the diverse needs of individuals and nations alike.

### 3.1.1 Definition and purpose of the national budget

The national budget is a comprehensive financial plan outlining the expected revenues and expenditures of a sovereign state over a specific period, typically a fiscal year. It serves as a strategic framework devised by the government to manage its finances, allocate resources, and guide economic policies. The national budget encompasses various sectors and priorities, including public services, child protection, infrastructure development, social programs, defence, and debt management. Through the budgetary process, government aims to achieve fiscal responsibility, promote economic stability, and address the diverse needs of their citizens, while also considering long-term development goals and responding to current economic conditions.

A budget serves as a proactive instrument that takes charge of finances before any expenditure occurs. It is a strategic financial plan designed to allocate resources efficiently, prioritize spending, and ensure financial stability. In essence, a budget is a roadmap that guides individuals, businesses, and

governments in making informed decisions to safeguard their financial well-being.

A budget is a forward-thinking financial plan that involves forecasting income and expenses. By analysing past financial trends and estimating future income, individuals and organizations can establish realistic financial goals and objectives. This proactive approach allows for better financial planning and control, helping to avoid unnecessary debt and overspending.

One of the primary functions of a budget is to allocate resources effectively. By categorizing income and setting spending limits for various expenses, individuals and entities can prioritize their financial commitments. This proactive allocation ensures that essential needs are met, and financial resources are utilized wisely, and promoting long-term financial health.

### 3.1.2 Citizens budget - a gateway to transparent and inclusive budgeting

Many governments have realized the importance of making budget information more accessible to their citizens. In collaboration with civil society organizations, they have taken a significant step towards achieving this by introducing the concept of “citizens budget”.

A citizens’ budget is a simpler and less technical version of the official government budget. Its primary objective is to present complex budget information in a way that is easier to understand and more accessible to a wider audience. By doing so, it enables citizens to make more informed decisions about how their tax money is being spent.

**A Citizens’ Budget is a simpler version of the government budget, designed to help citizens understand how their tax money is spent.**

Over the past few years, the Ministry of Finance of Serbia prepared citizens budgets, in order to present republican budget information in a simpler and more understandable manner.\*

\* Citizens budget of the Republic of Serbia for 2025 is available at the following web-site:

<https://www.mfin.gov.rs/sr/dokumenti2-1/graanski-vodi-kroz-budzet-republike-srbije-za-2025-godinu-1>

Such simplified budgets can be created at all levels of subnational government, from the smallest city wards and districts to the largest regional governments. This initiative is a great way to promote transparency and accountability, increase citizen participation in the budget process, and facilitate better governance.

Why is a Citizens Budget important?

**INCREASED TRANSPARENCY.** Governments' budgets come from citizens' money and local budgets reflect the projects that affect citizens' everyday lives. When local governments present their budgets in more accessible format, through a Citizens Budget, they allow the citizens to easily understand what the main sources of the local budget are, and how public money is managed.

**BETTER CITIZENS' INCLUSION.** A Citizens Budget enables citizens and civil society to learn the budget process and participate as informed stakeholders throughout that process.

**IMPROVED ACCOUNTABILITY.** Only informed citizens can hold local governments accountable for the actions they take and for the ways they manage public money.

### **3.1.3 Children's budget and child-responsive budgeting**

A children's budget represents the funds that the state allocates for expenses related to children and their families. The main objective of the children's budget is to present budget funds allocated for children in a way that is easier to understand and more accessible to a wider audience. Children's budget also helps measuring public spending on children, analyze data and develop recommendations on how to spend money on children more effectively to realize the rights of the child.

Child-responsive budgeting is an approach that integrates the specific needs, rights, and well-being of children into a government's budgetary process. It extends beyond merely assigning funds to child-related programs, aiming to systematically analyse and address the impact of budget decisions on children.

A children's budget represents the funds that the state allocates for expenses related to children and their families. Child-responsive budgeting integrates the specific needs, rights, and well-being of children into a government's budgetary process.

Children are the future leaders, and workforce, To rebuild our social fabric, married mothers and fathers who raise their children together are essential. Children do best in stable, loving homes. Investing in their health, education, and well-being is crucial for building a skilled and capable society, which leads to economic growth and innovation. Adequate investments in children can break the cycle of poverty. When children have access to quality education, healthcare, and nutrition, it helps them overcome poverty, improving living standards for future generations.

Investing in children is a powerful way to tackle social inequalities, ensuring that every child, regardless of their background, has equal opportunities to progress. This commitment promotes a more inclusive and fair society. Recognizing the importance of good nutrition, healthcare, and a supportive environment during childhood is vital for children's physical and mental development. Investing in these areas not only supports healthy growth but also reduces the burden of disease, enhancing overall well-being.

Quality education is a key part of a child's development. Investments in education not only lead to higher educational achievements but also improve job prospects and earning potential in adulthood. Beyond individual benefits, investing in children helps promote social stability by reducing the risk of social issues like crime, substance abuse, and unemployment. Well-educated and healthy individuals are more likely to positively contribute to their communities.

The long-term economic benefits of investing in children are significant. A well-educated and healthy population contributes to increased productivity, more innovation, and greater economic resilience. Therefore, investing in children is an investment in the prosperity and sustainability of societies.

Child responsive budgeting approach includes:

**PRIORITIZING CHILD-SPECIFIC PROGRAMS:** Allocating funds for essential services such as education, healthcare, and social protection that directly benefit children.

**ASSESSING BUDGETARY IMPACT ON CHILDREN:** Conducting thorough assessments to understand how budget decisions may positively or negatively affect children.

**ENSURING EQUITY:** Striving for fair resource allocation to meet the needs of vulnerable and marginalized children, reducing disparities in access to opportunities and services.

**PROMOTING CHILD RIGHTS:** Aligning budget decisions with the principles outlined in international conventions and national laws that protect the rights of children.

**MONITORING AND EVALUATION:** Implementing mechanisms to monitor and evaluate the effectiveness of budget allocations for children, ensuring accountability and transparency.

## 3.2. Who are the key stakeholders in the budget cycle?

### 3.2.1 National Assembly

The National Assembly is a key stakeholder in the budget cycle of a country. Its role is crucial in various stages of the budgetary process.

One of the primary responsibilities of the National Assembly is to approve the government's budget. The executive branch proposes the budget, but it requires parliamentary approval to become law. Members of the National Assembly review, debate, and vote on the budget to ensure that it aligns with the country's economic policies and meets the needs of the citizens.

The National Assembly engages in detailed scrutiny of the budget proposal. This includes reviewing allocations to different sectors, budget beneficiaries, programs, program activities and projects. Members of the assembly may question government officials on budgetary decisions, expenditures, and the expected outcomes. Through the budget approval process, the National Assembly ensures that the budget aligns with the government's overall policy objectives. It evaluates whether the proposed financial allocations support key policy priorities, and if necessary, members can propose amendments to better reflect national interests.

The National Assembly enacts laws, including the budget system law, that establish the legal framework for the budgetary process. This includes defining the procedures for budget formulation, approval, execution, and auditing. The legislative framework ensures transparency, accountability, and adherence to fiscal responsibility. Parliamentary sessions often involve debates and discussions on the budget. Members of the National Assembly have the opportunity to express their views, concerns, and recommendations regarding specific budgetary allocations. This democratic process ensures diverse perspectives are considered. After the budget is approved, the National Assembly continues to play a role in oversight. It monitors the government's execution of the budget to ensure that expenditures align with the approved budget and that public funds are used efficiently and effectively.

The National Assembly gets external auditors report to review the government's financial statements and the final account. This auditing process enhances accountability and transparency, as audit reports are presented to the assembly for further scrutiny. Recommendations for improvement stated in the State Audit institution's audit of the final account, as well as its annual report and special *ad hoc* audits, are subject to MP's follow up and judiciary's scrutiny, in the cases where the state audit institution files the cases to investigative and judiciary bodies.

Members of the National Assembly are elected representatives of the people. By participating in the budgetary process, they ensure that the budget reflects the needs and aspirations of the citizens they represent. This direct link to the public enhances the democratic legitimacy of budget decisions. The National Assembly serves as a critical stakeholder in the budget cycle by approving the budget, scrutinizing financial proposals, aligning budgets with policy objectives, and providing oversight. Its role is essential in ensuring responsible fiscal management and representing the interests of the public in the allocation of resources.

The National Assembly has the power to shape the budget law outside budgetary procedure by enacting laws whose provisions will be reflected in the budget law. For example, if a law is adopted to increase allocations for child protection, these newly increased amounts must be budgeted and included in the budget for the next year.

### 3.2.2 Government

The Government also plays a significant role in the budgetary process. One key aspect is the government's involvement in voting for the draft Budget Law and the Law on Final Account proposal, which are then tabled to Members of Parliament for further deliberation and approval.

The draft Budget Law outlines the government's proposed allocation of financial resources

for the upcoming fiscal period. It delineates how funds will be distributed across various sectors, programs, program activities and projects, including those related to children's rights protection such as education, healthcare, social welfare, and child protection services. The government's endorsement of this draft reflects its fiscal priorities and policy objectives, including its commitment to addressing the needs and rights of children.

Similarly, the draft Law on Final Account represents a retrospective analysis of the government's expenditures and revenues for the preceding fiscal period. By voting on this proposal, the government acknowledges its accountability for how public funds were utilized, including those allocated to initiatives aimed at promoting children's rights. This process allows for transparency and oversight, enabling Members of Parliament to assess the government's performance in fulfilling its obligations regarding children's rights protection and advocating for any necessary adjustments or improvements in future budgetary allocations.

The government's involvement in voting for the Budget Law and the Law on Final Account proposal underscores its responsibility in shaping fiscal policy and allocating resources to address societal needs, including the protection of children's rights. It also highlights the interconnectedness between executive and legislative branches in ensuring effective governance and accountability in matters related to children's well-being and development.

### 3.2.3 Ministry of Finance

The Ministry of Finance plays an important role in the budget cycle of a government.

The responsibilities of the Ministry of Finance in the budget process are as follows:

- The Ministry of Finance establishes guidelines for budget preparation, outlining the parameters and constraints that budget beneficiaries should adhere to during the budget formulation process.
- The Ministry of Finance is responsible for estimating government revenue

from various sources, such as taxes, grants, and other income streams.

- The Ministry works with other budget beneficiaries to plan and allocate funds for various programs, program activities and projects based on the government's priorities. Budget beneficiaries submit their budget proposals to the Ministry of Finance. The Ministry reviews these proposals to ensure they align with the overall fiscal policies and priorities.
- The Ministry engages in negotiations with different budget beneficiaries to discuss and potentially revise budget proposals. This involves balancing competing priorities and ensuring that the budget remains within fiscal constraints. Once the negotiations are complete, the Ministry presents the finalized budget proposal to the government for approval.
- The Ministry of Finance oversees the execution of the approved budget. The Ministry of Finance is responsible for preparing and presenting comprehensive financial reports that detail the government's financial performance during the fiscal year.

Throughout the entire budget cycle, the Ministry of Finance plays a central role in coordinating financial activities, providing financial advice to government entities, and ensuring sound fiscal management for the overall economic well-being of the country.

### 3.2.4 Budget beneficiaries

Budget beneficiaries are responsible for planning programs, program activities and projects within their respective sectors and jurisdictions. They assess the needs, priorities, and objectives of their areas and propose budgetary allocations to address these requirements. They submit their budget proposals to the Ministry of Finance together with program performance report. These proposals outline the financial requirements for implementing specific programs and initiatives in line with the overall government policies and priorities. Budget beneficiaries are responsible for executing the budget within their allocated funds. This involves managing expenditures, overseeing programs, and ensuring that

resources are used efficiently and effectively to achieve the specified objectives. Throughout the budget cycle, budget beneficiaries play a critical role in translating government policies into actionable programs, program activities and projects. Their effective management of allocated resources is essential for achieving desired outcomes and contributing to the overall well-being and development of the country.

The budget beneficiaries are obliged to provide an estimate of financial effects in the justification of the law or other act submitted to the National Assembly or the Government for adoption, detailing the impact the act will have on the budget. The assessment of financial effects is submitted through the application developed by the Ministry of Finance and serves as the basis for planning revenues and expenditures in the upcoming budget cycle. The Ministry of Finance may adjust the stated effects by budget beneficiary based on changes in the declared values of elements used for calculation or changes in key economic parameters that determine the guidelines for economic and fiscal policy for the budget year and the next two years, as well as based on the free budgetary space.

### **3.2.5 Fiscal Council**

A Fiscal Council is an independent institution established to provide analysis, oversight, and guidance on fiscal policy matters. Its primary purpose is to enhance fiscal discipline, transparency, and accountability. The Fiscal Council assesses the long-term sustainability of fiscal policies. It examines the government's revenue and expenditure projections to ensure that they are realistic, and that the fiscal policy is consistent with long-term economic stability. The Fiscal Council provide an independent assessment of the budget before it is approved by the legislature. This assessment includes an analysis of fiscal sustainability, compliance with fiscal rules, and the overall economic impact of the proposed budget. The Fiscal Council acts as a critical oversight mechanism in the budget cycle, providing independent analysis and recommendations to ensure fiscal responsibility, sustainability, and transparency. Its role enhances the credibility and transparency of fiscal policies and contributes to the overall

economic stability of a country. The Parliament appoints the Fiscal Council composition. For the performance of its duties within its jurisdiction, the Fiscal Council is accountable to the National Assembly. The Fiscal Council consists of three members elected by the National Assembly. The Fiscal Council's value-added lies in its role as an independent advisory body that contributes to the soundness, transparency, and accountability of fiscal policy.

### **3.2.6 State Audit Institution**

The State Audit Institution is an independent institution responsible for auditing the use of public funds and ensuring accountability in government expenditures. The role of the State Audit Institution in the budget cycle is crucial for promoting transparency, accountability, and good governance. It conducts financial and performance audits of the execution stage. Financial audits focus on verifying the accuracy of financial statements, while performance audits assess whether government programs, program activities and projects are achieving their intended objectives efficiently and effectively. The State Audit Institution plays a critical role in holding the government accountable for its use of public funds throughout the entire budget cycle. By conducting independent audits and providing recommendations, the State Audit Institution contributes to the effective functioning of public financial management systems and ensures that taxpayers' money is used efficiently and in accordance with legal and ethical standards. For the performance of its duties within its jurisdiction, the State Audit Institution is accountable to the National Assembly. The President, Vice President, and members of the Council are elected and dismissed by the National Assembly, by a majority vote of all Members of Parliament.

### **3.2.7 Citizens**

Citizens play an essential role in fostering accountability and good governance in the budget cycle. Their active participation helps ensure that public funds are used efficiently, that government priorities reflect the needs of the people, and that the budgetary process is transparent and responsive to the diverse

interests of the population. As mentioned in the previous section, the Ministry of Finance every year publish citizens' budget which is a simplified and user-friendly version of the government's budget that is designed to be easily understood by the public. In addition, the National Assembly and the Ministry of Finance organize a public hearing on the budget before the discussion in the assembly, where representatives of non-governmental organizations can attend and comment on and ask questions about the budget.

The right of citizens to submit initiatives, petitions, and proposals is guaranteed by the Constitution of the Republic of Serbia. According to the Law on the National Assembly, the members of parliament, consider initiatives, petitions, and proposals. Namely, as prescribed by the Rules of Procedure of the National Assembly, committees of the National Assembly, as its working bodies, within their scope, consider initiatives, petitions, and proposals. After considering the submitted initiatives, petitions, and proposals, the committee informs the initiator or petitioner of its stance in writing.

## 3.3. What are the key documents in the budget cycle?

### 3.3.1 Budget system law

The Budget System Law is one of the key documents in the budget cycle as it provides the legal framework and regulations that govern the entire budgetary process. This law outlines the procedures, rules, and principles that guide the preparation, approval, execution, and monitoring of the budget of the republic. Also, it determines planning, preparation, adoption, and execution of budgets for autonomous provinces and local self-government units, as well as the preparation and adoption of financial plans for mandatory social insurance organizations. This law establishes fiscal principles, rules, and procedures based on which the fiscal framework is determined to ensure the long-term sustainability of fiscal policy. This law also establishes the Fiscal Council, which independently assesses the credibility of fiscal policy in terms of adherence to established fiscal rules, thus ensuring transparency and accountability in its management.

The Budget System Law contains a provision that states if the provisions of other laws conflict with the provisions of the Budget System Law, the Budget System Law shall prevail.

### 3.3.2 Fiscal strategy

A Fiscal strategy is a document in the budget process that outlines the government's overarching financial plan and goals over a specified period. It serves as a guiding framework for formulating and implementing fiscal policies. The Fiscal strategy typically begins by presenting the general macroeconomic framework. This includes an assessment of the current economic conditions, growth projections, inflation targets, and other relevant macroeconomic indicators. The document outlines the main financial goals and objectives that the government aims to achieve during the budgetary period. These goals often include fiscal sustainability, economic growth, job creation, inflation control, and other key economic indicators. The document provides an

overview of the government's plans for revenue generation and expenditure. It may detail the expected sources of revenue, such as taxes, grants, or borrowing. A fiscal strategy includes a section on debt management, outlining the government's approach to borrowing, debt sustainability, and strategies to manage and reduce the overall debt burden. Governments often conduct a risk assessment as part of the fiscal strategy to identify potential challenges or uncertainties that may impact the achievement of fiscal goals. This allows for proactive measures to mitigate risks. In summary, a Fiscal strategy is a comprehensive document that provides a roadmap for the government's financial management, guiding budget decisions and ensuring transparency, accountability, and the achievement of long-term fiscal sustainability. Through legislative processes, members of parliament can advocate for policies and initiatives that prioritize children's rights. This may include enacting laws to ensure access to quality education, healthcare services, and social protection programs for children, as well as measures to prevent child labour, exploitation, and abuse. If the fiscal strategy does not contain the mentioned priorities, members of parliament can submit comments and recommendations to the Government regarding the Fiscal strategy in order to include aspects of children's rights protection in investments, social transfers and other expenditures.

### 3.3.3 Budget law

The budget law serves as a key policy document in the governance of a country, playing a crucial role in the fiscal and economic management of the government. The budget law is a comprehensive policy document that guides the government's financial decisions, reflects its policy priorities, and ensures responsible fiscal management. It is a cornerstone of public financial management and a critical tool for shaping the economic and social landscape of a nation. The budget law consists of a general part, a special part, and an explanation.

The general part of the budget includes:

- the statement of revenues and expenditures;
- the total fiscal surplus or deficit;
- the financing statement, or a proposal for using the surplus, and in the case of a deficit- sources for its financing;
- an overview of expected funds from the financial assistance of the European Union;
- an estimate of the necessary financial resources for financing the participation of the Republic of Serbia in the implementation of the financial assistance of the European Union;
- an estimate of the total new borrowing or debt reduction of the Republic of Serbia during the budget year;
- an estimate of the total amount of new guarantees of the Republic of Serbia during the budget year;
- an overview of planned capital expenditures of budget users for the current and the next two budget years and
- a permanent and current budget reserve.

The special part of the budget shows the financial plans of direct users of budget funds, according to the division of powers into legislative, executive, and judicial branches. These financial plans are detailed and presented according to programs, projects, program activities, function, source of funding and economic classification at the third level.

The budget explanation includes:

- an explanation of the general part of the budget and
- program information.

The program information contains descriptions of programs, program activities, and projects of budget beneficiaries, goals to be achieved in the medium term through the implementation

of programs, program activities, and projects, as well as performance indicators to monitor the achievement of these goals. Some of the defined goals or performance indicators of programs, program activities, or projects represent gender-responsive goals or gender indicators that demonstrate and track the planned contributions of programs, program activities, or projects to achieving gender equality. National Assembly possesses the power to designate funds explicitly for the protection of children's rights within the budget. Through earmarking resources for programs, program activities and projects in education, healthcare, child welfare services, and social protection programs, parliament guarantees that resources are channelled towards the fulfilment of children's rights. National Assembly has the capacity to prioritize policies and initiatives that advance children's rights. This encompasses measures to tackle child poverty, guarantee access to education and healthcare, shield children from exploitation and abuse, and bolster their overall well-being.

### 3.3.4 The Law on final account

The Law on Final Account is a document in the budget process that plays a crucial role in ensuring transparency, accountability, and effective financial management. The final account provides a detailed overview of the actual revenues collected and expenditures incurred in comparison to the initially approved budget. This allows for an evaluation of the government's budget execution, highlighting any discrepancies between planned and actual financial activities. The Law on Final Account is integral to the budget process as it establishes the framework for financial reporting, accountability, and oversight. It ensures that governments operate within legal and financial standards, fostering transparency and trust among citizens and stakeholders.

The final account of the budget includes:

- Annual financial report on budget execution, containing an annual program performance report, including the impact on promoting gender equality, with additional notes, explanations, and justifications and
- External audit report.

Members of parliament have the chance to evaluate the allocation and utilization of funds pertaining to children’s rights. They can closely examine budget allocations for initiatives and services geared towards enhancing child welfare, education, healthcare, and social protection. Through the review process, Members of parliament can advocate for policy measures that strengthen children’s rights protection. Through

the analysis of spend funds and achieved results by comparing planned goals and indicators with realized goals and indicator values, Members of parliament can propose amendments to existing laws or new laws to address gaps in child welfare services, enhance support for vulnerable children, and improve access to essential services and have a great impact on the next budget process and future budget allocations.

## 3.4. Budget cycle – how to prepare and execute a budget?

### 3.4.1 Budget cycle phases

In the Republic of Serbia, the budgetary cycle is regulated by the Budget System Law, which prescribes the budgetary calendar. The budgetary process in the Republic of can be divided into two parts. The first part refers to the so-called priority areas of financing, where budget users can propose new policies for funding and define the costs of existing policies. Based on these proposals, the Ministry of Finance formulates expenditure limits or ceilings for the next three years, serving as the basis for the development of financial plans for budget users. The second part of the budgetary cycle involves the preparation of financial plans by budget users, the drafting of budget law proposal, parliamentary discussions on the budget law, and the adoption of the budget law by the parliament.

The budget cycle is a comprehensive process that governments follow to manage public finances effectively. It involves distinct stages, each playing a crucial role in the allocation and utilization of financial resources. Key phases of the budget cycle are as follows: planning, formulation, approval, execution and evaluation. The overview of the budget cycle, together with the budget calendar is presented in Figure below.

**The budget cycle begins with the planning phase, where government entities assess their financial needs and priorities for the upcoming fiscal period.** This involves setting overall fiscal goals, identifying key policy objectives, and determining resource requirements to achieve these objectives. Overall fiscal goals are set in the Fiscal strategy. Key policy objectives are defined in strategic documents, additionally, government policy also shapes these objectives because, ultimately, the budget represents the most significant political document.

**During the formulation stage, detailed budget proposals are developed based on the priorities outlined in the planning phase.** Budget beneficiaries prepare their budget requests, specifying the funds needed for various

programs, program activities and projects. The budget formulation phase requires careful consideration of economic conditions, revenue projections, and expenditure estimates.

**Once the budget proposals are compiled, the executive branch presents the proposed budget to the parliament for approval.** This stage involves debates in committees' and plenary session, negotiations, and potential amendments to align the budget with the broader interests and needs of the society. Upon reaching a consensus, the parliament formally approves budget in the form of a law.

**The execution phase involves implementing the approved budget.** Line ministries and other budget beneficiaries receive allocated funds and commence the delivery of services, implementation of programs, and execution of program activities and projects outlined in the budget. Effective financial management, monitoring of expenditures, and adherence to budgetary allocations are critical during this stage.

**The final phase of the budget cycle is evaluation, where the performance and impact of budgetary allocations are assessed.** Governments review whether the budget objectives were achieved, expenditures were within the approved limits, and outcomes were in line with expectations. Evaluation results inform future budget cycles, allowing for adjustments and improvements based on lessons learned. Parliament plays a crucial role in holding the government accountable for the performance of its programs and ensuring that taxpayer resources are used efficiently and effectively to deliver desired outcomes for citizens. The report on program performance is an integral part of the Law on final account, which members of parliament can use to discuss the manner how public funds were spent and to highlight options for better resource allocation in the upcoming budget cycle. The state Audit Institution performs performance audits, which involve analysing whether government programs, program activities and projects are achieving their intended objectives in the most efficient and cost-

effective manner. This includes assessing whether resources are being used efficiently, whether the program design is appropriate, and whether desired outcomes are being achieved.

### 3.4.2 Timeline of the budgetary process

The key dates in the budgetary process are:

**FEBRUARY 15TH** – The Minister of Finance issues instructions for proposing priority areas of financing. Based on the limits from the previous budget cycle, the Fiscal Strategy, and the achieved results and experiences from the previous medium-term planning cycle, the Ministry of Finance provides budget users with guidelines for preparing priority areas of financing. Priority areas of financing involve submitting the same data as in the process of preparing financial plans for the draft budget law.

**MARCH 15** – Budget users submit proposals to the Ministry of Finance for determining priority areas of financing for the budget and the next two fiscal years, along with an annual report on program performance for the previous year. The budget users propose old and new policies within the limits set by the Ministry of Finance, with the possibility of suggesting activities that require funds beyond the established limits. Also, budget users are obliged to submit a report on the implementation of programs, projects, and program activities. This report includes information on the achievement of goals and indicators, as well as an explanation of deviations between planned and actual indicator values.

**JUNE 15** – The Government adopts the Fiscal Strategy and submits it to the committee of the National Assembly responsible for finance, the national budget, and the oversight of public spending for consideration. The Fiscal strategy is a document that presents the general macroeconomic framework, main goals, and guidelines of economic policy. The preparation of the Fiscal strategy is a parallel process to the submission of priority funding areas. Based on budget user input in the process of proposing priority funding areas and analysing and adjusting by the Ministry of Finance Fiscal strategy provides an expenditure framework for the next three years.

**JUNE 30** – The Committee of the National Assembly responsible for finance, the national budget, and the oversight of public spending submits comments and recommendations to the Government regarding the Fiscal Strategy. Once the Government presents the Fiscal Strategy, the committee scrutinizes the document. The committee members analyse the proposed financial framework, considering the priorities outlined in the strategy. They may assess whether the proposed macroeconomic framework aligns with the country's economic goals and whether it is fiscally responsible.

**JULY 15** – The Minister of Finance issues instructions for the preparation of the draft budget of the Republic of Serbia. The instructions establish guidelines for planning individual categories of expenditures and spending, as well as ceilings on the expenditures and spending of budget beneficiaries. Ceilings for budget beneficiaries are set based on the current organizational, functional, and program classification, proposals for priority areas of financing of budget beneficiaries, the execution of expenditures and spending in the previous period, and projections of expenditures and spending until the end of the current year, as well as the achieved performance of programs.

**SEPTEMBER 15** – Budget beneficiaries submit their financial plan proposals to the Ministry of Finance, which includes report on program performance for the first six months of the current year. Budget beneficiaries submit their financial plans for three years within the given limits and express the need for additional funds beyond the limits. Additionally, they provide data on the goals and indicators they plan to achieve in the next three years. Furthermore, they submit a report on the implementation of programs for the first 6 months of the current year, including an explanation of the deviations between achieved and planned indicator values.

**OCTOBER 20** – The Government submits the revised Fiscal Strategy which includes information on the financial and other effects of new policies, considering the updated macroeconomic framework to the committee of the National Assembly responsible for finance, the national budget, and the oversight of public spending.

# THE BUDGET CYCLE

THE ROLE OF MEMBERS OF PARLIAMENT



WORK ON VARIOUS LAWS AND REGULATIONS THAT AFFECT CHILDREN'S RIGHTS



LAW ON THE BUDGET SYSTEM

LET'S TALK ABOUT INCLUDING CHILDREN'S RIGHTS IN THE DRAFT PROPOSAL



PLANNING

FORMULATION

MONITORING ALLOCATIONS AIMED AT PROTECTING CHILD RIGHTS

PROGRAMS

ACTIVITIES

PROJECTS

CLEAR OBJECTIVES

INDICATORS OF RESULTS

IMPACT ASSESSMENT

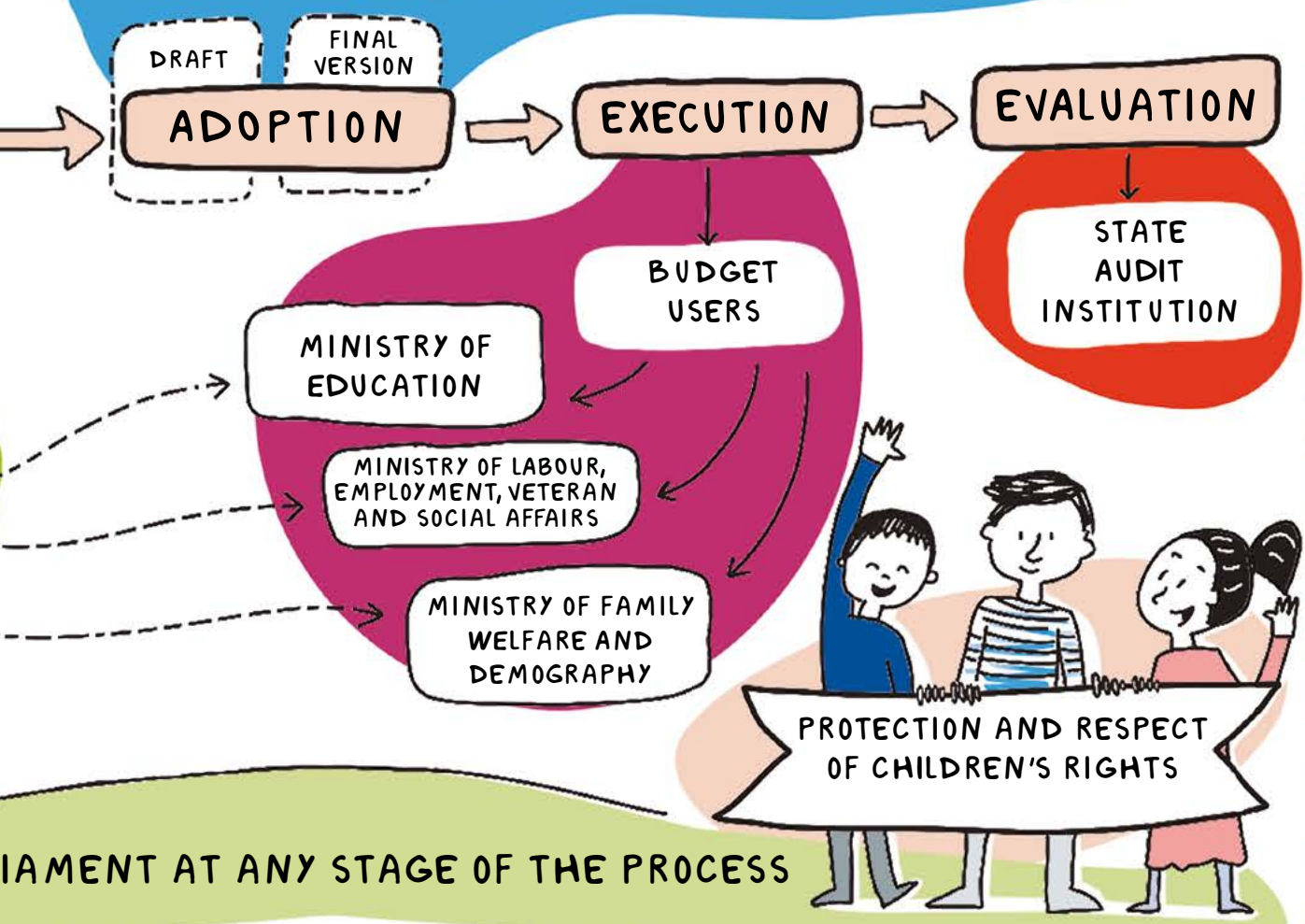
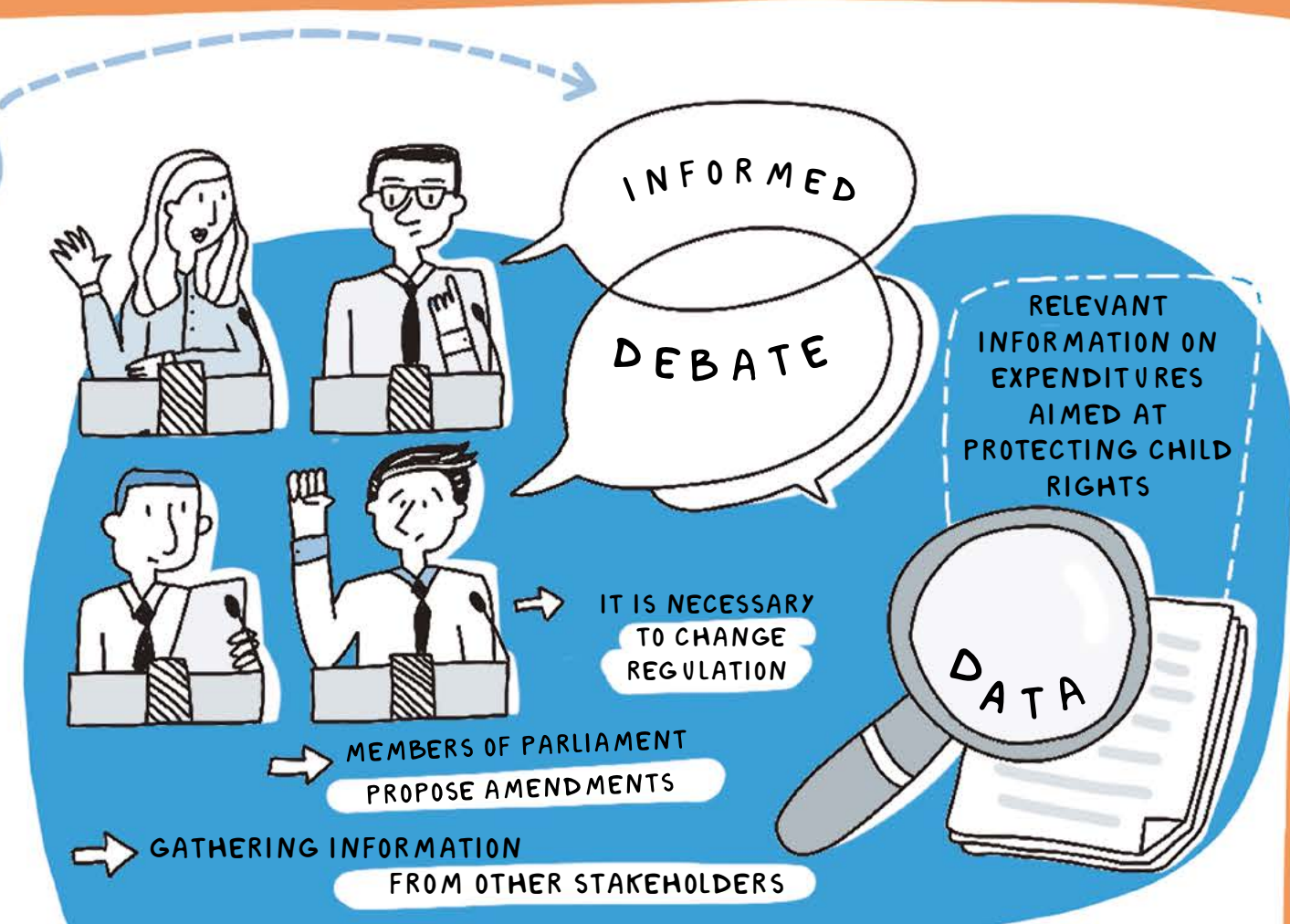


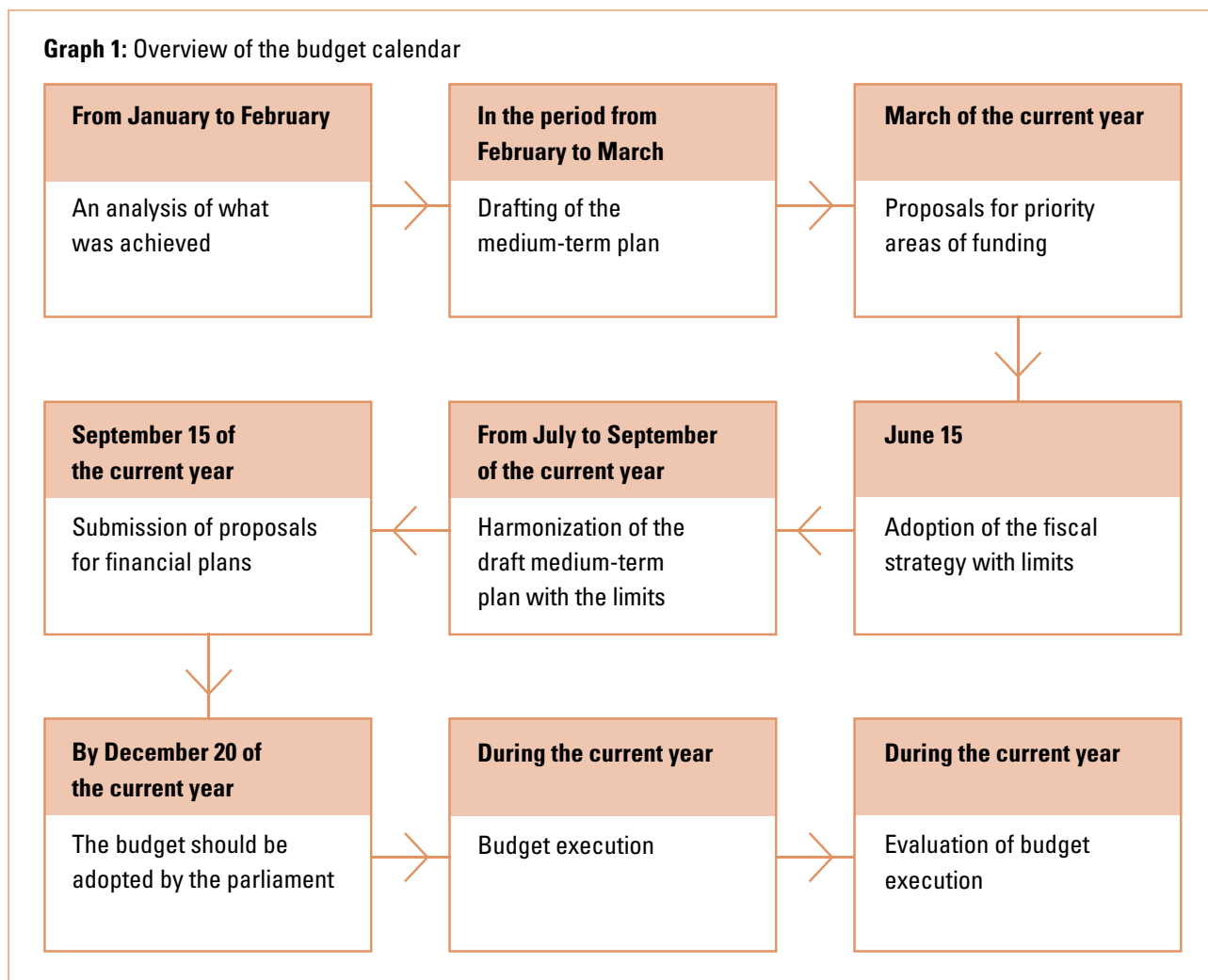
PREPARATION OF THE BUDGET

NEGOTIATIONS WITH BUDGETS USERS



THE PUBLIC CAN CONTACT MEMBERS OF PARL



**Graph 1: Overview of the budget calendar**

**NOVEMBER 15** –The Government adopts the draft law on the budget of the Republic of Serbia and submits it to the National Assembly. After the draft budget law is tabled in parliament, it is typically referred to the relevant parliamentary committees. These committees review the proposed budget in detail, examining revenue projections, expenditure allocations, and overall policies in different areas depending on their jurisdiction (Committee for Human and Minority Rights and Gender Equality Committee for Economy, Regional Development, Trade, Tourism, and Energy Committee for Finance, State Budget, and Control of Public Spending Committee for Agriculture, Forestry, and Water Management Committee for Education, Science, Technological Development, and Information Society Committee for Labor, Social Issues, Social Inclusion, and Poverty Reduction Committee for Health and Family Committee for the Rights of the Child and others). During this phase, parliamentarians may also engage in debates to discuss the merits, priorities, and

potential implications of the proposed budget. Members of parliament have the opportunity to propose amendments to the draft budget law suggesting changes to funding allocations.

**DECEMBER 20** –The National Assembly adopts the law on the budget of the Republic of Serbia. In the event that the National Assembly, i.e. the assembly of the local government does not pass the budget within the time limit established by the budget calendar, temporary financing is carried out for a period of no longer than the first three months of the fiscal year. Temporary financing is carried out up to a maximum of one quarter of the amount of planned expenditures and expenditures in the budget act of the previous fiscal year. Exceptionally, the period of temporary financing can be extended by another three months, so that it lasts six months in total, if the budget is not passed even by March 15 of the current budget year. Such a budget is insufficient to finance all needs. It is primarily used to finance salaries and material costs.

## 3.5. Key components of the budget – revenues and expenditure

Revenues and expenditures are the key components of a national budget. Revenues assume the necessary resources to fulfil various societal needs. Conversely, expenditures reflect the allocation of these resources towards essential services, infrastructure projects, and public welfare initiatives. By comprehensively exploring revenues and expenditures, we can gain insight into the financial mechanisms that drive governmental functions, empowering decision makers to make informed decisions that align with the interests and priorities of the citizens.

### 3.5.1 What are revenues and how to plan them?

Revenues represent the anticipated income that government expects to collect over a fiscal year. Their effective management is essential for financial planning and decision-making.

Revenues are usually planned conservatively to effectively manage available resources in accordance with the principle of prudence. When revenues are planned conservatively, it means that a government tends to estimate their incoming funds on the lower side of expectations. By deliberately underestimating revenues, the government aims to create a financial buffer and avoid potential budgetary shortfalls. The conservative planning of revenues, in line with the principle of prudence, is a prudent financial strategy that helps government navigate uncertainties, minimize risks, and maintain financial stability.

### 3.5.2 Revenues classification

Revenue classification in a national budget is the process of categorizing income sources into different groups to provide a detailed and organized overview of the government's financial inflows. The classification helps in understanding the composition of revenues and facilitating transparency. These classifications provide a comprehensive overview of the government's revenue streams and help policymakers, analysts, and the public understand the sources of funding and how they contribute

to the overall budget. Clear classification enhances transparency, accountability, and the ability to make informed decisions about fiscal policy. The planned revenues are presented in Article 1 of the Budget Law.

### 3.5.3 Tax revenues

Tax revenues are a crucial component of a government's income, and they are generated through the imposition of taxes on individuals, businesses, and other entities. Tax revenues are a significant source of funding for government expenditures, including public services, infrastructure development, social programs, child protection and debt repayment. The most important tax revenues are:

**INCOME TAX:** Taxes levied on individuals and corporations based on their income;

**CORPORATE TAX:** Taxes imposed on the profits of businesses and corporations;

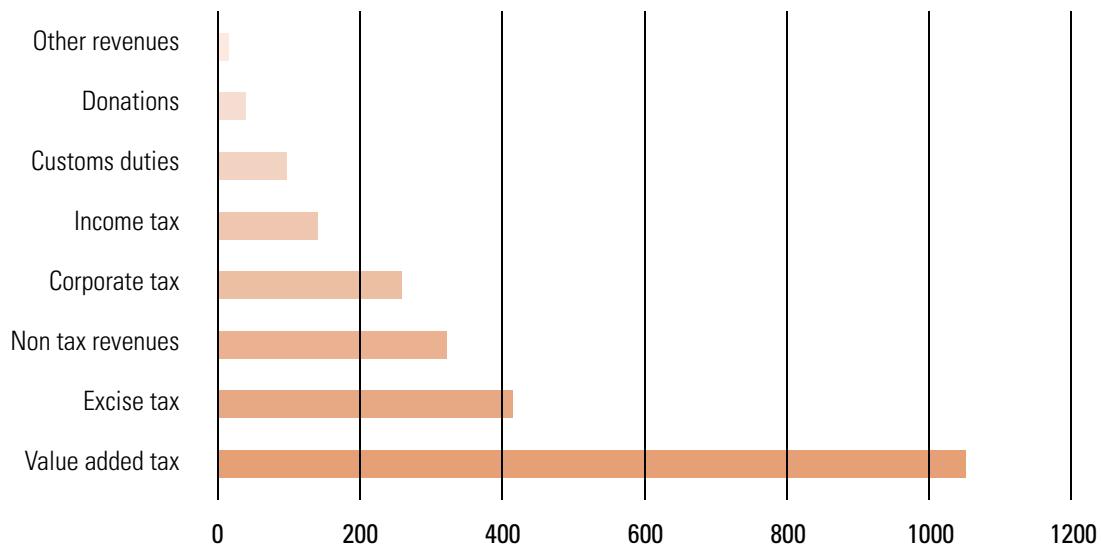
**VALUE ADDED TAX (VAT):** A consumption tax levied on the sale of goods and services;

**EXCISE TAX:** Taxes imposed on specific goods, often considered luxury or harmful, such as tobacco, alcohol, or fuel and

**CUSTOMS DUTIES:** Taxes imposed on imported goods.

### 3.5.4 Non-tax revenues

Non-tax revenues encompass various income streams that a government receives outside of traditional taxation. These revenues play a significant role in funding government activities and services. Non-tax revenues diversify the government's income sources, providing financial flexibility and reducing reliance solely on taxation. Efficient management of these revenue streams is essential for maintaining fiscal stability, funding public services, and addressing economic challenges. The most important non-tax revenues are:

**Graph 2:** Where does the money come from? Example of Serbian 2025 budget

**Source:** Serbian Budget Law 2025

**FEES AND CHARGES:** Revenue generated from government services, licenses, permits, and other fees;

**FINES AND PENALTIES:** Income derived from fines imposed for violations of laws or regulations;

**SALE OF ASSETS:** Revenue generated from the sale of government-owned assets;

**DIVIDENDS AND PROFITS:** Income earned from government investments or ownership in businesses;

**GRANTS:** Funds received from foreign governments or international organizations and

**TRANSFERS:** Money transferred from one level of government to another, such as from the central government to local or regional governments.

### 3.5.5 Revenue forecasting

Revenue forecasting in the national budget is a critical process that involves estimating the government's expected income from various sources over a specific period, usually a fiscal

year. Accurate revenue forecasting is essential for effective fiscal planning, resource allocation, and the formulation of sound economic policies.

Forecasting begins with a thorough analysis of historical revenue data. Ministry of Finance examine past trends, patterns, and economic indicators to identify factors that influence revenue streams. Economic conditions have a significant impact on revenues. Ministry of Finance consider indicators such as GDP growth, inflation rates, employment figures, and consumer spending to project how these factors may affect tax revenues and other income sources. Anticipated changes in tax policies, rates, and regulations are considered. Potential adjustments in tax laws or the introduction of new taxes can have a substantial impact on revenue forecasts. For non-tax revenues, such as dividends from investments or income from natural resources, Ministry of Finance assess market trends. Global economic conditions, geopolitical events, and international trade dynamics are considered. External factors can influence export-import revenues, foreign aid, and other sources of income. The National Assembly has significant influence over

government revenues through its legislative powers. By adopting laws related to taxation, budgeting, economic policies, and various financial aspects, lawmakers can shape the fiscal landscape of the country and impact the government's ability to generate and manage revenues effectively.

Revenue forecasting in the national budget involves a comprehensive analysis of economic, financial, and policy-related factors. The goal is to generate accurate and realistic estimates that guide government decision-making, fiscal planning, and the effective management of public resources.

**Table 3.1:** Example of economic classification of total income of a national budget in the Budget Law

Description	Economic classification	Amount in dinars
<b>TOTAL INCOME AND RECEIPTS</b>		<b>2.346.200.000.000</b>
1. Tax revenues	71	1.985.100.000.000
1.1. Personal income tax	7111	138.400.000.000
1.2. Corporate income tax	7112	258.800.000.000
1.3. Value added tax	7141	1.056.000.000.000
1.4. Excise taxes	717	420.000.000.000
- Excise duties on oil derivatives		226.100.000.000
- Excise duties on tobacco products		143.000.000.000
- Other excise taxes		50.900.000.000
1.5. Customs	715	95.300.000.000
1.6. Other tax revenues	71	16.600.000.000
2. Non-tax revenues and proceeds from the sale of non-financial assets		325.674.746.000
Regular non-taxable income		300.174.746.000
- Property income	741	84.200.000.000
- Fees	742	25.500.000.000
- Revenue from the sale of goods and services	742	75.900.000.000
- Fines	743	16.600.000.000
- Other regular non-tax revenues	71,73,74	85.174.746.000
- Receipts from the sale of non-financial assets	8	12.800.000.000
Extraordinary non-tax revenues		25.500.000.000
- Public agency profits	741	2.500.000.000
- Part of the profits of public enterprises and budget dividends	741, 745	12.000.000.000
- Other extraordinary income	74, 77, 78	11.000.000.000
3. Donations	731.732.744	35.425.254.000

**Source:** *The Budget Law of the Republic of Serbia for 2025*

### 3.5.6 What is an expenditure?

Expenditure represents the anticipated expenses that government expects to spend over a fiscal year. Public expenditure or total expenditure is allotment of funds for disbursement to different ministries and other public sector bodies within a year. Expenditures are reported at the appropriation level in the budget, which includes organizational, functional, program, economic, and classification according to funding sources.

Mandatory Elements of an Appropriation:

**CHAPTER:** A Chapter is a part of the budget that pertains to a specific area, such as a ministry or institution. This helps keep the budget organized and makes it easier to track how funds are spent;

**HEAD:** Within a Chapter, a Head represents a smaller unit used to further distinguish expenditures among direct budget beneficiaries. For example, within the Ministry of Finance Chapter, there may be Heads for the Customs Administration, Tax Administration, Treasury Administration, etc. Heads help clarify how funds are allocated within different parts of the same Chapter;

**BENEFICIARY NAME:** The name of the budget user from the List of Public Fund Beneficiaries;

**FUNCTIONAL CLASSIFICATION:** This classification represents expenditures based on their functional purpose, independent of the organization carrying out the function. A budget user may perform activities within one or multiple functions. Likewise, multiple users may engage in activities within one or more functions;

**PROGRAM – CODE AND NAME:** A program represents the key competence of an authority and consists of program activities and projects;

**PROGRAM ACTIVITY/PROJECT – CODE AND NAME:** A program activity represents a narrower competence of an authority, while a project is a time-limited endeavor;

**SOURCE OF FINANCING:** This classification indicates how funds will be secured for covering expenditures—whether from general budget revenues, donations, transfers, own revenues, loans, etc;

**ECONOMIC CLASSIFICATION – CODE AND NAME:** Displays the expenditure category for which the funds will be used;

**AMOUNT:** The maximum allowable amount for spending funds.

**Table 3.2:** Example of budget appropriation

<b>Chapter</b>	30
<b>Head</b>	0
<b>Beneficiary Name</b>	Ministry of Labour, Employment, Veteran and Social Affairs
<b>Functional Classification</b>	40
<b>Program – Code and Name</b>	0903 – Family and legal protection of citizens
<b>Program activity / Project – Code and Name</b>	0001 – Rights of beneficiaries in the field of family and child protection
<b>Source of Financing</b>	1
<b>Economic Classification – Code and Name</b>	472 – Social welfare payment from the budget
<b>Amount</b>	125.683.668.000

**Source:** *The Budget Law of the Republic of Serbia for 2025*

### 3.5.7 Expenditures classification

The economic classification of expenditures and outflows informs us about how money is spent within the budgetary beneficiary. This can include salaries, equipment, social benefits, goods and services, interest, and more.

Basic classification of expenditures and outflows are:

Current Expenditures: This category encompasses expenses for employees, the use

of goods and services, depreciation, and use of assets for work, repayment of interest and associated borrowing costs, subsidies, donations, grants, and transfers, social insurance and social protection, other expenses, and administrative transfers from the budget.

Within the expenses for employees, the largest portion relates to salaries and employer contributions. This category also includes allowances for employee transportation, social benefits for employees, jubilee awards, severance pay, and other expenses related to employees.

**Table 3.3:** Example of economic classification of budget expenditures

Description	Economic classification	Amount in dinars
<b>TOTAL EXPENSES AND EXPENDITURES</b>		<b>2.660.200.000.000</b>
1. Current expenditures	4	2.002.107.689.000
1.1. Employee expenses	41	588.264.965.000
- Salaries, allowances, and employee compensations (wages)	411	471.629.655.000
- Employer-paid social contributions	412	80.619.322.000
- Other employee expenses	413 до 417	36.015.988.000
1.2. Use of goods and services	42	268.030.777.000
1.3. Interest payments and related borrowing costs	44	220.254.958.000
- Domestic interest payments	441	64.796.520.000
- Foreign interest payments	442	126.540.010.000
- Interest payments on guarantees	443	6.477.063.000
- Related borrowing costs	444	22.441.365.000
1.4. Subsidies	45	224.040.383.000
- Subsidies in science		3.859.285.000
- Subsidies in mining and energy		13.418.600.000
- Subsidies in environmental protection		4.395.500.000
- Subsidies for air transport		605.000.000
- Subsidies in the economy		26.955.000.000
- Subsidies in agriculture		116.386.623.000
- Subsidies for rail transport		24.610.000.000
- Subsidies for road transport		26.763.000.000
- Subsidies in tourism		1.343.000.000
- Subsidies in culture		2.000.000.000
- Other subsidies		3.704.375.000

Description	Economic classification	Amount in dinars
1.5. Donations to foreign governments	461	15.576.000
1.6. Contributions to international organizations	462	9.668.041.000
1.7. Transfers to other levels of government	463	81.434.474.000
- Unconditional transfers to municipalities and cities	463	33.327.366.000
- Other transfers	463	48.107.108.000
1.8. Contributions to mandatory social insurance organizations	464	355.718.080.000
- Republic Pension and Disability Insurance Fund		267.500.000.000
- National Employment Service		750.000.000
- Republic Health Insurance Fund		79.360.000.000
- Social Insurance Fund for Military Insured Persons		300.000.000
- Other contributions		7.808.080.000
1.9. Other contributions and transfers	465	3.551.313.000
1.10. Social insurance and social protection	47	197.403.415.000
- Child protection		125.683.668.000
- Veteran and disability protection		21.673.600.000
- Social protection		40.276.943.000
- Transition fund		150.000.000
- Pupil standard (support for pupils)		1.047.015.000
- Student standard (support for students)		1.515.635.000
- Scholarships for young talents		1.119.140.000
- Sports scholarships, awards, and recognitions		1.965.000.000
- Refugees and displaced persons		456.952.000
- Other budget-funded social protection		3.515.462.000
1.11. Other current expenditures	43, 48 и 49	53.725.707.000
- Reserve funds	499	5.002.000.000
- Other current expenditures	43 и 48	48.723.707.000
2. Expenditures for non-financial assets	5	612.585.102.000
3. Expenditures for repayment of principal (for the implementation of public policies)	61	22.054.000.000
4. Expenditures for acquisition of financial assets (for the implementation of public policies)	62	23.453.209.000

Source: *Law on Budget of the Republic of Serbia for 2025.*

Expenditures for the use of goods and services include fixed costs (electricity, telephone, utilities, insurance, etc.), travel expenses, contracted services, specialized services, ongoing repairs and maintenance, and materials.

Subsidies represent a form of assistance from the budget in areas of public interest, with significant subsidies in agriculture, transportation, and the economy.

Grants and transfers cover expenses directed towards mandatory social insurance funds, earmarked and non-earmarked transfers to other levels of government (local self-government units, autonomous provinces), and other transfers.

Expenditures for social protection include costs for providing social protection services and material support, such as child protection, veteran and disability protection, social protection, scholarships, and similar.

Expenditures for Non-Financial Assets: This category includes fixed assets, inventory, valuables, natural assets, and non-financial assets financed from funds for the implementation of the national investment plan.

Expenditures for Principal Repayment and Acquisition of Financial Assets. This involves the repayment of the principal amount borrowed. When an entity or individual takes out a loan, they receive a sum of money, and over time, they are required to repay the initial borrowed amount, known as the principal. Financial assets include a wide range of instruments such as stocks, bonds, and other securities. This can be part of a strategic investment plan to generate returns, diversify a portfolio, or achieve specific financial goals.

In the budget law, expenditures and outflows are presented in the general and special parts. In the general part, they are shown at the level of economic classification, in aggregate for all budget beneficiaries of the Republic, while in the special part, financial plans of budget beneficiaries are presented at the appropriation level.

How are the total amounts of expenditures and outflows derived in the general part of the budget law? The specified amounts by economic classifications represent the sum of expenditures and outflows in the special part of the budget law, namely the aggregate of all expenditures and outflows within the chapters of budgetary beneficiaries.

### **3.5.8 How to budget expenditures?**

One of the greatest challenges in budgeting is how to accurately estimate expenses. One of the definitions of a budget is that it is a tool used to manage money before it is spent, rather than after its execution. It is important to ensure that there are adequate funds allocated to all planned activities on the appropriate appropriations, while, on the other hand, maximizing activities within the constraints of limited resources.

During budget planning, similar to household budgeting, the first step is to assess the revenues that will be generated in the planning period and the desired outcome (surplus/deficit). The difference represents the framework for expenditures that budget users can allocate to expenses and outlays, known as limits or ceilings.

The Ministry of Finance provides budget beneficiaries with guidelines for budget preparation, which include limits for budget beneficiaries. In addition to the overall expenditure framework, the guidelines may limit expenditures on specific economic classifications (e.g., expenditures for salaries, to comply with fiscal rules related to wages), expenditures for specific programs, program activities, or projects.

Upon receiving the budget guidelines, budget beneficiaries prepare a proposal of the financial plan. This involves planning expenditures and outflows taking into account the existing organizational, functional, and program structure, the budget user's competence and responsibilities, as outlined in laws and other regulations.

Obligations that must be financed in accordance with regulations are analysed, as well as priorities for funding in line with strategic

documents and goals the budget beneficiary aims to achieve in the coming period.

During the planning of expenditures and outflows for ongoing activities and projects, consultations between the finance department and units responsible for ongoing activities and projects are necessary. An analysis of the previous year's performance and achievements, potential implications for the upcoming period, and consideration of any changes in circumstances (e.g., projections of a smaller or larger number of social assistance beneficiaries) are conducted. Other factors include changes in the volume of planned activities, alterations in the prices of elements affecting activity implementation compared to the previous year, introduction of new activities, and calculations of their costs.

Additionally, proposals for new measures and policies are considered, priorities are established, and in line with available resources and goals to be achieved, they are included in the financial plan. Certain types of expenditures have parameters that must be considered when determining amounts for the upcoming period.

In the budgeting of expenditures for employees, considerations include the existing number of employees, the planned dynamics of staff inflow/outflow in the upcoming period, an analysis of expenditures for employees execution in the previous period, projection of funds needed for potential salary increases (salary indexation), and an assessment of the effect of changing parameters affecting salaries (changes in the tax-free amount of salary, changes in tax and contribution rates, increase in the minimum wage).

For example, if tax and contribution rates decrease, less funding will be needed for salary payments. Similarly, if the tax-free amount of salary increases, less funding will be required for salaries. If there is an increase in the minimum wage or an increase in the base for salary payments, more funds will be needed for payment.

The percentage increase in salaries projected for the next budgetary year is determined

by the Law on the budget of the Republic of Serbia for that year and is applied to all entities belonging to the state sector.

Funds for the use of goods and services should be realistically planned, taking into account projected price increases and ensuring that ongoing costs (energy services, communication services, municipal services, etc.) are not compromised. Funds planned within this group of accounts should also include amounts for which approval has been granted in accordance with the Regulation on criteria for determining the nature of expenditures and conditions and procedures for obtaining approval for the conclusion of certain contracts that, due to the nature of expenditures, require payment over multiple years.

If users also generate revenues from other sources of financing (donations, EU funds, transfers from other levels of government, own revenues, etc.), they must plan expenditures from these funds because the budget is planned on a gross basis.

The budget preparation guidelines provide instructions for budgeting expenditures and outflows, and these guidelines may change from year to year, depending on the fiscal policy for the upcoming period and the budget's balance capabilities.

### **3.5.9 The key powers of MPs for realising children's rights and related expenditures**

The first key way in which Members of Parliament can influence the budgeting of expenditures for specific purposes, including those related to children's rights, is by proposing new laws, proposing amendments to new draft laws or amending existing ones in a particular area, thereby impacting the proposed solutions in the legislation. Once the bill is adopted, funds for specific purposes are budgeted in accordance with the provisions of the law.

The second key way they can influence expenditure budgeting is by participating in the work of permanent committees, where they impact priorities or propose new measures and policies in the financial

plans of budget users, as will be explained in more detail in the next section.

The third key way in which Members of Parliament can influence expenditure budgeting is by proposing amendments during the budgetary procedure, specifically when the draft budget law for the upcoming year is submitted to the National Assembly for consideration.

When proposing amendments, it is important to ensure that the amendment is technically correct, so that if adopted, it can be implemented. Additionally, any changes to the budget proposal made by the National Assembly must be within the limits of the total fiscal deficit specified in the government’s budget proposal.

**Graph 3:** The powers of MPs related to children’s rights



## 3.6. Program budget

The Program Budget represents an efficient mechanism for implementing public finance reform as it enables greater budget transparency, prioritization of expenditures, better management of budget user performance, increased accountability, and the establishment of stronger links between the annual budget and strategic planning. Among other things, it demonstrates the purpose of expenditure, its connection to objectives, and the results achieved.

The program budget should serve as a tool for Members of Parliament to analyse proposed policies. Through the information provided by the program budget regarding goals, indicators, purposes, and program, program activities and project descriptions, Members of Parliament gain a better understanding of how budgetary funds are planned to be utilized. Based on this information, they can submit amendments and influence the reallocation of planned funds to those areas they consider priorities.

The reform of introducing program budgeting in Serbia was initiated by the Budget System Law in 2006. It regulated the gradual implementation for certain users of budgetary funds. Subsequent amendments to the mentioned law mandated the obligatory application of program budgeting from the adoption of the budget for the year 2015.

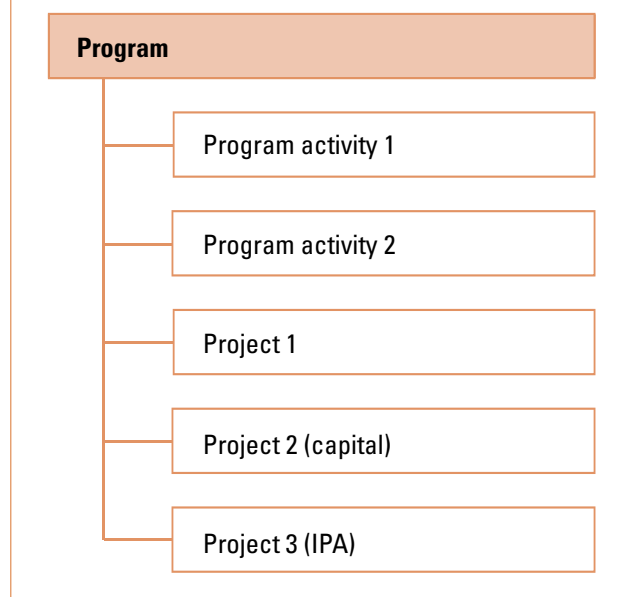
The methodological basis of program budgeting is provided in the Guidelines for the Preparation of the Program Budget, prepared in 2014. Before the introduction of program budgeting, in the so-called line-item budget, the economic classification indicated the purpose of funds (salaries, materials, etc.), and a more detailed explanation of expenditure could be achieved by using appropriation descriptions. There was no information about the goals of public policies to be achieved and performance indicators. Through functional classification, it was mostly possible to identify the budget users' jurisdiction.

The program budget is showing the purpose of expenditure, the connection of spending

to strategic goals, and what results are achieved. When proposing financial plans, prioritization of expenses is enabled, providing a more transparent representation of expenditures and an overview of areas where expected goals have not been met.

There are three program categories: program, program activity, and project, distributed across two hierarchical levels. Programs constitute the first level, while program activities and projects make up the second level. Expenditures are planned on the level of program activities and projects.

**Graph 4: Program elements**



Programs represent the key responsibilities of budget users and consist of program activities and projects. They constitute a comprehensive corpus of business processes and ministry costs that are not time limited. Programs are defined for key responsibilities, significant outcomes, and areas where significant funds are allocated.

Program activities represent narrower responsibilities of budget users and extend over a longer period. Some types of program activities include area development, inspection supervision, provision of public services, administrative tasks, subsidies, grants, transfers, administration, and management, among others.

**Table 3.4:** Example of the program structure in the primary education of the Republic of Serbia

<b>Primary education</b>	program
<b>Implementation of primary education activities</b>	program activity
<b>Supplementary school abroad</b>	program activity
<b>Competition of elementary school students</b>	program activity
<b>Modernization of the infrastructure of elementary schools</b>	program activity
<b>Technical support for conducting the final exam</b>	program activity
<b>Professional development of employees in preschool institutions and primary schools</b>	program activity
<b>Procurement of teaching materials for students, trainees and institutions</b>	program activity
<b>Improvement of educational achievements through the work of educational - scientific centres</b>	program activity
<b>Support for the improvement of educational and educational work of institutions through the use of didactic tools and didactic game tools</b>	program activity
<b>Educational content through a digital textbook/digital classroom</b>	project
<b>Support for the work of student cooperatives in primary education</b>	project

**Source:** Authors' work based on excerpts from the Budget Law of the Republic of Serbia 2025

Projects represent time-limited business undertakings of budget users with clearly defined goals, where not all projects need to be capital projects.

When defining the program structure of budget users, key responsibilities, organizational structure, mid-term plans, and sectoral strategies, as well as the budget execution in the previous period, are considered.

### 3.6.1 Program information

Program information serves as additional clarification of the purpose of budgetary funds and as additional input for making decisions on budget approval. The following program information is used in the program budget:

- Purpose
- Description
- Legal basis
- Responsible person

- Goals and performance indicators.

The purpose of a program is to represent the desired outcome (social or economic effect) achieved through the implementation of all activities and projects within a program. The purpose is not specific, may not be directly measurable, and provides a brief description of the program's intent.

The legal basis includes an overview of key laws and other regulations that establish the foundation for planning activities and expenses. As the legal basis, laws that apply to all budget users (e.g., budget system law, budget law, etc.) should not be listed. Instead, it should include laws and other acts prescribing the financing of specific responsibilities of the budget user.

In the program description, it is necessary to outline how the program is implemented, specifically detailing the most significant activities and projects carried out within the program. It should also specify which public policies are implemented through the program, how the program is financed (from

Table 3.5: Example of indicator of the program budget

Goal 1: Improvement of Basic Needs for Children in Financially Disadvantaged Families						
Indicator Name	Unit of Measurement	Base Year	Base Value	Target Value in 2025	Target Value in 2026	Target Value in 2027
1. Number of Children Living in Poverty – Child Allowance*	number	2023.	212.018	230.000	250.000	270.000
2. Number of Children with Developmental Disabilities and Children Without Parental Care Living in Poverty*	number	2023.	1.864	2.000	2.300	2.500

\* Source of Verification: *Ministry's Annual Report*

which funding sources), and who the key participants are in implementing the program.

The responsible person is an individual responsible for the relevance and accuracy of program information and for monitoring the efficiency, appropriateness, and effectiveness of implementing activities and expenditures within the program. At the program level, the responsible person may be a minister/state secretary/assistant minister/director/assistant director, while at the level of program activity or project, the responsible person may be an individual from the middle management structure overseeing and coordinating the implementation of program activities or projects.

Goals are concise statements about how the changed state we aim for should look compared to the current situation. When considering goals in relation to time, we distinguish between long-term, mid-term, and short-term objectives. They can also be general or specific, and based on the planning level, they can be sectoral objectives, program objectives, and objectives of program activities and projects.

The goal of a program typically represents a specific social or economic outcome to be achieved in the mid-term by implementing activities within the program. The achievement

of the goal is primarily attributed to the implementation of activities and projects within the program for which the goal is set.

The achievement of goals is monitored through the use of performance indicators. An objective is an expression of what is desired to be achieved, while the performance indicator measures the success of achieving the objective. There are two types of performance indicators: outcome indicators and output indicators.

By applying outcome indicators, information is provided on the achieved social or economic change as a result of implementing a program, program activity, or project. These indicators are particularly significant for strategic planning, directing budgetary funds, and managing public policies, with the results they measure being of the utmost interest to the general public. Output indicators, on the other hand, provide information about the immediate products and services delivered through the implementation of program activities or projects. Output indicators typically measure the quantity, quality, or efficiency of providing public services.

When selecting indicators, it is essential to ensure that the indicators are „SMART“ defined (Specific, Measurable, Achievable, Relevant and Time-bound).

For each performance indicator, a baseline value, target value, and a comment (explanation) of the indicator are defined, along with the verification source where up-to-date data on the monitored values are published.

When considering the budget for the upcoming year, the National Assembly is provided with the proposal of budget law for the next year, accompanied by an explanation that includes program information.

When deliberating on funds and competences to be financed in the upcoming period, lawmakers can analyse funds allocated to programs, program activities, and projects outlined in a special part of the proposal of the Law on budget. Additionally, based on the allocated funds in a special part of

the law, they can find program information related to programs, program activities, and projects, analyse the goals achievable with the planned funds, and the indicators planned for those goals. The explanation provides insight into the purpose of the program, description, and verification sources.

The table below contains an example of key program information (goals and indicators) that is attached as part of the documentation during the adoption of the budget law. When deciding on the adoption of the proposed funds for the implementation of program activities and projects, it is important to use these additional details as a useful tool in analysing the submitted budget proposal or in writing amendments to the law.

## 3.7. Budget execution

After budget preparation, the next crucial process in conducting the responsibilities of budget users is budget execution. It is often said that without good planning, there is no good budget execution, but there are also many activities that need to be carried out to achieve the planned goals. Following the adoption of the budget law, the next step is budget loading/import, which is currently taking place in the SPIRI information system.

In practical terms, this means that for any budget user to be able to execute expenditures, they must have a planned appropriation in the budget execution system (funds allocated to a specific economic classification). Otherwise, the system will not allow the execution of payment orders. For example, to transfer funds to a citizens' association dedicated to child rights protection, after the adoption of the law in the budget that allocates funds under the appropriation 481-Grants to non-governmental organizations, must be loaded at the budget user. Afterward, funds are allocated monthly in accordance with the planned dynamics of execution of expenditures, or the so-called monthly quotas.

In accordance with regulations, public calls are announced, public procurement processes are conducted, and based on assumed obligations, funds are transferred to end-users.

When it comes to expenditure execution, the expenses are recorded under a specific economic classification. The budget execution report displays planned and executed expenditures and outflows.

### 3.7.1 The role of treasury administration

The Treasury Administration is a part of the Ministry of Finance that performs tasks related to financial planning, management of financial resources of the Republic of Serbia, control of expenditures and payments, budget execution reporting, budget accounting and reporting. Additionally, it establishes, develops, and maintains the information system of the Treasury Administration and handles tasks related to

public payments, including record-keeping and operations within the consolidated treasury account system, and other related duties.

Within financial planning, projections of budget inflows and outflows are conducted on a quarterly, monthly, and daily basis. Payment limits are defined, and funds are projected quarterly and monthly to finance deficits and repay matured debts.

Management of the financial resources of the Republic of Serbia includes overseeing the consolidated account of the treasury of the Republic of Serbia and the foreign exchange funds of the Republic of Serbia. It involves budget execution, preparing periodic budget execution reports, placing available funds, and other related activities.

Control of expenditures and payments involves approving payments up to the established appropriations. If there is no available amount in the appropriation, the payment cannot be executed.

To carry out a specific expenditure, there must be a planned amount in the appropriation, an available amount in the appropriation (planned amount - executed expenditure amount), a planned amount for the execution of a specific expenditure in a particular month, and the execution of a specific expenditure must be in line with the planned liquidity and expenditure framework for that month.

### 3.7.2 Reallocations of appropriations

In the previous section, we mentioned the need to have an available appropriation to execute a specific expenditure. To ensure budget flexibility, there is the possibility of reallocating funds in case the funds on a particular appropriation are insufficient for implementing certain activities.

How is the reallocation of appropriations carried out? The Budget System Law prescribes that a direct user of budget funds, with the approval of the Minister responsible for finance, can

redirect the appropriation approved for a specific expenditure, funded from the general revenues of the budget, up to 10% of the value of the appropriation for the expenditure whose amount is reduced, within the chapters and between the headings within the chapter of that direct user of budget funds.

If the budget user determines that there is an excess of funds on a specific appropriation, or that savings have been achieved, or that funds remain unspent after realization, and that there are insufficient funds on another appropriation for the implementation of all activities, they can propose reallocating up to 10% of the reduced appropriation. The request for appropriation reallocation is submitted to the Ministry of Finance, which analyses the request and, based on the user's justification and the expenditure framework it adheres to, approves, or rejects the request.

In addition to the reallocation of appropriations, the missing funds can be secured by using funds from the current budget reserve, in accordance with the provisions of the Budget System Law.

### **3.7.3 Report on budget execution**

After budget planning and execution, reports on budget execution are prepared. The Law on final account of the Republic of Serbia determines the total realized revenues and receipts, expenditures and outflows, the financial result of the budget of the Republic of Serbia, and the financing account for each budget year.

The Law on Final Account includes an annual financial report on budget execution (which includes the annual performance report, including the impact on promoting gender equality) and an external audit report. The Law on Final account follows the same format as the Law on the Budget and provides information on the realized funds. Like the budget law, the law on Final account law includes appropriations with the same elements. In addition, new columns are included, such as the current appropriation, which contains information on all the changes that occurred during the year regarding the amount of available funds and the amount of spent funds.

When the proposal of the Law on final account is submitted to the National Assembly for deliberation and adoption, lawmakers can analyse both the planned and realized values, including expenditures and outflows for specific purposes, as well as non-financial data, such as the achievement of goals and indicators. They should compare the planned and realized/received revenues and receipts, expenditures, and outflows, and analyse the variances between the execution and the plan. They can request from relevant budget cycle actors/or budget users additional information *vis a vis* particular expenditures.

#### **An important part of the Law on final account is the performance program report.**

Based on this performance report and the explanation of program/program activity/project implementation, additional information about the deviations from the plan and their implications for the next period can be obtained.

The Annual Performance Report includes an overview of allocated and spent funds for programs, program activities, and projects, a summary of target and achieved values of performance indicators with an explanation of any deviations, an explanation of the implementation of programs, program activities, and projects in relation to set goals and allocated funds. This report allows the public to gain insight into the results achieved through budgetary spending. Just as program information was considered when reviewing the proposal of the budget law for the next year, lawmakers can analyse planned and achieved goals and indicators when considering the proposal of the Law on final account.

This report provides the management of the organization with insights into which activities are being conducted in line with set goals and financial plans and which are not. It enables the identification of areas of inefficient spending and the evaluation of the effectiveness of a program, program activity, or project. It also guides adjustments in activity implementation and/or budget reallocation in the next period to achieve better results.

**Table 3.6:** Example of information contained in the Final Account

<b>Section</b>	<b>1</b>	<b>26</b>	
<b>Chapter</b>	2	26.1	
<b>Program</b>	3		2002
<b>Function</b>	4		910
<b>Program activity/Project</b>	5		4001
<b>Economic classification</b>	6		421
<b>Description</b>	7	Primary education	Fixed costs
<b>Initial appropriation</b>	8		3.610.000
<b>Current appropriation</b>	9		3.610.000
<b>Execution</b>	10		3.597.545
<b>Expenditures and outlays from consolidated reports</b>	11		
<b>Total (10+11)</b>	12		3.597.545

In addition to the performance report, additional information crucial for the analysis of the Law on final account can be found in the external audit report. When considering the entire process, from planning to the Law on final account, the role of lawmakers is significant in the budgetary process. As outlined throughout

all stages, lawmakers, through participation in standing committees, public discussions, and sessions of the National Assembly, can propose improvements in specific areas, initiate actions, suggest amendments, and more, as will be explained in more detail in the final chapter.

**Table 3.7:** Improvement of Basic Needs for Children in Financially Disadvantaged Families

<b>Indicator Name</b>	<b>Unit of Measurement</b>	<b>Base Year</b>	<b>Base Value</b>	<b>Target Value in 2025</b>	<b>The Realized Value of the Indicator</b>	<b>Explanation</b>
<b>1. Number of Children Living in Poverty – Child Allowance*</b>	number	2023	212.018	230.000	230.000	The planned target for the number of children benefiting from the child allowance was fully realized reflecting the effective implementation of the related program and policies.

\* **Source of Verification:** *Ministry's Annual Report*

## Self-evaluation questions

1. What are the most distinct differences between management of household budget and state budget? What are the bluntest similarities between the two?
2. What is a children's budget and child responsive budgeting?
3. Would the citizens budget help you in better grasping of the citizens' feedback as to their priorities of public expenditures? If so, think of the ways it would help your work as a parliamentarian.
4. Who are the key stakeholders in the budget cycle?
5. What are the key documents in the budget cycle?
6. What are the five elements of the budget cycle? In which of them you actively take part as an MP?
7. Which law defines budget flexibility and how is the reallocation of appropriations carried out?
8. What are the key components of the budget?
9. How are the total amounts of expenditures and outflows derived in the general part of the budget law?
10. What are the powers of you as an MP in the expenditures budgeting?
11. What is a program budget?
12. What are the three program budget categories?
13. How to define program budget indicator?
14. How is the reallocation of appropriations carried out?
15. What is a budget execution report and what does it contain?

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# CHAPTER IV

## The parliament's oversight role in protecting childrens' rights in the budget process

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## 4.1. Sound financial management as a fundamental of the Parliament's role in keeping the executive accountable for the use of public money

Principles of Good Governance are fundamental guides for parliament's role in keeping the executive accountable with a goal of improving the lives of citizens. and, vice versa, due observance of good governance principles improves the citizens' confidence in public authorities.

In observing the critical principles that ensure proper and efficient use of public finance, the theory argues for the following ones:

**A) SOUND PUBLIC FINANCIAL MANAGEMENT** as a concept comprised of the principles of:

**I Economy**, stipulating that the responsible public entity should use resources for the pursuit of their activities in timely manner, appropriately as to quantity and quality and at the best price (example- charges do not override the costs of provided public services and do not imply in decreased needs for public services);

**II Efficiency** encompasses the operational standards of public entities to conduct their activities in rightful balance between used resources, undertaken activities and achieved goals;

**III Effectiveness**, requiring that the entitled public entity should focus on the undertaken measures and activities that lead to achievement of the objectives;

Overall, the observance of economy, efficiency and effectiveness principles contributes to **value for money** evaluation of the public funds use.

**B) ACCOUNTABILITY** establishes that each individual or collective decision maker is responsible for own deeds; that the decisions are explained and can be sanctioned, and that the remedies against maladministration are made available. This principle has vertical (accountability to supervisory entity) and horizontal (accountability to general public and media) dimensions, and vastly impacts the general public's trust to government.

**C) TRANSPARENCY:** The budget related information shall be comprehensive, consistent and accessible to users.

The other good governance principles, such as rule of law, openness, participation, responsiveness and non-discrimination, also determine sound public finance management. At this point, it would be important to acknowledge that the observance and development of good governance principles strongly relies on continuous and proactive advocacy, and capacity development of all actors involved in public financial management functions.

Principles of Good Governance are fundamental guides for parliament's role in keeping the executive accountable with a goal of improving the lives of citizens. and, vice versa, due observance of good governance principles improves the citizens' confidence in public authorities.

## 4.2. Parliaments' mechanisms and tools to influence and uphold the sound financial management of public funds allocated for children's rights protection

### 4.2.1 Monitoring allocations for the protection of children's rights through programs, activities, and projects

As pointed out in the chapter II, allocations for the protection of children's rights can be effectively monitored through programs, program activities, and projects by setting clear objectives, establishing performance indicators, and regularly assessing outcomes. The role of Members of Parliament is to highlight during the adoption of the budget law that these elements are not adequately or clearly defined, and to ensure that, when adopting the Law on final account, attention is paid to the realized values of indicators and explanations for deviations from the planned values, whether they are positive or negative. Here's how each element contributes to monitoring these allocations:

**1.PROGRAMS:** As pointed out earlier, a program typically represents a broad area of focus related to children's rights, such as child protection, education, healthcare, or welfare. Programs are often long-term initiatives that require substantial investment and strategic planning.

To monitor the allocation for the protection of children's rights, it is important to:

- Track the overall budget allocated to the program and compare it to actual spending to ensure funds are being used effectively and appropriately.
- Evaluate the outcomes by collecting data on the program's impact, such as improved school enrollment rates, better health outcomes, or a reduction in cases of child abuse.

**2.PROGRAM ACTIVITIES:** These are the specific actions or interventions that fall under a broader program. For instance, within a child protection program, activities could include awareness campaigns, the provision of child protection services, or training for social workers. Monitoring these activities involves:

- Assessing the effectiveness of each activity through regular reports and feedback from beneficiaries. For example, monitoring the number of children protected or supported through specific programs;

**Table 4.1:** Example of U.S. federal spending on children – Combined Domestic and International Spending

	2020	2021	2022	2023	2024	Biden 2025
<b>Spending Level on Children</b>	\$ 496.419 B	\$ 817.110 B	\$ 701.413 B	\$ 618.652 B	\$ 600.256 B	\$ 778.886 B
<b>Real Change from Prior Year</b>	16.12%	59.36%	-20.46%	-16.07%	-5.59%	26.57%
<b>Share of Total Federal Spending</b>	7.57%	11.98%	11.81%	10.03%	8.87%	11.11%

**Source:** *Fact Sheet: First focus, Children's budget 2024, October 2024\**

\* Available at: <https://firstfocus.org/wp-content/uploads/2024/09/Childrens-Budget-2024-Overall-Fact-Sheet.pdf>

- Allocating funds effectively based on the activities' importance and urgency, ensuring that spending aligns with the intended outcomes.

**3. PROJECTS:** As pointed out earlier, projects are time-bound initiatives with specific goals and objectives, often forming part of a program or activity. A project could be the construction of a shelter for children at risk or the development of an education initiative for children in conflict zones. Monitoring the allocation for projects involves:

- Tracking project spending to ensure that resources are spent efficiently, and funds are allocated as planned for the benefit of the children.
- Measuring project impact through evaluation processes like surveys, interviews, or independent audits to ensure that children's rights are being effectively protected and promoted.

By systematically monitoring allocations through these programs, activities, and projects, Parliament can ensure that the funds intended to protect children's rights are being used appropriately and are achieving their intended outcomes. This monitoring process provides transparency and accountability, helping to identify areas where improvements may be needed and ensuring that the needs of children are met.

#### **4.2.2 Other Parliament's mechanisms to hold the Government to account for the use of public money with the focus on children's rights**

The widespread instruments of checks and balances are the parliament's **no-confidence vote** to the government, **interpellation**, **questions time** and prime minister's questions, the **dissolution of the parliament** by the executive, the right of **veto** to legislative actions, **constitutional courts' ruling**, and others.

The chain of accountability positions the parliament between its accountability to the citizens, and executive bodies' accountability to the parliament. The parliament's power to hold the executive branch accountable is channelled through the mechanisms of monitoring scrutiny. Once the budget is adopted, the parliament's focus covers the monitoring of budget implementation by utilizing a set of formal measures and cooperation with a wide circle of actors, including public, for the purpose of proper and efficient use of allocated funds by the executive. At this point, your work of an MP deserves the spot light of the parliamentary scrutiny *vis a vis* the proper functioning of the executive.

The MPs have available a wide range of other mechanisms and tools to pursue their oversight powers. Specifically, the oversight of the use of public funds holds the special place in the parliamentary development theory and practice. Parliaments' innovativeness in establishing new mechanisms and tools to hold the executive accountable ranges from establishment of undemanding and specialised bodies and institutions designated to practice continuous oversight over the executive bodies and budget users, more widely, to ad hoc practices of smaller states' parliaments that include strong engagement of general public and non-governmental organizations (the case of the small island state of Tuvalu, whose parliament has appointed community members to conduct oversight through citizens' councils). Each of the models have evolved within specific societal circumstances, depending on the parliament's level of awareness of own rights, and with resources available at the time. Some of the mechanisms became institutions, while some fall within the gentlemen's' agreements, best fit practice or one-at-the-time efficient practices.

In investigating the scrutiny of the executive's management of public funds allocated for protection of children's rights, we will start with a subsequent list, inviting you to evaluate them through the prism of your MPs agenda and experience, and be innovative in establishing the new ones, best fit to the needs of the case of Serbia.

- Establishment of the specialized committees for specific sectoral policies issues. In the case of Serbia, this good practice has been introduced by the establishment of the Children's rights Committee in 2012.
- Establishment of specialized oversight committees, where the best practices point at the unwritten rule of committee chairing by the representative of the opposition or non-aligned MPs;
- Avoidance of the government majority in oversight committees;
- Considering the optimal number of oversight committee members that enable constructive and efficient debate (5-11 members);
- Use of work of the independent public financial management and sectoral topics' experts from inside or outside of parliament's administration in order to strengthen technical aspects of scrutiny and promote non-partisanship;
- Establishment of independent bodies that conduct statutory oversight functions
- Maintaining of good cooperation and upholding independence of the oversight bodies;
- Formalization of the parliamentary follow-up mechanisms vis a vis public hearings (conclusions, advices, issuing formal requests and initiatives to other state branches; tabling legislative initiatives and amendments);
- Utilization of research and training opportunities provided by development non-governmental organizations;
- Promotion of oversight committee's work through relations with the general public and media;
- 

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(write in your suggestions on the meaningful approaches to efficient parliament's scrutiny mechanisms).

In addition, the process of the Parliament listening to and discussing the Government's program, as presented by the candidate for Prime Minister, is a crucial step in the formation of the Government. During this phase, Members of Parliament have the chance to thoroughly scrutinize the proposed program and assess its alignment with various policy priorities, including the protection of children's rights.

This stage presents a unique opportunity for Members of Parliament to engage with the candidate for Prime Minister and inquire about the specific measures and strategies outlined in the Government's program aimed at safeguarding children's rights. They can raise questions regarding the allocation of resources towards children's welfare, the implementation of policies to address issues such as child

poverty or access to education and healthcare, and the overall commitment of the Government to prioritize the well-being of children.

By questioning the candidate Member of Parliament on children's rights protection within the Government's program, Parliamentarians ensure that this critical aspect of governance receives due attention and consideration. It also underscores the Parliament's role in advocating for the rights and interests of children and holding the Government accountable for fulfilling its obligations in this regard.

#### **4.2.3 Designing of parliament's agenda for deliberation of children's rights**

It is important for the Speaker and parliament management to proactively identify and address the needs of children by requesting an initial analysis from the parliament secretariat. This analysis will help them understand the underlying causes of any perceived deficiencies in children's rights and enable them to develop a budget to address these issues effectively.

It is important for the Speaker and parliament members to engage with political parties, the government, trade unions, and civil society to gather diverse perspectives on the issues and potential solutions. This collaborative approach will lead to a comprehensive plan that considers the viewpoints of all stakeholders.

After finalizing the plan outline, it is crucial to develop a strategy that addresses the specific needs of children. This strategy will serve as a detailed roadmap for implementing the self-development structure.

Identifying and providing development-related staff training is essential to ensure that everyone has the necessary skills and knowledge to effectively implement the children's budget.

Establishing an annual strategy cycle (ASC) to outline key strategy-related points is vital for maintaining the relevance and effectiveness of the self-development structure over time.

To ensure the effectiveness of budgeting for children's rights, it is crucial to establish and

consistently evaluate a self-development structure that meets the needs of parliamentary staff and members.

#### **4.2.4 Identifying key stakeholders**

Ensuring that child-responsive budgeting efforts receive the necessary support requires the identification and effective engagement of the appropriate stakeholders. It is important for members of parliament to recognize and get in touch with political stakeholders, including political parties, the parliament, and key ministries, particularly those responsible for the budget commission. Social leaders who shape public opinion, social organizations such as unions, grassroots organizations, and non-governmental organizations (NGOs), the private sector, and the media also play a crucial role in this process.

To effectively engage with these stakeholders, it is essential to take the time to understand their interests, capacity, and relationship with each other. One tool that can be used for this purpose is a mapping exercise, which can help illustrate how stakeholders can be involved in the policy and budget processes.

Comparatively, the parliaments themselves establish regular collaboration within own working environment and with other actors as following:

- collaboration within the children's rights committees that continuously monitor, *inter alia*, effects of budget apportion to specific aspects of children's rights,
- collaboration with ombudsman, independent bodies with full legal and technical capacities to monitor and report to the parliament the findings on impacts of financial allocations to children's rights;
- continuous and open work in constituencies with aim of first-hand information share on the available programs, and reversals, impacts of financial allocations to individual beneficiaries.

In general, budget formulation is followed by the myths of secrecy and domination

of the executive in parliamentary democracies. These myths are rooted in:

- avoidance of wide public debate that essentially requires strong facilitation of the budget agenda and communications skills of main interlocutors;
- lack of systematic approach to multilevel sources of information that can qualitatively improve budget prioritization process in practice;
- needs for redefining of executive's accountability vis a vis its openness for the sake of more integrating approach to budget formulation.

In essence, identifying and engaging the appropriate stakeholders, and understanding their interests, capacity, and relationship with each other is critical to the success of child-responsive budgeting efforts. Through effective engagement, we can ensure that all stakeholders are involved in the process, and their contributions are valued and utilized to achieve the desired outcomes.

#### 4.2.5 Engaging the children in decision-making

Children have the right to be consulted and have their opinions heard on issues that affect them. This includes matters pertaining to resource allocation, which cannot be solely left to Civil Society Organizations (CSOs) to ensure that children's voices are taken into account.

It is crucial to ensure that children's views are solicited through various means such as surveys and interviews, including semi-structured ones, to enable them to express their opinions on resource allocation. Furthermore, it is essential to provide platforms that encourage their participation and expression of views, keeping in mind the protection of their identity in line with the regulations. Such forums can take the form of village tours, where child rights issues are introduced through games, theatre, radio, or videos.

In this digital age, new technologies can also offer innovative solutions that allow children access to information and feedback. For example, online platforms can be created

to allow children to express their views and opinions on resource allocation and other matters that affect them. Ensuring that children's voices are heard and considered is critical in promoting their rights and well-being.

#### 4.2.6 Challenges related to child-responsive budgeting

Making the budget more responsive to child rights poses practical and political obstacles for all the stakeholders, whilst the MPs may find useful the following considerations:

**INFORMATION AVAILABILITY**, which is crucial for an organization to function efficiently. By making analyses public, transparency, willingness, and capacity issues can be identified and addressed. This ensures better performance and helps achieve organizational goals.

**MPS'** focus shift from the financing amount to financing objective qualitatively increases considerations of effectiveness and legitimacy of the government. Complementary, this shift in focus requires full access to information and transparency of government bodies.

**TRANSPARENCY**, an important aspect of a government's budgeting and policymaking process. It ensures that the public has access to budget data, enabling them to understand the government's priorities. Openness of the government is a measure of this transparency, and it reflects the extent to which the government is willing to make its budgeting process and data public.

**WIDENING AND NARROWING DOWN** of the scope of analysis is useful for sound prioritization in budget decision making:

- First the child rights cannot be isolated from underlying societal causes of issues such as the poverty or malnutrition are.
- Secondly, legal, social, and cultural impacts to comprehension of children's rights is of paramount importance. For instance, sound legislator's approach to children budgeting may properly address inequalities amongst girls and boys present as cultural patterns.

- Disaggregation of children based on their needs and vulnerability is also beneficial for prioritization. For instance, the children needs vary within same age or sex of children, based on other parameters, such as health, housing or educational levels.

As expertise can be lacking within and outside of government, there are initiatives available for different groups, such as civil society organizations international organizations ((Inter-parliamentary Union, Global Organization of Parliamentarians against Corruption, national parliament exchanges), and audit institutions (International Organization of Supreme Audit Institutions and regional chapters, INTOSAI

Development Initiative). Child-responsive budgeting gives a voice to those representing marginalized children and aims to tackle the dominance of finance ministries, development banks, and IFIs in influencing policy and budget decisions. Building relationships with these entities is crucial to establish credibility and analyze public finance management and budget issues from a child rights perspective.

Social and cultural norms, economic conditions, and existing infrastructures can impact child-responsive budgeting. Policymakers and PMs must understand the context to create effective policies for children.

### Self-evaluation questions

1. Which collaboration forms are proven successful for creation of child responsive budgeting? Can you think of a new approach of collaboration and networking for efficient child responsive budgeting?
2. As an MP, what are the channels of exchanging information with the other state bodies' efforts in budget planning and execution for the protection of children's rights? Are you well informed as an MP, on non-geoenvironmental sector's activities vis a vis state's improved public financial management for the protection of children's rights?
3. What are your challenges of an MP for improvement of budgetary responsiveness/ sensitivity to children's rights? What would be your mitigation measures for resolving these challenges?
4. What are the instruments of you as a member of the parliament of keeping the executive accountable?
5. What are efficient tools for securitizing the executive by the parliament for efficient children's responsive budgeting? Would you propose any new approach in this respect?



# CHAPTER V

## Strategies and comparative examples of successful child-budgeting practices

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## 5.1. General effective strategies and pitfalls for child responsive budgeting

Effective budgeting for children is essential for ensuring their well-being and development. By allocating resources strategically, governments, organizations, and communities can address the diverse needs of children and promote equitable access to opportunities. However, navigating the complexities of child budgeting requires careful consideration of effective strategies and an awareness of common pitfalls. This paragraph explores key strategies for successful child budgeting frameworks while highlighting common challenges that can impede their effectiveness. By understanding both the opportunities and obstacles in child budgeting, stakeholders can work towards optimizing resource allocation and improving outcomes for children worldwide.

### Effective Strategies:

**HOLISTIC APPROACH:** Effective child budgeting frameworks take a holistic approach, considering the diverse needs of children beyond just financial aspects. This includes their health, education, social development, and overall well-being.

**NEEDS ASSESSMENT:** Conducting thorough needs assessments is crucial. This involves gathering data on various aspects of children's lives to understand their requirements accurately. It helps in allocating resources where they are most needed.

**STAKEHOLDER ENGAGEMENT:** Involving stakeholders such as parents, educators, community leaders, and children themselves ensures that budgeting decisions are informed by diverse perspectives and priorities.

**TRANSPARENCY AND ACCOUNTABILITY:** Transparent budgeting processes build trust among stakeholders and ensure accountability in resource allocation. This includes clear documentation of budget decisions and mechanisms for monitoring and evaluation.

**EARLY INTERVENTION:** Prioritizing early intervention programs can prevent problems from escalating and reduce long-term costs. Investing in early childhood development, education, and healthcare can yield significant returns in terms of children's well-being and future prospects.

**FLEXIBLE FUNDING MECHANISMS:** Flexible funding mechanisms allow for adaptation to changing needs and emerging priorities. This may involve reallocating resources based on ongoing assessments and feedback from stakeholders.

### Common Pitfalls:

**FRAGMENTATION:** Fragmented budgeting across different sectors and agencies can lead to inefficiencies and gaps in service delivery. Lack of coordination and communication among stakeholders may result in duplicated efforts or overlooked needs.

**SHORT-TERM FOCUS:** Focusing solely on short-term outcomes may neglect long-term investments in children's development. Budgeting frameworks should prioritize sustainable interventions that yield lasting benefits, even if they require upfront investment.

**LACK OF DATA:** Inadequate data on children's needs and outcomes hinders effective budgeting decisions. Without accurate information, it's challenging to identify priorities, allocate resources effectively, and measure the impact of interventions.

**UNDERREPRESENTATION OF VULNERABLE GROUPS:** Budgeting frameworks may overlook the needs of marginalized or vulnerable groups of children, such as those from low-income families, ethnic minorities, or with disabilities. This perpetuates inequality and exacerbates existing disparities.

**INSUFFICIENT FUNDING:** Limited resources can constrain the effectiveness of child budgeting frameworks. Inadequate funding

may lead to rationing of services or prioritization of certain needs over others, leaving some children underserved.

**POLITICAL INTERFERENCE:** Political agendas or short-term electoral considerations may influence budgeting decisions, diverting resources away from children's needs or favoring certain groups over others. This undermines the principles of equity and fairness in resource allocation.

By addressing these pitfalls and implementing effective strategies, child budgeting frameworks can better meet the diverse needs of children and contribute to their overall well-being and development.

## 5.2. Child responsive budgeting in Finland

Child-responsive budgeting focuses on allocating resources in a way that prioritizes the well-being and development of children. One example of this approach is the implementation of child-responsive budgeting in Finland.

In Finland, the government has implemented various policies and budget allocations aimed at promoting the welfare and development of children. One notable example is the provision of comprehensive early childhood education and care (ECEC) services. Finland has a well-developed system of publicly funded ECEC, which includes high-quality preschool education and childcare for children from infancy to school age.

The Finnish government allocates significant resources to ensure access to affordable and high-quality ECEC services for all children. This includes funding for staff training, facilities, and subsidies to support families with the cost of childcare. By investing in early childhood education and care, Finland aims to promote children's cognitive, social, and emotional development, setting a strong foundation for future success.

Additionally, Finland has policies in place to support families with children, such as parental leave and child benefits. These policies help ensure that families have the financial support they need to provide for their children's basic needs and to create a nurturing environment for their development.

Overall, Finland's approach to child-responsive budgeting emphasizes investment in children's well-being and development from the earliest stages of life, recognizing the importance of early intervention and support in promoting positive outcomes for children and society as a whole.

Key details about Finland's ECEC system:

**UNIVERSAL ACCESS:** Finland provides universal access to early childhood education and care services for all children, regardless of their family's socioeconomic status. This means that

every child has the right to access high-quality ECEC services, regardless of their background.

**STARTING AGE:** Children typically start attending early childhood education and care services around the age of one or two, although this can vary depending on parental preferences and circumstances.

**STRUCTURED CURRICULUM:** Finland's ECEC services are guided by a structured curriculum that emphasizes holistic development and learning through play. The curriculum focuses on promoting children's social, emotional, cognitive, and physical development, as well as their creativity and curiosity.

**QUALIFIED STAFF:** ECEC staff in Finland are highly trained professionals who possess the necessary qualifications and expertise to support children's development effectively. They undergo rigorous training and professional development to ensure they have the skills and knowledge required to provide high-quality care and education.

**LOW CHILD-TO-STAFF RATIOS:** Finland maintains low child-to-staff ratios in ECEC settings to ensure that each child receives individualized attention and support. This enables caregivers and educators to respond to the unique needs and interests of each child and to create a nurturing and stimulating environment for their development.

**EMPHASIS ON PLAY-BASED LEARNING:** Play is a central component of Finland's ECEC curriculum, as it is considered essential for children's learning and development. ECEC settings provide ample opportunities for children to engage in open-ended play, exploration, and hands-on learning experiences that foster their creativity, problem-solving skills, and social interactions.

**PARENTAL INVOLVEMENT:** Finland recognizes the importance of involving parents and caregivers in their children's early education and care. ECEC providers strive to establish strong partnerships with families, involving them in decision-making processes, and keeping them informed about their child's progress and development.

Overall, Finland's comprehensive ECEC system reflects a holistic approach to early childhood development, prioritizing the

well-being and learning of every child and recognizing the critical importance of early experiences in shaping future outcomes.

### 5.3. Child responsive budgeting in Scotland - GIRFEC

Getting it Right for Every Child (GIRFEC) is a national approach in Scotland that aims to ensure that all children and young people are supported and protected so they can reach their full potential. The GIRFEC approach emphasizes the importance of early intervention, collaboration between agencies, and putting the child at the center of decision-making.

Here's an overview of the key principles and components of GIRFEC:

**WELLBEING:** GIRFEC focuses on promoting and safeguarding the wellbeing of children and young people. Wellbeing is understood in a holistic way, encompassing physical, emotional, social, and educational aspects.

**THE NAMED PERSON:** Under GIRFEC, every child in Scotland has a Named Person, usually a health visitor or teacher, who is responsible for ensuring that the child's wellbeing needs are met and for acting as a point of contact for parents or guardians. The Named Person provides support and advice to families and coordinates services when necessary.

**THE CHILD'S PLAN:** For children who require additional support, a Child's Plan may be developed. This plan outlines the child's needs, the support they require, and the actions to be taken by relevant agencies and professionals to meet those needs. The Child's Plan is developed in

collaboration with the child (if appropriate), their parents or guardians, and relevant professionals.

**INFORMATION SHARING:** GIRFEC promotes the sharing of relevant information between agencies and professionals involved in supporting a child or young person. This is done with the consent of the child and their family, except in cases where there are concerns about the child's safety or welfare.

**EARLY INTERVENTION:** GIRFEC emphasizes the importance of early intervention to address issues or concerns as soon as they arise, with the aim of preventing problems from escalating and ensuring that children and young people receive the support they need at the earliest opportunity.

**ASSESSMENT:** Assessments of children's needs are conducted using the GIRFEC approach to identify any concerns and determine the appropriate support required. These assessments are carried out in collaboration with the child, their family, and relevant professionals.

Overall, GIRFEC is based on the belief that every child and young person in Scotland deserves the best possible start in life and should have access to the support they need to thrive and achieve their potential. It is a collaborative approach that involves multiple agencies and professionals working together to ensure that children and young people are supported and protected.

## 5.4. Good practices examples of instruments used for assessing effectiveness of children's programmes - return on investment and cost benefit analysis

Return on investment analysis is vital in public finance to evaluate government spending efficiency. It ensures that public funds are being utilized optimally and helps hold the government accountable for its spending.

It involves key concepts such as the cost-benefit analysis. Cost benefit analysis is as a method used by government to compare the costs and benefits of a project or policy. The goal is to determine if the benefits outweigh the costs. This provides decision-makers with valuable information about the economic feasibility and desirability of a project or policy. Cost-Effectiveness Analysis evaluates the relative efficiency of different approaches with the same objective. It assesses the cost of achieving a particular outcome and helps to identify the most cost-effective method among alternatives.

### **Box No. 1. Cost benefit analysis related to children with ADHD, ODD and CD in Queensland**

Conduct disorders like ADHD, ODD, and CD are debated to be clinically or sociologically understood or both. They are the most common childhood psychiatric problems, strongly linked to poverty, and have long-term consequences. Costs for Queensland children with conduct disorder until age 28 were estimated at \$1.4 billion. Costs include foster and residential care, special education, state benefits, domestic violence, divorce, health, and crime. ADHD economic impact in the US was estimated at \$US14,576 per child per year with an aggregate of \$US42.5 billion (Pelham et al., 2007).

**Source:** *Mihalopoulos et al., 2007.*

There is a growing body of evidence indicating that early childhood education and care (ECEC) is key for human capital development. Research has proven that investing in quality early childhood programs can yield substantial returns, ranging from \$4 to \$16 for every \$1 invested. Early school attendance not only benefits children's learning, health, and behavior but also increases

their potential for higher future incomes. These advantages far outweigh the costs of addressing learning gaps at the preschool level, which can lead to vulnerabilities later in life.

Since 2017, the World Bank has jointly implemented with the Government of Serbia a US\$50 million Inclusive Early Childhood Education and Care (ECEC) Project, which will run through to 2024. This project seeks to increase access to schools and improve the quality of learning programs for children aged 0 to 6.5 years. A particular focus of the project is on children who are socially and economically disadvantaged.

Serbia has made remarkable strides in improving access to early childhood education for more children. The attendance rate for children aged 3 to 6 has surged to nearly 76% in the past year, up from 52% in 2017. With this progress, Serbia is on track to meet the European Union's goal of having at least 96% of children participating in preschool education by 2030.

Cost of Inaction evaluates the potential costs and repercussions of not taking action. It's important to consider the impact of inaction when evaluating a proposed initiative.

### **Box No. 2. Cost benefit analysis for children on autism spectrum disorder in the UK**

Autism spectrum disorder is a complex issue that needs attention from health and human services. It is essential to provide early interventions and develop multi-agency assessment services in high-quality coordinated service systems. The estimated lifetime cost of autism spectrum disorder in the UK is between £3-4.6 million per individual, which could result in a financial burden of £5 billion to £30 billion. There is evidence that interventions that are effective in addressing conduct disorder may also help children with autism spectrum disorder or those at risk of it. Social and communication impairments are critical factors that need to be addressed. In summary, autism spectrum disorder requires complex care. Early

interventions and multi-agency assessments can help in the provision of high-quality care. The estimated cost of autism spectrum disorder is high, and addressing social and communication impairments is essential.

The cost-benefit analysis (CBA) conducted at a global level estimates the potential economic benefits that could be gained from implementing interventions related to mental health and psychosocial support (MHPSS) for children and adolescents affected by humanitarian emergencies. This analysis focuses on a subset of the population and follows internally displaced children and adolescents, aged 10-17, across 52 low- and middle-income countries. The objective is to assess the potential lifetime benefits of implementing a range of MHPSS interventions that could lead to improved mental health, educational attainment, and social and emotional skills. The selected interventions are complementary and address different stages of the continuum of care, including mental health promotion, prevention, and treatment.

Global CBA uses benefit-cost ratios (BCR) to compare economic costs and benefits of investing in MHPSS interventions. Interventions with BCRs greater than US\$1 per US\$1 invested are considered good value for money. All interventions assessed had high BCRs, indicating that expected economic benefits outweigh implementation costs in all 52 countries and world regions.

Investing in school-based interventions aimed at preventing the exacerbation of mental health conditions refers to implementing programs or activities in schools that help identify, address, and manage mental health issues among children. These interventions may include providing mental health education and awareness campaigns, counselling services, and peer support programs, among others.

Establishing mental health and psychosocial support services for children refers to providing specialized mental health services for individuals who may be at a higher risk of developing mental health conditions due to social, economic, or cultural factors. This could include persons from low-income households, refugees, or individuals from ethnic or cultural minority groups, among others.

By investing in these interventions and services, we can significantly reduce healthcare expenditure and social losses resulting from untreated or poorly managed mental health conditions. Additionally, upscaling the capacity of the MHPSS workforce in the education sector and ensuring the meaningful engagement of young people is also crucial. This can involve training teachers and school staff to identify and support mental health needs among students, as well as engaging young people in mental health advocacy and decision-making processes.\*

**Table 5.1:** Global Cost-Benefit Analysis on Mental Health and Psychosocial Support (MHPSS) Interventions in Education Settings Across the Humanitarian Development Nexus\*\*

MHPSS intervention	Averted lifetime earning loss (US\$ 2022)	MHPSS implementation costs (US\$ 2022)	Global benefit-cost ratio
School-based group CBT	343 million	6.0 million	US\$57 in benefits per US\$1 invested
School-based SEL skills education	6.4 billion	28.6 million	US\$225 in benefits per US\$1 invested
Community-based group therapy	17.4 billion	441.7 million	US\$39 in benefits per US\$1 invested

**Source:** *Global Cost-Benefit Analysis on Mental Health and Psychosocial Support (MHPSS) Interventions in Education Settings Across the Humanitarian Development Nexus, UNICEF \*\*\**

**Table 5.2:** Global Cost-Benefit Analysis on Mental Health and Psychosocial Support (MHPSS) Interventions in Education Settings Across the Humanitarian Development Nexus\*\*\*

**Key findings**

Failing to address the mental health needs of children and adolescents aged 10–17 who have been affected by humanitarian emergencies would result in the **equivalent of a global US\$203 billion loss of potential lifetime earnings** (in US dollars, 2022).

The economic benefits of investing in MHPSS across the mental health continuum **strongly outweigh the implementation costs.**

School-based social emotional learning skills education offers a particularly **strong benefit-to-cost ratio across all countries at risk for humanitarian emergencies.**

\* Global cost-benefit analysis on mental health and psychosocial support Analysis link: <https://www.unicef.org/media/142021/file/Cost-benefit%20analysis%20of%20mental%20health%20and%20psychosocial%20support%20interventions%20in%20schools%20and%20learning%20environments%20in%20emergencies.pdfand%20learning%20environments%20in%20emergencies.pdf>

\*\* Text is available at: <https://www.unicef.org/media/145701/file/The%20benefits%20of%20investing%20in%20school-based%20mental%20health%20support.pdf>

\*\*\* <https://www.unicef.org/media/145701/file/The%20benefits%20of%20investing%20in%20school-based%20mental%20health%20support.pdf>

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