

## **ASSESSING INSTITUTIONAL EFFECTIVENESS IN LOCAL BUDGETARY FINANCING OF SPORTS IN SERBIA**

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### **ABSTRACT**

The financing of sports by public authorities in Serbia is based on institutional prerequisites that ensure the sustainability and development of sports activities at the local level. As a public service, sport requires systemic support through a clearly defined legal framework, strategic planning, and appropriate financial mechanisms that enable efficient allocation and utilization of budgetary resources. Local authorities play a key role in establishing these conditions through the implementation of regulatory measures, institutional coordination, and the application of financing models adapted to the specific needs of local communities. This paper analyzes the efficiency and effectiveness of the sports financing system at the local level, with a special focus on budgetary allocations. The methodological framework of the research is based on the analysis of reports by the State Audit Institution, which assess the processes of planning, allocation, monitoring, and reporting on the use of budget funds intended for sport. The evaluation of achieved results is also conducted in relation to the set goals and priorities. A dedicated segment of the analysis explores how accountability mechanisms influence the governance of

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sports organizations, particularly in the process of revising development objectives and aligning them with the local budgeting framework. The insights gained from this research underscore the importance of strengthening institutional structures and promoting fiscal transparency in public sector management, as essential prerequisites for the efficient allocation of resources and the sustainable development of sports at the local level.

**Keywords:** managerial responsibility, sports activities, local communities, sports development goals

## **PROCENA INSTITUCIONALNE EFIKASNOSTI U LOKALNOM BUDŽETSKOM FINANSIRANJU SPORTA U SRBIJI**

### **APSTRAKT**

Finansiranje sporta od strane javnih vlasti u Srbiji zasniva se na institucionalnim preduslovima koji omogućavaju održivost i razvoj sportskih aktivnosti na lokalnom nivou. Kao javna usluga, sport zahteva sistemsku podršku kroz jasno definisan pravni okvir, strateško planiranje i odgovarajuće finansijske mehanizme koji omogućavaju efikasnu alokaciju i korišćenje budžetskih sredstava. Lokalni organi vlasti imaju ključnu ulogu u uspostavljanju ovih uslova, putem sprovođenja regulatornih mera, institucionalne koordinacije i primene modela finansiranja prilagođenih specifičnim potrebama lokalnih zajednica. Ovaj rad analizira efikasnost i efektivnost sistema finansiranja sporta na lokalnom nivou, sa posebnim fokusom na budžetska izdvajanja. Metodološki okvir istraživanja zasniva se na analizi izveštaja Državne revizorske institucije, koji ocenjuju procese planiranja, alokacije, praćenja i izveštavanja o korišćenju budžetskih sredstava namenjenih sportu. Takođe se vrši evaluacija postignutih rezultata u odnosu na postavljene ciljeve i prioritete. Poseban segment analize razmatra na koji način mehanizmi odgovornosti utiču na upravljanje sportskim organizacijama, posebno u procesu revizije razvojnih ciljeva i njihovog usklađivanja sa okvirom lokalnog budžetiranja. Saznanja do kojih se došlo ovim istraživanjem ukazuju na značaj jačanja institucionalnih struktura i unapređenja fiskalne transparentnosti u upravljanju javnim sektorom, kao ključnih preduslova za efikasnu raspodelu sredstava i dugoročni razvoj sporta

na lokalnom nivou.

**Ključne reči:** upravljačka odgovornost, sportske aktivnosti, lokalne zajednice, ciljevi razvoja sporta

## Introduction

From an economic perspective, sports have a significant impact on key societal sectors. Despite the challenges in financing, sports are recognized as a strategic priority due to their positive influence on public health, social cohesion, and economic development particularly through tourism and the sports event industry. In the context of globalization, the economic positioning and societal role of sports have evolved considerably, encompassing major directions in socio-economic and socio-political structures. This transformation has emphasized the growing interdependence between sports organizations, the global market, and policy frameworks, further reinforcing the strategic importance of investing in sports as a driver of sustainable development and social well-being (Šiljak et. al., 2022). This trend highlights the expanding social presence of sports and its increasingly significant societal role (Andrijašević, 2004). Over the past three decades, as a result of commercialization, sports have transitioned from being predominantly non-commercial in nature to becoming a serious business, moving beyond mere play and recreation. Opinions on whether commercialization benefits or harms sports remain divided (Andreff et.al, 2009). Key contributing factors are believed to include the pursuit of sports spectacles, technological advancements, intensified competition, the desire for record-breaking achievements, and the professionalization of sports management.

Externalities, both positive and negative, play a crucial role in shaping public sports policy (Downward et. al, 2009). From a societal perspective, the positive externalities of mass participation in sports are particularly evident in the reduction of public healthcare costs and improvements in the general health of the population. When more people engage in physical activity and sports, it can lead to lower rates of obesity, fewer chronic health conditions, and better mental well-being, ultimately decreasing the financial strain on healthcare systems (Orviská et. al, 2014). In Serbia, public policies that encourage mass participation in sports have considerable social significance. The

financing of sports activities, particularly sports clubs, largely relies on public resources, that is, on funds from the budgets of the state, the province, or local self-governments, in accordance with applicable regulations (Dokmanac, 2009).

Moreover, sports clubs rely on multiple sources of funding, including sponsorships, revenue from competitions, and budget allocations from local or provincial governments, as well as private capital. In recent years, there has been a growing focus on diversifying these funding sources by establishing partnerships with the private sector and international organizations. This approach aims to ensure the more sustainable development of sports organizations. Clearly defined criteria and procedures can play a crucial role in enhancing the transparency and efficiency of financial resource allocation in the sports sector (Gavrilović&Gajić-Glamočlija, 2024).

In the context of this paper, sports associations at the city or municipal level are expected to serve as professional support entities for local government bodies responsible for sports. Their primary role is to assist in the implementation of established plans and financial policies. Effective collaboration between sports associations and local authorities should be founded on clear, well-defined rules and standardized procedures that are consistently applied across all levels. Considering that the majority of sports clubs and associations are significantly dependent on municipal and city budget funds, enhancing funding mechanisms is crucial to ensuring financial stability and promoting sustainable development in the sports sector.

This paper analyzes institutional relations and financing mechanisms for sports at the local level, with a focus on challenges and opportunities for improving the funding system. The research findings are based on a sample of sports institutions that were subject to audits conducted by the State Audit Institution between 2022 and 2024. The aim of the research is to assess the efficiency of management and the accountability of leadership in decision-making processes, transparency, and the rational use of resources, based on the analysis of audit findings. The analysis focuses on identifying potential challenges in managerial accountability within sports institutions and exploring opportunities for improvement, with the ultimate goal of formulating recommendations for enhancing the accountability system and control

framework. In line with this, the following research questions have been formulated:

1. To what extent do audit reports indicate the existence of institutional prerequisites for the efficient and effective financing of sports at the local level?
2. To what extent do audit reports demonstrate the presence of an adequate system of managerial accountability, specifically whether the expected results have been achieved in accordance with defined objectives and performance indicators?

The authors aim to emphasize the importance of improving the efficiency of sports institutions based on audit findings, while highlighting the need for the direct implementation of sports policies and development strategies at the local level. This approach is supported by examples of best practices from European countries. Special attention is given to the significance of a strategic approach in managing financial resources, with continuous monitoring of achieved results to assess the impact of implemented measures.

This ensures that decision-makers are well-informed throughout the process of developing and implementing sports policies. In addition, the paper outlines strategic proposals and practical measures aimed at refining the national sports financing framework, with particular emphasis on fostering greater transparency and securing the long-term viability of funding models.

### **Theoretical background**

In both developed and many developing countries, public sector engagement is essential for financing and co-financing sports, as market forces alone often fall short in providing stable and sustainable development. This involvement draws upon the allocative and, to some extent, redistributive roles of public finance systems. The public sector assumes a key role in providing financial resources, as maintaining organized and professional sports would be difficult or even impossible without its support (Kučera et.al, 2023).

Governments allocate significant resources to sports not only to make it accessible to a wider population but also because of the numerous positive externalities that sports bring, such as improving public health

through mass sports or enhancing the country's international reputation through top-level sports achievements (Đorđević, 2021). Public authorities have a key role in enabling and supporting the social functions of sport, contributing to its accessibility and development, because without public funds, maintaining sporting activities would be difficult to achieve (Andrijašević, 2004). The cooperation between the public sector and sports organizations should be reciprocal in order to promote the values of sports and the benefits it brings to society. The role of public authorities is not to replace but to complement the activities of the sports movement, with close cooperation with non-governmental sports organizations at all levels, which is essential for fulfilling the social role of sports (Vos et.al, 2013).

Sport is not only an individual activity, but also an important factor in social and cultural development, both at the national, regional and local levels (Downward et. al, 2009). The concept of sport is multifaceted and is used in everyday life to denote various types of human activities. In contemporary sports literature, sport is understood in the broadest sense as a set of different forms of movement, games, and sports disciplines in which all individuals can participate, regardless of gender, age, social status, or cultural context. These activities can be carried out individually or in groups, in various locations, with the aim of improving physical, mental, and social well-being, as well as enhancing motor and cognitive abilities (Omrčen et.al, 2007). Sport is closely linked to other areas of public policy, such as education, healthcare, social protection, urban and national planning, culture, and recreation. Mass sport contributes to improving public health, while top-level sports achievements, such as winning medals at the Olympic Games, enhance the country's international reputation (Howard & Crompton, 2018).

Sport occupies an important position within the European Union and is regulated through one of its fundamental legal frameworks the Treaty on the Functioning of the European Union (TFEU). Moreover, the European Sports Charter, adopted by the Council of Europe, serves as a key reference framework for guiding the development and promotion of sport throughout its member states (Council of Europe, 2022a), reaffirms a strong commitment to promoting sport. It expresses a clear dedication to fostering sport that is open to all, inclusive, and aligned with core values such as human rights, democratic principles, and the

rule of law. The Charter highlights the essential role of physical education, the protection and well-being of participants, and the need to offer pathways for both personal development and competitive excellence. Following the Charter's guidelines, local governments are assigned the duty to create suitable legal and policy conditions that guarantee everyone regardless of age, gender, socio-economic status, or physical capabilities has access to sport in a safe, encouraging, and equitable environment.

The Charter sets out shared principles for organizing sport in Europe, commonly referred to as the European Model of Sport, and offers strategic guidance to Council of Europe member states in refining their legal and policy frameworks within the sports sector. Alongside the Charter, a range of binding international instruments adopted by the Council of Europe establishes a cohesive legal foundation for addressing key challenges in the domain of sport. These include the European Convention on Spectator Violence and Misbehaviour at Sports Events, with a focus on football (ETS No. 120, 1985), the Anti-Doping Convention (ETS No. 135, 1989), the Convention on the Manipulation of Sports Competitions (CETS No. 215, 2014), and the Convention on an Integrated Safety, Security and Service Approach at Football Matches and Other Sports Events (CETS No. 218, 2016). Collectively, these instruments support a harmonized and coordinated approach to the governance and development of sport throughout Europe.

The primary role of public authorities is to support and complement the initiatives undertaken by the sports movement and the private sector. Their responsibilities include the creation of appropriate framework conditions and, where relevant, the establishment of legal provisions that facilitate the development of sport. When formulating and implementing sports policies, public authorities are expected to align their actions with the goals outlined in the European Sports Charter (Council of Europe, 2022b), thus reaffirming their adherence to the rule of law and the core principles of good governance. In the Serbian legal framework, the significance of sport is recognized through its formal incorporation into the Constitution of the Republic of Serbia (2006) and the Law on Sports (2016), both of which establish a governance model rooted in active state involvement. This model positions the government as a key actor in defining the legal and institutional framework of the sports sector, determining its organizational structure and areas of

responsibility. Such a framework promotes the long-term growth of sport, strengthens its contribution to society, encourages broader citizen involvement, and provides systematic support for elite athletes and sports institutions. Article 2 of the Law on Sports (2016) designates sport as an “activity of special importance for the Republic of Serbia.” Its funding is predominantly drawn from public sources, including national, provincial, and local budgets. The distribution of these funds is tied to the identification of “public interest” in sport across all levels of government.

At the national level, the fulfilment of this public interest is ensured through financial allocations from the state budget, along with additional revenue generated from games of chance, as stipulated in Article 144 of the *Law on Sports* (Law on Sports, 2016).

From a legal perspective, the concept of sport can be interpreted both in a broader and a narrower sense (Law on Sports, 2016). In the broader sense, sport constitutes a segment of physical culture encompassing all forms of organised and non-organised sporting activities and operations carried out by natural and legal persons within the sports system. This concept encompasses multiple aspects, including artistic expression, physical engagement, leisure activities, and competitive sports. Conversely, a narrower interpretation confines sport to “sporting activities” in the strict sense, as defined by the European Sports Charter adopted by the Council of Europe (Council of Europe, 2022b).

Such a conceptual definition of sport provides a foundation for a comprehensive understanding of its significance, both in terms of promoting individual health and psychological well-being, and within a broader social context. Sport is thus recognised as a key component of educational systems, recreational frameworks, and the development of professional sport. The World Health Organization (WHO, 2018) emphasizes that consistent physical activity, including engagement in sports, plays a significant role in preventing non-communicable diseases and improving mental well-being. In addition, UNESCO (2015) highlights the importance of sport as a catalyst for inclusive education, social integration, and the promotion of lifelong learning.



Sports-related activities include a wide range of functions that facilitate and promote participation in sport. These encompass organizing and managing sports competitions at the national and international levels; designing and implementing training programs; officiating; arranging sports camps and events; overseeing sports infrastructure and equipment; conducting professional education and training; sharing knowledge and information related to sport; carrying out scientific research and innovation; marketing and promotional efforts; providing expert and advisory services; mediating in sports-related matters; as well as managing the internal operations of sports organizations (Law on Sports, 2016). In the Republic of Serbia, the Law on Sports distinguishes among different areas and branches of sport, each encompassing specific disciplines. These classifications are formally codified in the Rulebook on Sports Branches and Fields of Sport and Sports Disciplines within Branches and Fields of Sport (Official Gazette of the Republic of Serbia, No. 51/2016). This rulebook is instrumental in determining how sports funding is distributed at the local level.

If a certain physical or mental activity does not fall under any of the officially designated branches or fields of sport, it is not recognized as a sports activity under the Law on Sports (*Official Gazette of the Republic of Serbia*, No. 51/2016). Additionally, the Law provides further classifications within the domain of sport, such as amateur versus professional sport, competitive versus recreational sport, and elite versus other forms of competitive sport. Sports financing in Serbia is grounded in a well-defined legal structure that outlines responsibilities and sets priorities across different levels of government. As specified in Article 138, Paragraph 8 of the Law on Sports (2016), local self-government units are authorized to approve both annual and ad hoc programs across all recognized branches and fields of sport, as defined by the Regulation on Sports Branches and Fields of Sport in the Republic of Serbia, along with their associated disciplines. While all areas of sport are recognized for their social and cultural significance, financial support from the national budget is directed exclusively toward programs within those branches that are officially designated as being of special importance. This selective funding strategy allows for more targeted use of resources, supporting the growth of priority sports activities and reinforcing the strategic development of the sports system at both the national and local levels.

The absence of an updated National Strategy for Sports Development in the Republic of Serbia since 2019 has interrupted the continuity in setting and pursuing sports development goals at the local self-government level. This strategic gap at the national level has led to discrepancies and weak coordination in the planning and execution of sports initiatives and programs locally, thereby impeding the sustainable development of sports infrastructure and long-term programming. Without clearly defined guidelines from the National Strategy, local self-governments are often compelled to independently formulate their strategies and priorities, which frequently leads to inconsistent solutions, insufficient alignment with national goals, and potential disparities in the quality and sustainability of sports development across different regions (Đurđević&Dukić, 2016).

The lack of an up-to-date National Strategy for Sports Development has not only delayed advancements in sports infrastructure but has also constrained the development of young talent and reduced wider public access to sporting opportunities. Without a coherent and comprehensive strategic framework, local authorities encounter difficulties in allocating resources efficiently and supporting initiatives that use sport as a tool to enhance public health and overall well-being. Beyond the legal foundation, the effective implementation of strategic planning documents is crucial for building a more functional, equitable, and integrated sports system in Serbia. The overarching goal is to create a resilient and interconnected sports framework, in which all levels of government, sports institutions, and relevant actors whether directly or indirectly involved collaborate through both vertical and horizontal channels of governance (Dašić, 2023). Such an approach ensures coherence in the planning, implementation, and monitoring of sports activities, which is a prerequisite for the sustainable development of sports in Serbia.

The functioning of sports at the local self-government level in Serbia faces numerous challenges, with financing being one of the most critical aspects of this research. The focus of the study is on analyzing the existing mechanisms for financing sports activities and identifying deficiencies in the current criteria and procedures for the allocation of funds. The lack of clear, harmonized guidelines and procedures for budget allocation often leads to deviations from legislative priorities, which negatively impacts the efficiency and sustainability of sports

activities at the local level. The subject of this research is the analysis of existing financial mechanisms in sports, with a particular emphasis on governance responsibility in sports institutions in Serbia and the irregularities identified by the State Audit Institution (SAI). This analysis aims to identify key weaknesses in the current system of financing sports institutions and propose measures that can contribute to increasing the efficiency of the functioning of sports institutions, organizations, and infrastructure at the local level. The expected outcome is the development of proposals to improve financing mechanisms, ensuring stable sources of income for sports organizations, clubs, and infrastructure projects in sports.

### **Research context**

The issue of managerial responsibility in sports institutions in Serbia presents a complex research challenge that directly affects the efficiency and effectiveness of their operations, as well as their ability to achieve long-term strategic goals. This research primarily explores the impact of results-based management on the realization of established objectives, placing special attention on the function of internal control mechanisms within the broader governance structure. Internal control is viewed as a crucial factor in ensuring consistent compliance with legal regulations and enabling transparency and accountability in the use of financial resources in sports institutions. Despite the importance of internal control in ensuring effective governance, sports institutions in Serbia often face constraints related to institutional autonomy and the oversight of their operations. These constraints can restrict their ability to make strategic decisions and implement long-term plans, thereby reducing flexibility in adapting to changes in sports policies and local circumstances. Such limitations may also lead to inconsistencies in aligning the institutions' operations with legislative frameworks and standards.

This research involves a qualitative and quantitative analysis of audit reports from the State Audit Institution (SAI), which contain data on the financing of sports in the City of Novi Sad, the Municipality of Stara Pazova, and the Municipality of Surdulica.

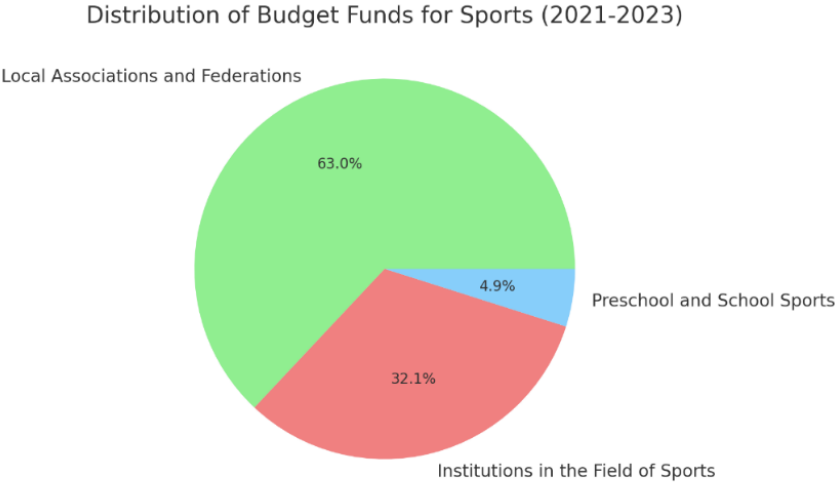
The qualitative component of the analysis will examine the content of audit reports, with the objective of identifying issues in the financial

operations of sports institutions and reviewing the recommendations issued by the State Audit Institution (SAI) for enhancing the financing framework. This includes a thorough evaluation of reported findings that reveal non-compliance with established procedures, as well as weaknesses in internal controls and the supervision of public fund expenditures. On the other hand, the quantitative analysis will assess performance indicators in the management of sports institutions to determine the degree of achievement of the defined strategic goals and identify weaknesses in decision-making processes. Audit report data will serve as the basis for analyzing the transparency of fund allocation for sports programs, assessing the efficiency of financial resource use, and evaluating outcomes against predefined objectives. Focus will be placed on the role of management within sports institutions in upholding accountability and ensuring adherence to the applicable legal and regulatory frameworks. The synthesis of qualitative and quantitative findings will provide a comprehensive assessment of the existing financial management system and identify potential opportunities for improving efficiency and transparency in the management of sports institutions. This methodology will provide a foundation for evidence-based recommendations aimed at improving the local-level sports financing system, while also reinforcing managerial accountability and the effectiveness of internal control mechanisms.

The Sports Development Strategy of the Republic of Serbia for the period 2014–2018 required local self-governments to align their sports development programs with general strategic goals. Following the expiration of the previous strategy in 2018, no new strategic document was adopted, leaving a vacuum in guidance for the formulation of new sports programs. Between 2021 and 2023, at least 15 cities and 68 municipalities lacked an active sports development plan, while 11 cities and 42 municipalities addressed sports only within the scope of broader local development strategies. (SAI, 2024).

According to data from the Treasury Administration, during the same period, an average of 17.4 billion dinars was allocated annually for sports financing, with 53% of the funds directed to local sports associations and federations, 27% to institutions in the field of sports, and only 4.1% (SAI, 2024) allocated for preschool and school sports. The absence of a national strategy may have led to inconsistencies in the implementation and financing of sports activities at the local level.

The commitment of local self-governments to funding the priority needs and interests of citizens is reflected in the finding that, during the analyzed period, less than 40% of local governments incorporated budget allocations for school sports one of the three designated priority areas into the official structure of their sports program budgets. Moreover, the amount spent on these purposes accounted for only 4.1% of the total expenditures and outlays for sports. (SAI, 2024), as shown in the graph below:

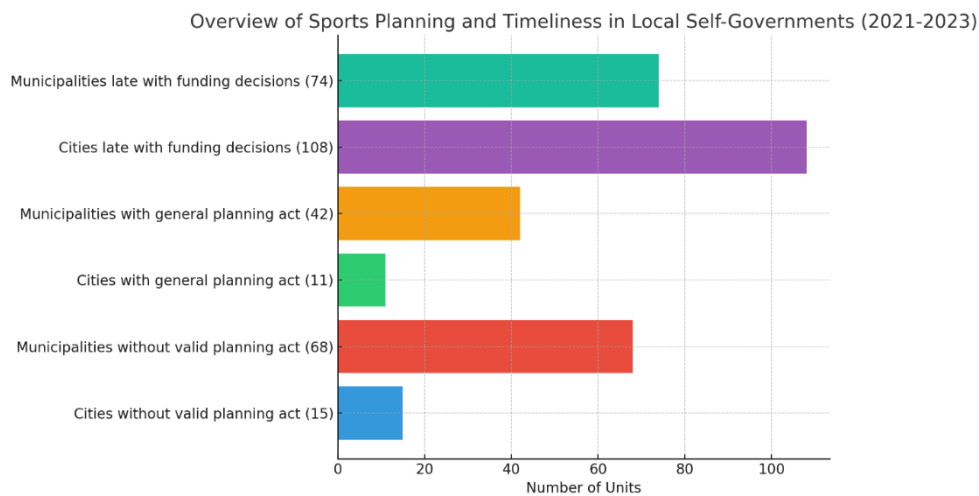


Graph.1. Distribution of budget funds for sports in the period from 2021-2023. *Source: Author’s calculation based on the data of the State auditing institution (SAI, 2024).*

This data highlights the insufficient prioritization of school sports by local self-governments, despite its recognized importance within the broader framework of sports development. The minimal share of budget allocations for school sports suggests a potential imbalance in the distribution of funds, which may negatively impact the long-term development of youth sports and physical education at the local level.

In addition to the absence of a clearly defined strategic framework, challenges were also evident in the decision-making processes for approving annual programs for 2023, as well as in informing beneficiaries about the allocated funds. In this context, as many as 108 local self-governments experienced delays in these processes compared

to the prescribed deadlines, with delays exceeding one month in 74 cases. These findings further emphasize the need for improving the institutional and regulatory framework, along with strengthening monitoring and coordination mechanisms to ensure more effective management of sports development at the local level.



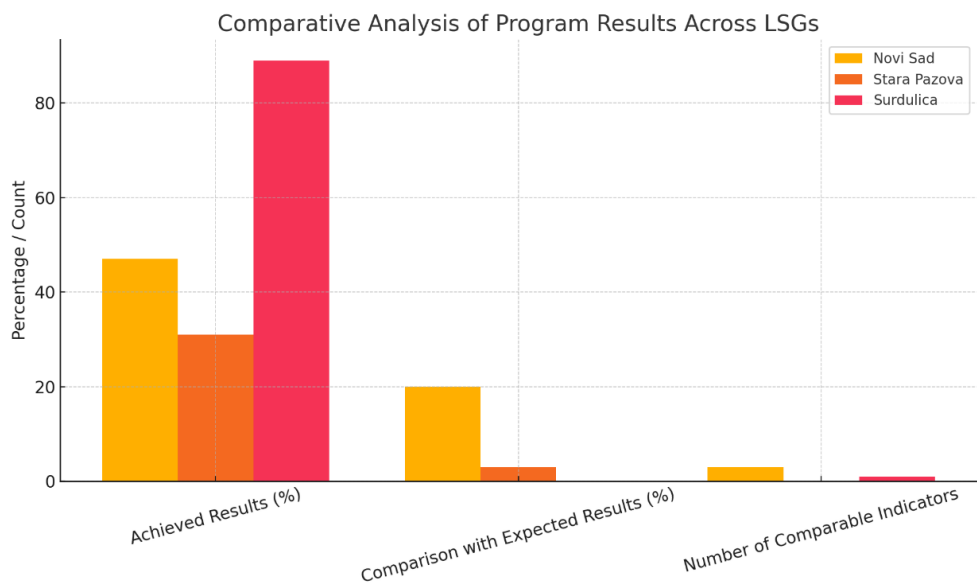
Graph.2. Overview of Sports Planning and Timeliness in Local Self-Governments (2021-2023).

Source: Author’s calculation based on the data of the State auditing institution (SAI, 2024)

These findings highlight the need for improving the institutional and regulatory framework, as well as strengthening monitoring and coordination mechanisms to ensure more effective ma Audit findings for the period 2022–2024 indicate that local self-governments (LSGs), audit subjects, generally lacked clearly defined goals in their multi-year planning documents for the development of sports (SAI, 2024).

Even in cases where goals were formulated, essential elements for their implementation were often missing. These elements include the designation of responsible entities, allocation of necessary financial resources, identification of funding sources, establishment of implementation timelines, and development of performance indicators. Furthermore, challenges in the application of these regulations, such as inadequately defined criteria and control mechanisms, may undermine the transparency and efficiency of sports program financing (SAI, 2024).

The attached graph illustrates a comparative overview of program outcomes in selected local governments (Novi Sad, Stara Pazova, and Surdulica). The data reveal that Surdulica achieved the highest overall results, while Novi Sad recorded the most comparative indicators, reflecting a more diverse range of monitored performance criteria. This analysis underscores the variations in the effectiveness of sports program implementation among different local governments and highlights the need for more uniform standards in planning and evaluation.



Graph.3. Comparative Analysis of Program Results Across LSGs (2021-2023).  
Source: Author’s calculation based on the data of the State auditing institution (SAI, 2024)

The audit report highlights significant delays in decision-making regarding the approval of funds for annual programs and informing beneficiaries about allocated amounts. More than half of local self-governments, (74 cities and municipalities) experienced delays exceeding one month, with the average delay being 71 days beyond the prescribed deadline (SAI, 2024). Despite the introduction of program-based sports financing in 2011, data on the structure of expenditures across legally defined areas remain unavailable. Less than 5% of local self-governments (only seven cities and municipalities) submitted the required reports on approved and spent funds, and even in these cases, reporting was inconsistent (SAI, 2024).

The report further indicates that sports-related activities in most local self-governments, except for larger cities and municipalities, are managed by a limited number of employees. Sports inspectors are present in only 25 local self-governments, with a total of 28 inspectors nationwide (SAI, 2024). The ratio of inspectors to sports organizations vary significantly, ranging from 14 to 350 organizations per inspector. A notable exception is the City of Belgrade, where a single sports inspector oversees nearly 4,000 organizations (SAI, 2024). Moreover, most local self-governments do not conduct impact assessments or publish reports on the outcomes of implemented sports programs (SAI, 2024). This lack of transparency prevents citizens from being adequately informed about the results achieved through the use of budgetary funds in the field of sports.

## **Discussion**

This research is grounded in the assumption that effective and efficient local-level sports financing depends on the presence of appropriate institutional conditions. The analysis of data provided by the State Audit Institution (SAI, 2024) sheds light on critical elements of the institutional framework that directly impact the quality and reliability of sports funding at the municipal level. In the context of this research, the operationalization of research questions primarily relates to the existence of clear criteria and strategies for financing sports institutions, which would ensure the equitable distribution of budgets and support for various sports categories. According to the SAI report, the largest portion of budgetary funds is directed toward sports associations and federations (53%), while allocations for school and preschool sports remain significantly lower (4.1%) (SAI, 2024). The absence of precise strategies can lead to uneven financing, neglect of certain segments of sports, and potential inefficiencies in resource allocation. Therefore, future research can focus on analyzing the criteria for fund allocation, their impact on sports infrastructure, and the opportunities for sports development across different age groups.

Furthermore, effective sports financing requires the existence of clear mechanisms for monitoring and evaluating the use of budgetary funds. Given that local self-government allocations for sports vary significantly - ranging from 0.43% to 14.34% of the total local budget (SAI, 2024), it



is essential to assess the extent to which these funds are allocated in line with strategic goals and the needs of local communities. A lack of adequate oversight may result in the misuse of funds or financing without clear performance benchmarks.

The analysis of achieved results and fulfillment of planned goals reveals significant differences in the efficiency of program management across the three examined local self-governments. Surdulica demonstrated a high level of operational efficiency, achieving 89% (SAI, 2024) of the planned results, which indicates the capacity of local leadership to implement specific activities. However, the complete misalignment between the achieved results and the planned goals points to weak assessment of actual needs and unrealistic goal setting. This discrepancy suggests a lack of strategic planning and inadequate evaluation of potential risks, which undermines the long-term effectiveness of program implementation (Kučera& Nemec, 2021).

In contrast, Novi Sad achieved moderate results, fulfilling 47% of the planned objectives, with a relatively higher degree of alignment with expected outcomes 20% (SAI, 2024). This indicates that the management was more successful in setting realistic goals, although the efficiency of program implementation could be improved. Conversely, Stara Pazova demonstrated the lowest performance, with success rates falling below 31% and an extremely weak alignment with planned objectives only 3% (SAI, 2024).

These results point to serious deficiencies in planning, execution, and monitoring processes. A further distinction is observed in the area of transparency and reporting. Novi Sad demonstrated a more advanced system of monitoring and reporting, with the highest number of comparative indicators, suggesting a higher level of accountability and a better framework for documenting results. Surdulica, despite its operational success, exhibited limited transparency, with only one comparative indicator recorded, while Stara Pazova failed to provide any comparable indicators, severely compromising the ability to assess the true impact of its local administration (SAI, 2024).

When it comes to control and evaluation, none of the three municipalities fully implemented a comprehensive analysis of program

execution. While Surdulica conducted partial evaluations, indicating some progress, these efforts still fell short of the standards required for responsible management of public resources. Novi Sad and Stara Pazova did not conduct any substantive evaluation of their programs, highlighting a lack of mechanisms for internal control and performance assessment (SAI, 2024).

The absence of thorough monitoring and evaluation mechanisms in all three municipalities points to systemic weaknesses in internal audit practices and accountability (Parnell et.al, 2019). Strengthening these processes is essential for ensuring the effective management of sports programs and the alignment of local government actions with strategic development goals.

The observed differences in program implementation underscore the importance of strengthening institutional frameworks and monitoring mechanisms across all municipalities. Enhancing the planning and evaluation processes, particularly by introducing more precise criteria for setting objectives and monitoring performance, would contribute to achieving greater consistency in program outcomes. Additionally, ensuring that allocated resources are used effectively and that reporting systems are robust and transparent would improve the overall quality and impact of sports development programs at the local level.

To provide a more rigorous evaluation of the identified implementation gaps, we further examine selected criteria such as program effectiveness, planning coherence, and transparency by applying the VIKOR method (Opricovic& Tzeng, 2004), which enables a structured comparison of local governments based on multi-dimensional performance data.

To determine the best solution, VIKOR applies the **Lp-metric** as part of its core computational process. The general form of the Lp-metric used in VIKOR is given as:

$$S_i = \sum_j w_j * [(f_j^{*} - f_{ij}) / (f_j^{*} - f_j^{-})]$$

Where:

- $S_i$ : total distance of the  $i$ -th alternative from the ideal solution,
- $f_j^{*}$ : best value of criterion  $j$ ,
- $f_j^{-}$ : worst value of criterion  $j$ ,
- $f_{ij}$ : value of the  $j$ -th criterion for the  $i$ -th alternative,

- $w_j$ : weight coefficient for criterion  $j$ .
- $S_i$ : total aggregated distance of the  $i$ -th alternative from the ideal solution

**In this analysis, six evaluation criteria were selected to reflect both operational outcomes and institutional processes:**

- Achieved results (%)
- Alignment with planned objectives (%)
- Number of comparable performance indicators
- Funding delay (1 = yes, 0 = no)
- Validity of strategic sports plan (1 = yes, 0 = no)
- Evaluation conducted (1 = partial, 0 = none)

These criteria were chosen to capture the multidimensional nature of program implementation, ranging from quantitative outputs to qualitative indicators of planning, oversight, and responsiveness. Higher values were preferred for most indicators, except for “funding delay,” where lower values are more desirable. Weights were assigned to reflect the importance of each dimension specifically, 0.25 for planning and evaluation, and 0.125 for the remaining criteria.

Municipality	$S_i$	Interpretation
Novi Sad	0.464	Closest to the ideal; strong in planning and transparency.
Surdulica	0.475	High efficiency but poor alignment with strategic plans.
Stara Pazova	0.981	Weakest performance; lacking strategy, indicators, and evaluation.

Table 1. VIKOR Rankings.  
 Source: Author’s calculation based on the data of the State auditing institution (SAI, 2024)- page 12.

- Normalized data was used to calculate the following VIKOR components:
- $S_i$ : overall distance from the ideal solution
  - $R_i$ : maximum individual regret (worst performance)
  - $Q_i$ : composite index for final ranking (not used due to equal R values)

### ***Comparative Assessment Using the VIKOR Method***

- Novi Sad exhibited the most balanced performance, with a valid development plan, the highest number of performance indicators, and moderate achievement of objectives.
- Surdulica had excellent implementation rates (89%) but no alignment with planned goals and weak transparency (only one indicator).
- Stara Pazova demonstrated systemic deficiencies in all areas, with minimal results and no evaluation or strategic planning.

The VIKOR-based evaluation reveals considerable disparities in institutional effectiveness and strategic capacity among the observed municipalities. Although public funding for sports is significant, its impact is undermined by the absence of consistent and coherent planning, control, and evaluation mechanisms. Novi Sad demonstrated the most balanced performance, supported by a valid strategic plan, a structured framework for monitoring results, and relatively high transparency. In contrast, Stara Pazova exhibited systemic weaknesses, including the lack of strategic planning, insufficient documentation, and a complete absence of performance evaluation, pointing to an urgent need for institutional reform. To address these challenges, it is essential that local self-governments adopt and regularly update valid sports development strategies that include clearly defined goals, measurable indicators, realistic timelines, and clearly designated responsibilities. Furthermore, improving transparency through public disclosure of performance outcomes and active involvement of stakeholders such as citizens, sports organizations, and local councils in participatory budgeting processes would contribute to greater accountability and alignment with community needs. Strengthening internal control systems, particularly by formalizing audit procedures and conducting regular performance evaluations, is also critical for ensuring responsible and efficient use of public funds. Finally, the application of structured decision-making tools such as VIKOR by central institutions or regional agencies could serve as a practical mechanism for benchmarking and supporting evidence-based policy improvements in the sports sector at the local level.

The VIKOR-based analysis underscores profound differences in institutional readiness, planning capacity, and program implementation efficiency across the three municipalities. Although financial allocations for sports are relatively substantial, the manner in which these

resources are managed, monitored, and evaluated significantly affects their developmental impact. The observed disparities reflect broader systemic issues tied to inconsistent application of strategic frameworks and weak oversight mechanisms at the local level.

Novi Sad, while exhibiting the most balanced performance, still reveals room for improvement particularly in aligning its moderate implementation outcomes with the otherwise solid institutional infrastructure it has established. Optimizing internal coordination and enhancing operational efficiency could enable this municipality to translate its strategic planning and monitoring capacity into higher rates of goal achievement.

Surdulica, on the other hand, demonstrates strong implementation outcomes but lacks alignment with initial strategic goals and displays limited transparency. This inconsistency suggests that implementation may be reactive rather than guided by long-term planning. To ensure sustainable outcomes, Surdulica must recalibrate its development approach by integrating clearly defined objectives and instituting regular performance evaluations.

Stara Pazova represents the weakest case, characterized by a lack of formal planning documents, poor documentation practices, and the absence of evaluation procedures. The municipality's underperformance highlights the critical need for institutional strengthening, particularly in strategic management and accountability systems.

Collectively, these findings point to the necessity of a more coherent institutional framework across municipalities one that prioritizes planning, transparency, and evaluation as foundational pillars of effective sports governance. The integration of VIKOR or similar MCDM tools into regular assessment processes by national or regional authorities can enhance comparability and foster data-driven policy responses. By embedding structured evaluation mechanisms, local governments can ensure that public investments in sports are aligned with societal goals, transparently managed, and consistently monitored for impact.

## **Conclusion**

To ensure that sports financing in local communities in Serbia yields sustainable and equitable outcomes, it is essential to establish a coherent institutional framework that integrates sports development into broader local strategies. This framework should not only encompass infrastructure projects but also promote inclusive programs aimed at encouraging mass participation in sports, thereby maximizing the societal benefits derived from such investments. Without adequate planning and strategic alignment, there is a heightened risk of allocating funds to fragmented or unsustainable initiatives, limiting the long-term developmental impact.

The findings of this research highlight significant disparities in the efficiency, transparency, and institutional effectiveness of sports financing across the three observed municipalities. Surdulica exhibited strong implementation performance but lacked alignment with strategic goals, indicating weaknesses in planning and risk assessment. Novi Sad demonstrated a more structured institutional approach, particularly in terms of documentation and planning, yet still exhibited operational inefficiencies. Conversely, Stara Pazova recorded consistently low performance, underscoring the need for immediate governance reform and capacity building.

To deepen the analysis of these discrepancies, the study employed the VIKOR method, a multi-criteria decision-making approach which enabled the structured evaluation and ranking of municipalities based on normalized performance data across several dimensions, including planning, efficiency, and transparency. The application of this method revealed that despite notable levels of public funding, the absence of strategic continuity and institutional control mechanisms undermines the sustainable development of sports programs at the local level. The VIKOR assessment provided a comprehensive framework for identifying the most critical areas for improvement, offering empirical support for prioritizing planning, evaluation, and oversight in policy reforms.

Although the regulatory framework in the public sector formally mandates managerial accountability, its practical application in the area of sports financing is marked by inconsistency. Strengthening internal control, transparency, and evaluation practices is vital for ensuring that

public funds are effectively aligned with planned outcomes. Moreover, regular and systematic evaluation, combined with the use of methods such as VIKOR, provides a valuable basis for formulating evidence-based policy recommendations and optimizing financial strategies. Furthermore, fostering participatory governance through the involvement of relevant stakeholders including citizens, sports organizations, and educational institutions can enhance the legitimacy and responsiveness of budget allocations. Participatory budgeting and inclusive consultations help align financial decisions with the actual needs of communities, reducing the risk of misallocated resources and enhancing developmental outcomes. A well-designed monitoring and evaluation system, with clearly defined performance indicators such as participation rates, infrastructure improvements, and athletic achievements, is crucial for assessing program effectiveness and guiding future decisions.

In conclusion, although local sports financing in Serbia is relatively substantial, its potential impact is limited by systemic institutional weaknesses. By integrating structured evaluation tools such as VIKOR into routine policy assessment, and by reinforcing strategic planning, transparency, and community engagement, local governments can create a more coherent, efficient, and socially responsive system for sports development one that aligns public investment with long-term societal goals.

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