



REGULATORY INDEX OF SERBIA 2015/16



REPORT ON THE BUSINESS ENVIRONMENT STATUS

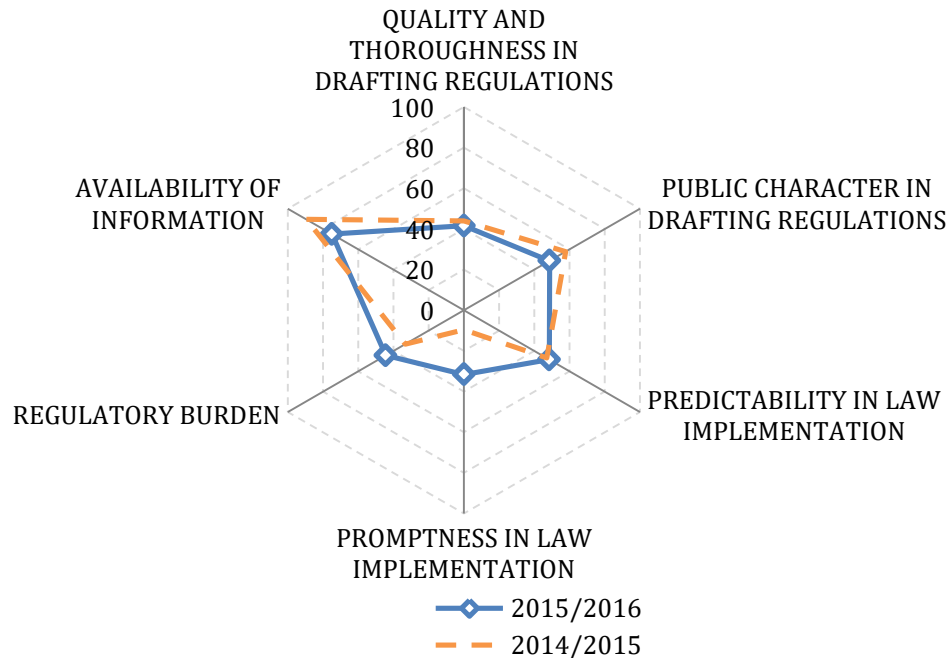
For four years in a row, NALED has been preparing the report on the perception of business and regulatory environment from three perspectives. *The first perspective is the grade calculated based on a large number of indicators describing various aspects of regulatory environment - Regulatory Index of Serbia (RIS), the second perspective includes the views of businesses, while the third factor refers to average marks of international institutions - World Bank's Doing Business and World Economic Forum Global Competiveness Index.*

Since last year, the **online Regulatory Index of Serbia** has been available to citizens and businesses at the address <http://ris.naled-serbia.org/>

The **Regulatory Index of Serbia** includes six components formed based on 16 indicators. Each of the six components contains two or three indicators, describing one segment of regulatory process, i.e. aspect of regulatory environment.

No	Component	Indicator	2014/15		2015/16	
			Value	Total	Value	Total
1	Quality and thoroughness in drafting regulations	Regulatory impact analysis enclosed with regulations	47.4	44.0	62.1	41.6
		Evaluation of regulatory impact analysis according to RSPP	56.1		42.5	
		Quantification of regulatory effects	28.4		20.0	
2	Public character in drafting regulations	Organization of public debates and consultations	87.2	55.7	56.4	48.6
		Availability of draft laws	66.7		51.6	
		Use of urgent procedures	19.3		37.9	
3	Predictability in law implementation	Plan of legislative activities	23.6	41.7	32.1	48.5
		Predictability of regulatory framework	/		50.0	
		Frequency of law amendments	58.9		63.2	
4	Promptness in law implementation	Adoption of by-laws	15.9	9.6	34.0	31.6
		Delays in the adoption of by-laws	3.4		29.3	
5	Regulatory burden	Administrative costs	40.0	33.3	62.0	44.5
		The share of non-tax charges in total budget revenues	26.5		27.0	
6	Availability of information	Speed of response to business inquiries	68.7	89.5	43.7	75.0
		Availability of information of public importance	100		81.2	
		Website content	100		100	
REGULATORY INDEX OF SERBIA - RIS			45.9		48.3	

Regulatory Index of Serbia for 2015/2016, calculated as average value of individual components, amounts to 48.3



Regulatory Index of Serbia for 2015/2016 – grades per components

Even though the index value 48.3 is higher compared to last year (45.9), the still low value of RIS (only a half of the desired standard) supports the fact that, in spite of the progress, the quality of regulations and the manner of their adoption and implementation still partly acts as a stumbling block for business in Serbia.

Businesses, as we can often hear, require stable policies (without sudden changes), higher legal certainty (consistent law application), cheaper and more efficient administration and transparent communication with state institutions.

Comparing the index components, we may conclude that law implementation (component 4) still remains the greatest problem in the legislation process in Serbia. The only satisfactory component, the same as last year, is the availability of information, primarily due to the quality of information (websites), but even within this component, one of the indicators is quite low: 7 out of 16 ministries responded to an inquiry made by a regular citizen.

The presented results show that the administrative costs of doing business still remain high, that there is a lack of quality analyses of laws before they are proposed for adoption, primarily in terms of cost/benefit analysis of their impact on businesses and citizens. Even though public debates are organized for a growing number of draft laws, the effects of these debates are still not clearly visible, while 2/3 of laws in 2015 have been adopted through urgent procedures.

In order to check the validity of RIS and measure the business pulse, in December 2015 NALED performed a business opinion survey on a sample of 250 companies. A high degree of correlation (78.2%) between business perception and RIS testify that businesses are aware of the realistic image of business environment, while on the other hand it shows that RIS is a very good indicator of business views and the status of legislative process in Serbia.