



Annual Report
**REGULATORY ENVIRONMENT
QUALITY IN SERBIA 2021/22**

Contents

INTRODUCTION	4
Methodology.....	5
SUMMARY OF RESULTS	6
I REGULATORY INDEX OF SERBIA – RIS 2021/2022	8
Component 1: Predictability of regulatory activities.....	8
Component 2: Quality of the prepared regulations	10
Component 3: Involvement of public society in preparation of regulation.....	13
Component 4: Law enforcement promptness	16
Component 5: Responsiveness of institutions - Availability of information.....	18
Component 6: Regulatory burden.....	22
REGULATORY NEWSPAPER FOR BETTER AVAILABILITY OF INFORMATION	25
DEVELOPMENT OF PUBLIC PRIVATE DIALOGUE.....	26
ANNEX 1: OVERVIEW OF VALUES OF RIS COMPONENTS PER MINISTRIES.....	29
ANNEX 2: METHODOLOGY IN DETAIL.....	31

Report editor

Jelena Bojović

Report prepared by

Miloš Jovanović

Jelena Rančić

Quality control

Milica Anđelković Đoković

Design

NALED

Methodology development

Branko Radulović

Jelena Bojović

Slobodan Krstović

© 2022 NALED

Makedonska 30/VII, 11000 Belgrade, Serbia www.naled.rs

All rights reserved.

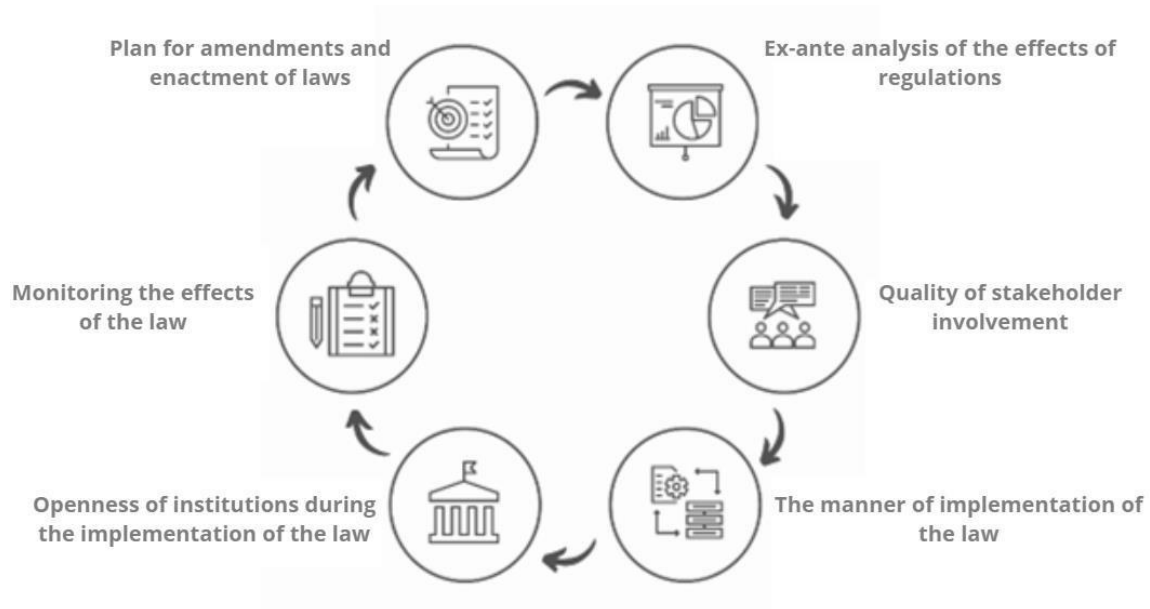
This grants permission to use, copy and distribute the contents of this document exclusively for non-profit purposes and with the appropriate indication of the name, i.e. recognition of NALED's copyright. The analyzes, interpretations and conclusions presented in this document do not necessarily reflect the views of the representatives of NALED Executive Office or Managing Board. Every effort has been made to ensure the reliability, accuracy and timeliness of the information presented in this document. NALED does not accept any form of liability for any errors contained in the document or financial or any other damage that may arise from or in connection with the use of this document.

INTRODUCTION

Information on regulation and regulatory changes are crucial and important for economic entities, considering that they shape the rules of business on the market. Creating a business environment that stimulates economic development, implies fulfilling several important preconditions, which are: predictability and stable economic policy without frequent and sudden changes and greater legal certainty which is reflected in consistent application of laws, efficient administration and transparent communication with state authorities. It is for this reason that **NALED formulated the Regulatory Index of Serbia - RIS with the aim of providing insight to both members and the general public on the manner and quality of enactment and implementation of regulations in Serbia.**

RIS consists of six components, of which each follows a specific phase of law-making:

1. **Plan for amendments and enactment of laws**, which should ensure predictability of changes in the legal framework in the Republic of Serbia (Component 1);
2. **Ex-ante regulatory impact analysis**, which contribute to the validity of decisions, that is, the adoption of regulations with the best cost-benefit ratio (Component 2);
3. **Quality of stakeholder involvement**, which shows the level of transparency of the law preparation and enactment process (Component 3);
4. **The manner of implementation of the law**, primarily the efficiency and timeliness of the adoption of bylaws that enable the operational implementation of regulations (Component 4);
5. **Openness of institutions during the implementation of the law**, which shows whether and to what extent the institutions are open to resolving doubts regarding the law in their jurisdiction during the implementation of regulations (Component 5);
6. **Monitoring the effects of a law**, i.e. monitoring the regulatory burden imposed by the law and possible implementation problems that may lead to a new change in regulations (Component 6).



Methodology

The Regulatory Index of Serbia is based on official data sources, including statistical data, insight into official reports and presentations of institutions and data obtained or submitted by institutions. It consists of 15 different indicators, each monitoring a particular aspect of the preparation, availability or implementation of regulations governing the economic environment. These indicators are publicly available, verifiable and individually relatively easy to measure.

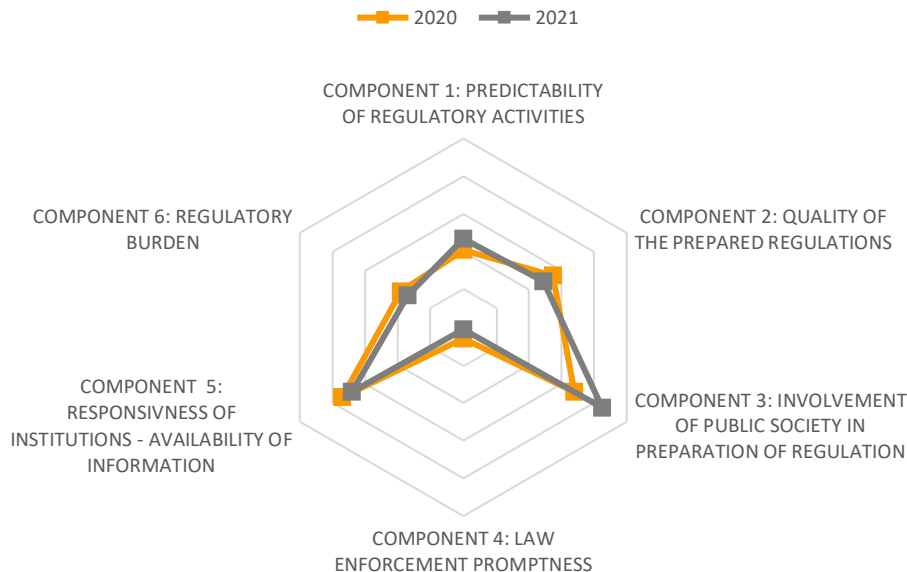
In addition to the RIS index, the report also contains an analysis of the perception of businesses, civil sector and public administration on the level of development of public-private dialogue in Serbia and the manner of preparation and adoption of regulations. The analysis of perception served us to compare the actual data with the perception of stakeholders, which confirms the adequacy of the methodological approach.

SUMMARY OF RESULTS

The total value of RIS for 2021/22 is 47 out of a maximum of 100 points, which is almost unchanged result compared to last year. This is still a half-hearted result in creating a stable and predictable regulatory environment that would be stimulating for economic development, and there is still room for improvement.

The largest increase this year was achieved in the component of quality of stakeholder involvement in the preparation of regulations, keeping in mind that some kind of consultation with businesses was organized for more than 90% of adopted laws, and only 6% of laws were passed by urgent procedure. On the other hand, despite the new Law on Information of Public Importance, the biggest decline was recorded in the component indicating openness of institutions during the implementation of the law, i.e. the responsiveness of competent institutions, primarily due to the fact that ministries answer just over half of the questions received from economic entities. The promptness of law enforcement is still the worst rated component of RIS with only 3 adopted bylaws in 2021 and an average adoption delay of 2.5 years. In addition, businesses have been indicating for several years that the administrative burden is increasing again.

Picture 2: Value of RIS per indicators 2020/2021



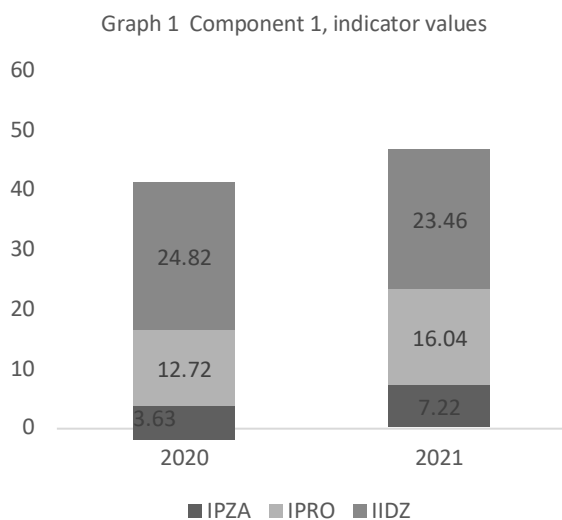
COMPONENTS OF RIS	VALUE IN 2020 (On a scale of 0 - 100)	VALUE IN 2021 (On a scale of 0 - 100)
COMPONENT 1: PREDICTABILITY OF REGULATORY ACTIVITIES	41	47
Indicator of plan of legislative activities (IPZA)	11	22
Indicator of predictability of the regulatory framework (IPRO)	38	48
Indicator of frequency of law amendments (IIDZ)	73	70
COMPONENT 2: QUALITY OF THE PREPARED REGULATION	55	49
Indicator of impact analysis enclosed with the regulation (IAEP)	76	72
Indicator of evaluation of regulatory impact analysis according to PPS (ISA)	60	61
Indicator of quantification of regulatory effects (IQUAE)	29	16
COMPONENT 3: INVOLVEMENT OF INTERESTED PUBLIC IN REGULATION DRAFTING	68	85
Indicator of public hearings and consultations (IJR)	52	95
Indicator of availability of draft laws (IDNZ)	56	65
Indicator of representation of urgent procedure (IHP)	95	95
COMPONENT 4: LAW ENFORCEMENT PROMPTNESS	6	1
Indicator of adopted bylaws (IUPA)	8	3
Indicator of delays in bylaws (IKPA)	3	0
COMPONENT 5: RESPONSIVENESS OF INSTITUTIONS – AVAILABILITY OF INFORMATION	74	68
Indicator 1: Indicator of development of public-private dialogue	69	57
Indicator 2: Indicator of informativness of the website	80	80
COMPONENT 6: REGULATORY BURDEN	38	34
Indicator of the share of administrative costs in GDP (IAT)	62	58
Indicator of the share of the 20 largest non-tax levies in GDP (IPN)	14	10
TOTAL VALUE OF RIS	47	47

I REGULATORY INDEX OF SERBIA – RIS 2021/2022

Component 1: Predictability of regulatory activities

In order for economic entities to be able to make rational decisions for their business, it is important that the economic environment is stable and that changes related to its regulation are predictable so that entities can act based on these changes. The first component shows how often the “rules of the game” are changed.

The first indicator within this component measures the fulfilment of the plan of legislative activities for the observed year. The aim of this indicator is to measure the predictability of the legislative activities in the different ministries as well as how the activities are helping businesses to plan their work. According to the government plan, it was predicted that 397 should have been adopted in this year. **However, only 86 laws or 22% of the planned laws have been adopted.** This results in an increase of 11% in comparison to the previous year, but the results are far below the expectations.



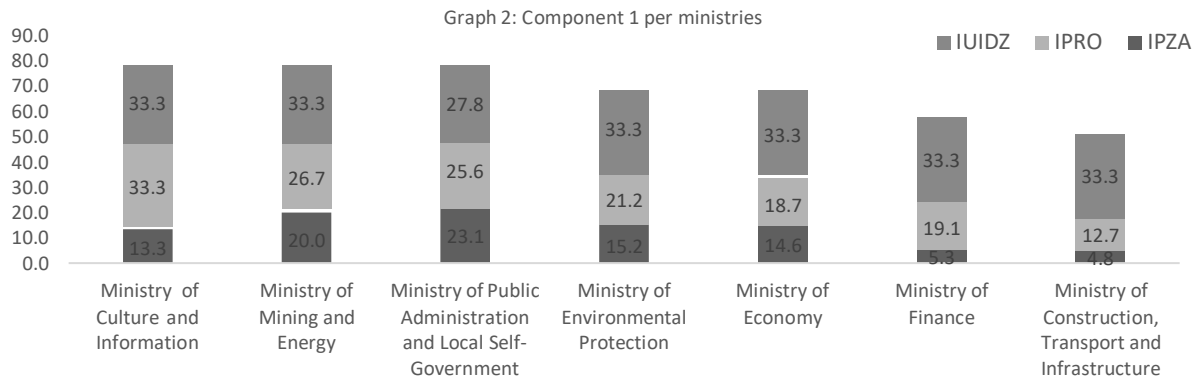
In order to get an even better picture of the predictability of regulations, we also calculated the indicator of predictability of the regulatory framework, where we also took into account laws that were not foreseen in the plan of legislative activities, but were still adopted. In 2021, in addition to the 86 adopted laws that were planned, another 105 laws that were not previously planned were adopted. **So, out of a total of 191 adopted laws, 55% were not planned, which indicates that the ministries cannot plan the changes in the next year in the right way.**

When drafting the plan of legislative activities, the ministries seem to state "just in case" that they will work on amendments or new laws, so they do not stick to the plan during the year and thus contribute to creating an unpredictable environment for the economy. Considering all 191 adopted laws, the value of this indicator is 48 (191/397), which is 9 percentage points more than the previous year.

The third indicator within this component of RIS is the indicator of the frequency of law amendments. For the purposes of assessing this indicator, we monitored 7 ministries: Ministry of Finance, Ministry of Construction, Transport and Infrastructure, Ministry of Economy, Ministry of Labor, Employment and Social Policy, Ministry of Mining and Energy, Ministry of Trade, Tourism and Telecommunications and this year the Ministry of Environment. For these ministries, 5 laws within their competence were identified (therefore a total of 35 laws) that mostly affect the operations of businesses, and it was observed how often these laws are changed. In total, these 35 laws have changed 85 times in the past five years, which actually means that **each of the laws has changed about 2.5 times on average in 5 years**. The total observed value of component 3 is 46.7, which is a slight increase compared to the values from 2020.

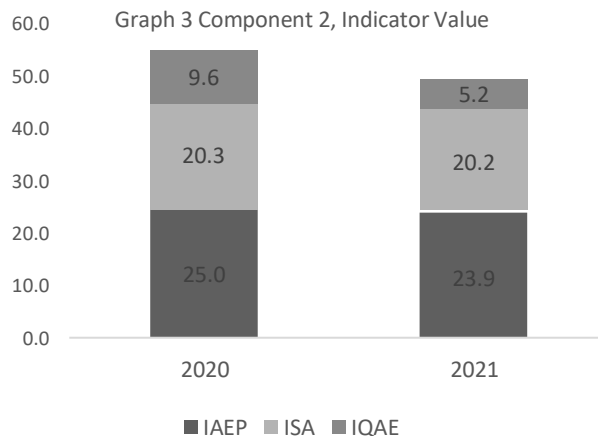
COMPONENT 1: PREDICTABILITY OF REGULATORY ACTIVITIES	Indicator values	Share of component
Indicator of plan of legislative activities (IPZA)	22	7.2
Indicator of predictability of the regulatory framework (IPRO)	48	16.1
Indicator of frequency of law amendments (IIDZ)	70	23.5
	Total	46.7

Observing the ministries, the Ministry of Culture and Information as well as the Ministry of Mining and Energy are sharing the first place with 80 out of 100 points, whereas the Ministry of Finance and the Ministry of Construction, Transport and Infrastructure are achieving the weakest results, as they pass only 15% of the planned laws.



Component 2: Quality of the prepared regulations

When preparing a regulation, it is important to consider all the potential effects of that regulation in order to prepare a qualitative regulatory solution. Therefore, component 2 of the RIS monitors the quality of regulatory impact analysis (AEP), which should, through a series of steps and issues, systematically review the impact of new regulations, as well as quantify potential effects.



Keeping this in mind, the first indicator of RIS observes which share of the draft laws actually involved a regulatory impact analysis. Out of a total of 191 laws passed in 2021, 74 had a direct or indirect impact on the economy, while 53 of them met the formal requirement to submit an impact analysis within the rationale for the draft law. In other words, **in 2021, 72% of adopted laws that have a direct**

or indirect impact on the economy had a regulatory impact analysis. Although the results are relatively stable, this result is still 4 percentage points lower than the previous year.

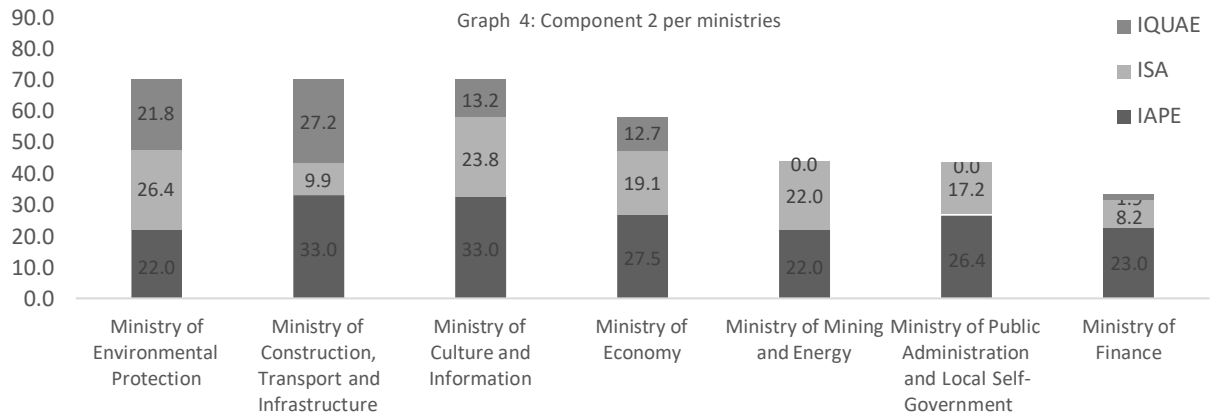
In addition to the design itself, it is necessary for the analysis to be comprehensive and well prepared, which is often not the case in practice. As of December 31, 2021, the Republic Secretariat for Public Policies (RSJP), to which the competent ministries submit draft laws for opinion, evaluated 64 laws passed in 2021, that required a development of impact analysis. **According to RSJP, 28 draft laws (or 44%) contained a full analysis and 36 (or 56%) a partial analysis of regulations.** For the remaining 127 adopted laws, RSJP assessed that, due to their nature, they do not have to contain an impact analysis. Compared to 2021, the value of the AEP content indicator remained almost unchanged.

NALED went a step further and assessed the quality of the presented analyses, which contains the analyses of economical consequences of the presented laws. The results for 2021 are slightly worse than in the previous year. Of the 64 laws for which the RSJP issued an opinion, 17 laws (or 26%) contain complete quantification of costs, 5 laws (or 8%) contain partial quantification, while the remaining 42 (or 66%) do not contain quantification of costs. On average, in 2021, **only 15% of the laws contain an adequate quantification of costs imposed on the economy, which is a decrease of as much as 14 percentage points compared to the previous year.**

Applying the RIS methodology, the values of all indicators within component 2 were calculated. The total value of component 2 is 49.3, which is 5 percentage points lower compared to the previous year.

COMPONENT 2: QUALITY OF THE PREPARED REGULATION	Indicator values	Share of component
Indicator of impact analysis enclosed with the regulation (IAEP)	72	23.9
Indicator of evaluation of regulatory impact analysis according to PPS (ISA)	61	20.3
Indicator of quantification of regulatory effects (IQUAE)	16	5.2
	Total	49.3

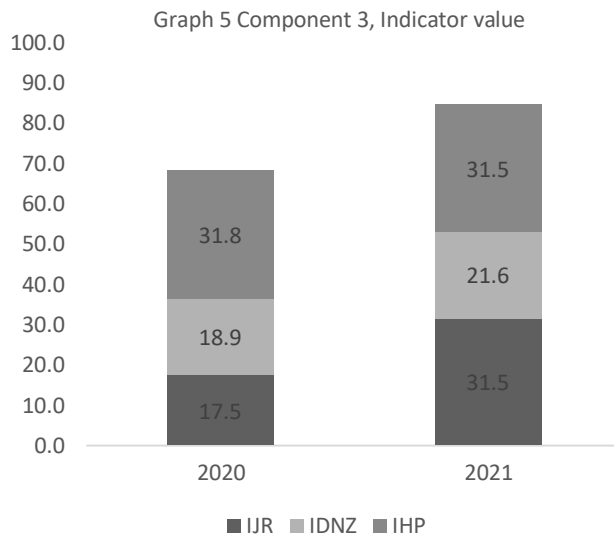
We also observed the value of component 2 by ministries. It is important to note that the sample includes only ministries that have adopted 5 or more laws in 2021, which significantly affect the economic environment. Keeping that in mind, this year the best result was achieved by: the Ministry of Environmental Protection, the Ministry of Construction, Transport and Infrastructure and the Ministry of Culture and Information with a result of about 70 out of a possible 100 points.



Component 3: Involvement of interested public in preparation of regulation

The third component of RIS seeks to show the involvement of the interested public in the preparation and adoption of regulations, which is one of the key elements of a quality regulatory framework. Publicity in the preparation and drafting of regulations is achieved by providing timely insight into the draft law, organizing public hearings, but also other forms of organizing consultations that allow stakeholders to take an active part in the preparation of regulations.

The first indicator within this component shows how much, on average, public hearings and consultations are conducted when adopting a new regulation or amending an existing regulation. In Serbia, a public debate during the preparation of a law is obligatory if that law **significantly** changes the legal regime in one area or if it regulates issues of special interest to the public. However, a more detailed definition of a significant change is not given, and, unfortunately, there are various attempts to "justify" why the public hearing was not organized, i.e. there are different interpretations of what a "minor change" of the law is. On the other hand, in some cases, although there is no official public debate, it takes place in a fundamentally different way (by organizing round tables, public gatherings, presentations, consultations with stakeholder representatives, etc.). Having in mind the above, in order to ensure the consistency and objectivity of this indicator, the following assumption was introduced for calculating the value of this indicator: Consultations (whether formal public hearings or informal consultations) are required for all "new laws", while law amendments require organization of consultations for half of the laws.



Looking at 2021, out of 74 laws relevant for businesses, 26 are new laws and 48 are amendments to existing laws. If we apply the above assumptions in 2021, a total of 50 laws should have included public hearings, while the data show that it was conducted for a total of 46 laws.¹ Therefore, the obtained value of this indicator is very high and amounts to almost 95%, which means that **on average in about 95% of cases a public hearing is held, while in about 5% of the cases, a public hearing is not held.** This represents a significant increase

compared to the last year, as the value of this indicator was lower by 42 percentage points. A partly explanation for the rise could be the return to normal workflows after the coronavirus pandemic, as the government designed few decrees to mitigate the negative effects of the coronavirus pandemic.

Even though the competent ministry has no obligation to organize a public hearing, it is important that the draft of the new regulation be made available to the public in a timely manner. An inspection of the websites of relevant ministries and other relevant sources (such as online databases of regulations) found that for 48 laws out of 74 observed, or in slightly more than 60% of cases, the draft law was published before adoption, and the index of

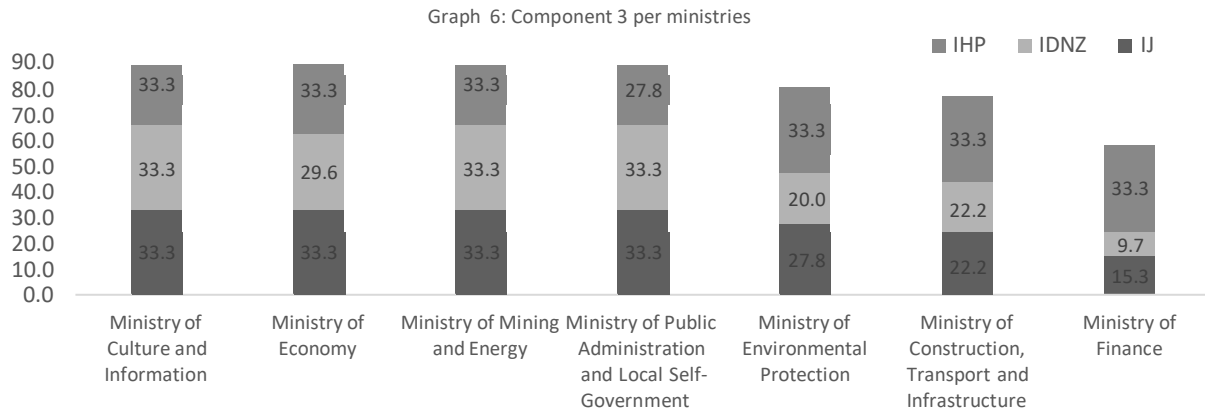
¹ Data on public hearings were collected from two sources: first, a memo for information of public importance was sent to all ministries with a request to submit data on public hearings on draft laws adopted in 2020. For the ministries for which no data were obtained in this way either, the websites of the ministries were searched, as well as other relevant sources of data on the Internet.

available draft laws is 65, which is an increase of 5 percentage points compared to the previous year, when this indicator was last monitored.

The third indicator we look at is the urgency of the procedure. Namely, the public character in the application of regulations is significantly impaired in the case when the regulations are passed through an urgent procedure because then, among other things, the organization of a public hearing is not necessary. In 2021, out of 74 enacted laws that affect the business environment, **only 4 cases, that is, only 5% of the laws, were subject to emergency procedures.**

Based on the three obtained indicators, the index for involvement of interested public in preparation of regulation is valued with 94 points, which is a significant increase compared to the previous year, when the index was indicated with 68 points.

COMPONENT 3: INVOLVEMENT OF INTERESTED PUBLIC IN PREPARATION OF REGULATION	Indicator values	Share of component
Indicator of public hearings and consultations (IJR)	94	31.5
Indicator of availability of draft laws (IDNZ)	65	21.6
Indicator of representation of urgent procedure (IHP)	95	31.5
	Total	84.7



Looking at the indicator values by ministries, most of the ministries achieve high values. The Ministry of Culture and Information, the Ministry of Economy and the Ministry of Mining and Energy share the first place with 100 points each.

Component 4: Law enforcement promptness

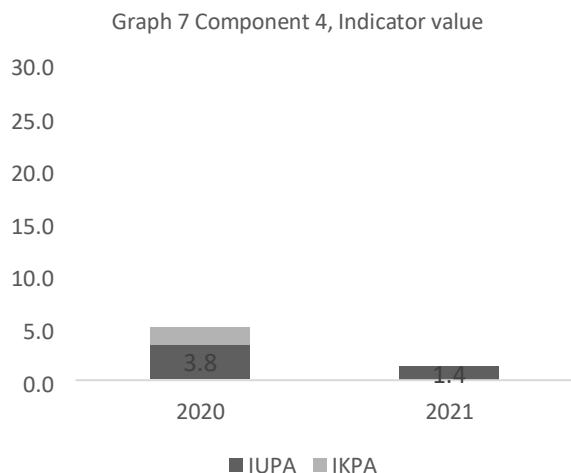
In order for the new law to be applied after its adoption, it is necessary to adopt bylaws. The law itself defines the deadline within which it is necessary to adopt bylaws. However, in practice, it often happens that bylaws are not passed within the prescribed deadlines, as a result of which the adopted laws cannot be implemented operationally. In order to monitor the process of passing bylaws and measure its effectiveness, NALED created the Bylaw Barometer in 2010, which enables monitoring of the adoption of bylaws within the set deadlines, and the results of the Barometer for this year are presented in this report.

The first indicator within this component is the indicator of adopted bylaws, which represents the percentage of adopted bylaws in the total number of bylaws that were planned to be adopted. Based on a detailed analysis of the legal provisions of 21 selected laws, a list of 379 bylaws (regulations, ordinances, decisions) was formed which was or still is necessary to

adopt in order to ensure law enforcement and avoid arbitrariness in implementation. That number was reduced for all regulations that were passed by the end of 2020, and it was determined that within these 21 laws in 2021, it was possible to pass 111 bylaws. At the same time, among these 111 acts, there is not a single one that had a deadline for adoption after 2021, so they all entered the analysis.

However, **it was determined that out of 111 bylaws that could have been passed in 2021, only 3, or only 2.7%**, were passed. In addition, the deadline for the adoption of all these bylaws has already passed, but they are still not adopted, which prevents the operational implementation of the law.

The second indicator is the indicator of delays in bylaws, which represents the percentage of bylaws passed within the prescribed legal deadlines. When calculating this indicator, the envisaged deadlines for adoption were considered, as delays seem different, varying if the deadline for the bylaw is scheduled for 3 months or a year. For this reason, we are trying to justify the delay of adoption of some bylaws, if they could not be adopted within the deadline, for unforeseen reasons.



Unfortunately, the delays are so high, even the justification of small delays did not increase obtained result. **The average delay of bylaws, calculated at the time of writing this report, is an incredible 990 days, or about 2.5 years.** Keeping all this in mind, the indicator is valued 0, which is a decrease by 3 percentage points compared to the last year.

COMPONENT 4: LAW ENFORCEMENT PROMPTNESS	Indicator values	Share of component
Indicator of adopted bylaws (IUPA)	3	1.3
Indicator of delays in bylaws (IKPA)	0	0.0
	Total	1

Component 5: Responsiveness of institutions - Availability of information

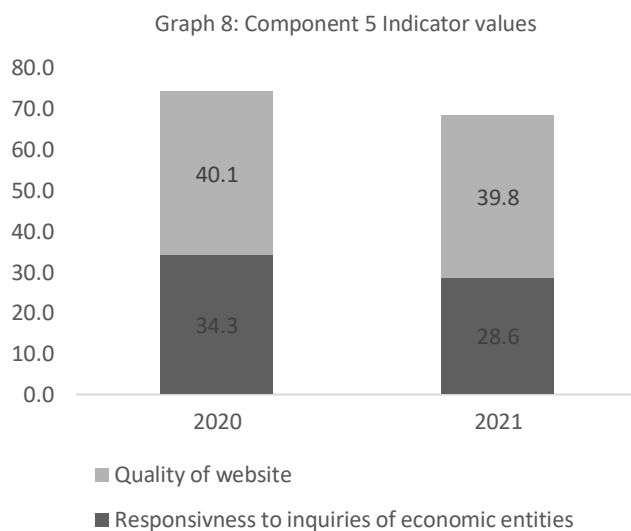
The availability of information is crucial to enable businesses to comply with applicable regulations. That is why Component 5 of RIS monitors whether the responsible ministries provide timely information to the public that may affect their business. This component consists of two composite indicators.

The first indicator shows the development of public-private dialogue, which aims the quality of communication with known and unknown stakeholders through indirect and informal or direct and formal communication for the search for information of public importance. The total value of the indicator for the development of public private dialogue is **57 out of a possible 100 points, which means that the ministries answer slightly half of the inquiries of known and unknown stakeholders.** This value is about 6 percentage points lower than in the previous year. A reason for the result could be the collection of data within the election year respectively one month before election day.

This year, as well as last year, research has shown, that the responsible ministries in most cases respond to requests for information of public importance. In this year, **71% of ministries responded to inquiries of public importance, which is a slightly weaker result compared to 2021.**

In fewer cases, the ministries respond to informal and direct communication via mail. To test this, two different mails were sent to the ministries. The first one with an easy question by an unknown citizen. This method is called “mystery shopper”. The other mail was sent by an organization whom they worked with, containing a difficult question. In this year, 57% of the ministries answered the request by the unknown citizen, while 43% answered the request by the organization.

Another indicator is the informativeness of the ministries’ websites, which tries to monitor the quality of these websites. In the past, this seemed like a relevant factor for communication with citizens and businesses.



This indicator consists of two other single indicators. When we look at the indicator for the quality of internet representation, the criteria for the assessment of the websites are: a) whether the website contains downloadable regulations, b) whether there is an info sheet or organizational scheme available, c) whether there is presentation of current projects and d) if there is an adequate form of contact possibilities (e.g. contact form, email or phone). **50% of the ministries met all four conditions in our research, which**

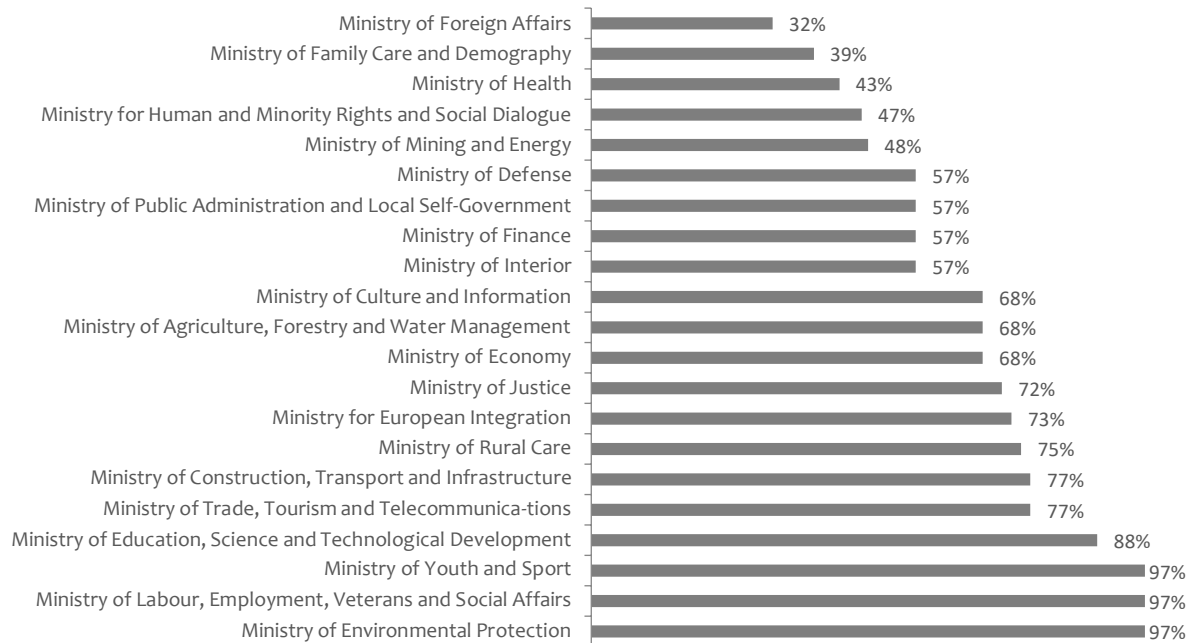
is a slightly lower percentage compared to the previous year. All other ministries met 3 out of 4 conditions, which shows that the ministries are using their websites for communicating with the citizens and businesses. As criticized in the last year, the ministries do not have lists of their active projects.

The other single indicator is the transparency and availability of information. The mentioned indicator was added to the methodology last year, seeing constant remarks from citizens and businesses that the websites of the responsible institutions are inaccessible and difficult to search, which impedes their informativeness. This indicator monitors the visibility of website presentations through three key criteria: a) whether the most important content (regulations, contact, projects, job information) is in sight, b) whether the site is up to date and c) whether all links on the website are functional. **The value of the indicator is 75 out of a possible 100 points, which means that 75% of the websites of the ministries meet the set visibility criteria.** The most common problem that has been noticed is that the regulations on the websites of the ministries in their jurisdiction are not up-to-date, which happens in 90% of cases. In about 50% of the cases there is the problem that the list of projects is not in sight, but can be found after a long search on the website or after searching for keywords.

COMPONENT 5: RESPONSIVENESS OF INSTITUTIONS – AVAILABILITY OF INFORMATION		Indicator values	Share of component
Indicator 1: Indicator of development of public-private dialogue	Direct communication - mystery shopper (PI1)	54	57.1
	Availability of information of public importance (PI2)	71	
	Direct communication with known contact person (PI3)	43	
Indicator 2: Indicator of informativeness of the website	Content quality (PI4)	85	79.6
	Predictability and availability of information (PI5)	75	
		Total	68.3

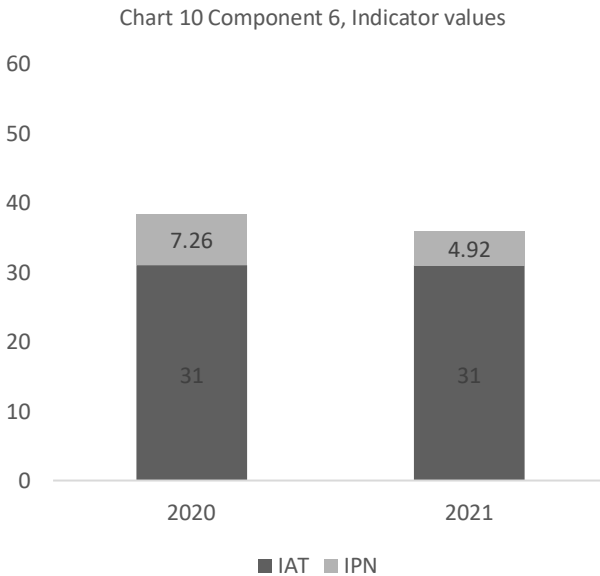
Looking at the ministries, the Ministry of Environmental Protection and the Ministry of Labor, Employment, Veterans and Social Affairs are examples of positive practices, while the Ministry of Foreign Affairs and the Ministry of Family and Demography have the lowest indicator values (below 50%).

Graph 9, component 5 per ministries



Component 6: Regulatory burden

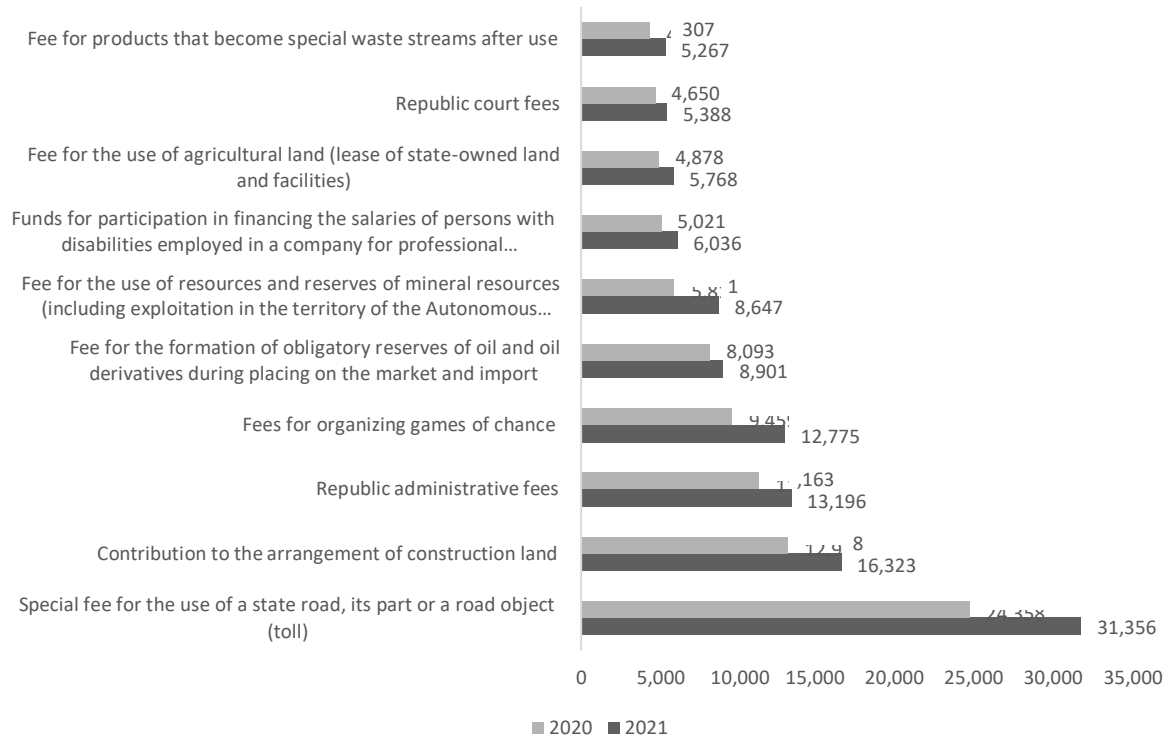
Component 6 of the Regulatory Index of Serbia reflects the level of administrative burden that the economy is facing and the level of burden caused by non-tax levies. The administrative burden not only creates explicit business costs for companies, but also requires businesses to exhaust their time to comply with all administrative obligations they have, due to various legal regulations, which is actually a time when they do not perform their activities. In addition, it is important to monitor the level of non-tax levies, keeping in mind that often economic entities are not sure about who they are paying the levies to and for what purpose. The first of the indicators that complete this component is the indicator for administrative costs measured in share of the GDP. Although the methodology envisages the calculation of administrative burden for businesses, unfortunately the calculation was not performed in 2021. Therefore, in this edition of the RIS report, we use the results of USAID's "1000 companies" survey. For two years in a row, research has shown a decreasing number of businesses who are believing that administrative burden is decreasing. Looking at 2021, 45% of businesses believe that the administrative burden decreased in comparison to the previous year. In 2020, 53% of businesses had the same opinion. In other words, the percentage of businesses who believe that the administrative burden is decreasing fell by 8 percentage points in 2021 compared to 2020. By introducing the assumption that half of this relative decrease is attributed to the actual increase in workload, and half attributed to the impact of the covid crisis and global uncertainty in the economy, we also adjusted the value of the RIS indicator. For 2021, the indicator of administrative costs in GDP is 58, which is 4 percentage points worse than the previous year.



The second indicator of this component is the indicator of non-tax levies in total budget revenues, is measured on the share of the 20 largest non-tax levies in GDP and thus reflects the level of administrative burden. Taxes, fees and other non-tax levies are a heavy burden on the economy and their passing is rather not coordinated between local and state level, so sometimes businesses end up with double burden. **According to this analysis, with data out of the Treasury Administration, the 20 largest non-tax levies have an amount of 141.3 billion Dinars, which is 2.3% of GDP.** The value of this indicator is 9.8, which is increase of 5 percent points, compared to the previous year.

Graphic 10 of this report shows the 10 most generous non-tax levies per amount, which is paid by businesses or citizens. By far the most generous non-tax levy is a special fee for the use of a state road, its part or road facility (toll), followed by land development fee, as well as republic administrative fees. The fact that the funds collected for each of these levies increased clearly indicates that in 2021, the businesses and citizens will be imposed additional regulatory burden compared to the previous year. Funds collected based on non-tax levies increased by 19% on average. Funds collected based on fees for the use of resources and reserves of mineral resources increased the most, by as much as 38%, followed by fees for gambling (26%) and tolls - special fees for the use of state roads, their part or road facility (22%).

Graph11: 10 largest non-tax levies in 2021, in billion dinars



The total observed value of this component is 33.9, which is 4 percentage points less than in the previous year. As already explained in this report, the decrease of the value of this component is a result of increasing administrative burden borne by businesses and a greater increase in the regulatory burden caused by growth of non-tax levies.

COMPONENT 6: REGULATORY BURDEN	Indicator values	Share of component
Indicator of the share of administrative costs in GDP (IAT)	58	29.0
Indicator of the share of the 20 largest non-tax levies in GDP (IPN)	10	4.9
	Total	33.9

REGULATORY NOVELTIES FOR BETTER AVAILABILITY OF INFORMATION

In relation to the quality of the regulatory environment, and especially the availability of information, it is important to note that in 2021, a new Law on Free Access to Information of Public Importance was adopted, which greatly contributes to increasing the availability of information, and thus creates the basis for a better regulatory environment in the future.

The jurisdiction of the commissioner, which is regulated by Article 35, was significantly expanded with the adoption of the new law. From 2021, the law determines that the **Commissioner gives opinions on draft laws and proposals for other regulations and public policy documents if they regulate issues that are important for exercising the right to access information of public importance.** A position was also introduced that determines that the Commissioner can initiate a procedure for assessing the constitutionality and legality of laws and other general acts that regulate matters of importance for exercising the right to access information of public importance.

The new law, especially the change of Article 39, expanded the content of information on the work of state authorities, which will affect better information for citizens and businesses. The info sheet on work organization must now contain the regulations that the body applies in its work, the regulations for which it is responsible for adoption, strategies, programs, plans and reports adopted by the body, a description of the rules regarding the public work and a **list of the most frequently requested information of public significance** and the like.

In addition to these changes, it is **prescribed in more detail which state authorities, local governments and public companies are obliged to respond to requests for access to information of public importance.**

Changes to Article 46 tighten the penal provisions that are borne by heads of state authorities in case of improper handling of requests for access to information of public importance. Specifically, **the penal provisions were raised from the interval of 5,000 to 50,000 dinars to the interval of 20,000 to 100,000 dinars.** The cases in which the head of the state authority will be punished are also defined in more detail. This represents an additional incentive for managers of state authorities to well organize the response to requests for information of public importance.

DEVELOPMENT OF PUBLIC PRIVATE DIALOGUE

In this part of the report, we will present to you the most important results of research into the state of development of public-private dialogue in Serbia, conducted within the framework of the Public-Private Dialogue for Growth Project, which is being implemented by NALED under the patronage of USAID. The importance of the public and dialogue in the process of preparing and passing regulations has already been emphasized, especially within component 3 of the RIS indicator, and with the results of this research we want to explain the conclusions of the Regulatory Index of Serbia additionally and qualitatively, which will contribute to a better understanding of some phenomena and problems in the economy.

The research was conducted annually from 2018 to 2021 in cooperation with IPSOS research agency. The goal of the research was to map the current state of development of public-private dialogue, the level of awareness of the importance of PPD for achieving a regulatory environment that encourages economic development, as well as the level of trust that does or doesn't exist between the public and private sectors. A sample of 255 economic representatives, 32 business associations, and 54 public institution representatives were included. Below are the results for 2021 with reference to the observed trend.

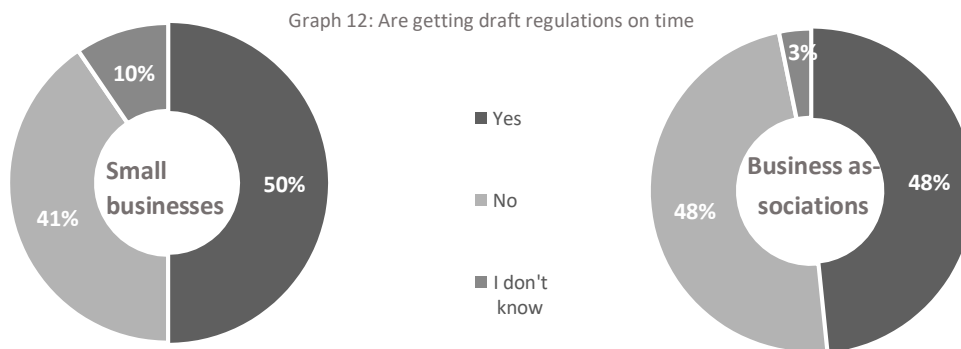
The results of the research show that **business associations are very interested in public-private dialogue**, as stated by 97% of business associations. A slightly smaller percentage, 66% of businessmen said the same, which is expected considering that business associations were just founded to represent the voice of individual businessmen. Compared to last year, the percentage of businessmen interested in PPD increased by 4 percentage points.

Significant differences between the private and public sectors arise in the question of whether economy is sufficiently represented in PPD in Serbia. Namely, only 35% of businessmen believe that the level of involvement of the economy in PPD is at a satisfactory level, while as many as 63% of the public sector stated that they consider the level of involvement of the economy in PPD to be satisfactory.

Additionally, it is necessary to take into account how much the private and civil sector actually participate in the creation of regulations, or how much they are involved in any type of PPD. According to the research results, **66% of associations and 17% of businesses (of which 11% through associations, 6% independently) were involved in any type of PPD** in the past year, which actually represents a slight increase compared to 2020.

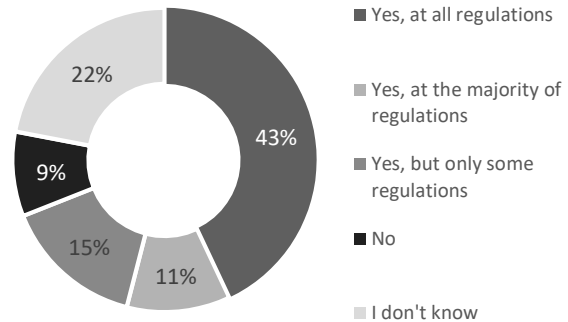
In 2021, 75% of associations provided comments on regulations, while 50% of the public sector reported receiving comments on prepared regulations, a decrease of almost 20 percentage points. Worrying is the answer to the question whether the public sector respects the proposals of businesses. **While the public sector believes that in only 7% of cases proposals are not adopted, 45% of businessmen and even 61% of business associations believe that their proposals are not taken into account.**

As mentioned before, one of the basic principles for the involvement of economy and society in the adoption of regulation is the availability of draft regulations during their preparation. **Half of businessmen and business associations say that they receive drafts of regulations on time**, which is an improvement of 19 percentage points in the case of businessmen and 7 percentage points in the case of business associations compared to last year. During the research for the preparation of component 2 of RIS, it was determined that it is difficult to obtain supporting documentation from public hearings, such as reports from public hearings. Additionally, even if there are reports, they are often very short and do not provide enough information about the reasons for adopting or not adopting certain comments.



Regarding the frequency of conducting an analysis of the effects of regulations during the preparation of regulations, 43% of the public sector stated that they conduct an analysis for all regulations, an additional 11% do so for most regulations, and 15% of institutions state that they conduct an AEP for only some regulations. The presented data additionally confirms the data from component 2 of the RIS, which concludes that the analysis of the effects of regulations is carried out for about 70% of regulations. On the other hand, 9% of public sector representatives stated that they never carry out an analysis of effects before adopting regulations, which is an almost unchanged percentage compared to last year.

Graph 13: Implementation of analysis of effects



However, only 30% of institutions state that they monitor the effects of the regulations after the adoption of the regulations through the preparation of an ex-post impact analysis, which represents a decrease compared to the previous year by 20 percentage points.

Unfortunately, the research shows that last year's recommendation that the public-private dialogue could be significantly improved if the public sector had enough capacity for it, is even more relevant this year. In 2021, the **research showed that only 9% of the public sector has a separate organizational unit that deals with communication and dialogue with businesses**, which is a decrease compared to 2020 by as much as 11 percentage points. Additionally, in only 28% of the public sector there are persons in charge of communication with businesses, while even 41% of public institutions do not have a person nor a separate organizational unit in charge.

Regarding trust in the other party in PPD, **53% of business associations state that they mostly trust the public sector**. 46% of businessmen state this answer, and in addition, 5% of businessmen in the sample state that they fully trust the public sector.

ANNEX 1: OVERVIEW OF VALUES OF RIS COMPONENTS PER MINISTRIES

Although ministries are not ranked within the RIS index, in the table below all ministries are ranked according to the average value of individual components, which to some extent can show the level of quality of preparation, adoption and implementation of regulations by ministry. Components 4 and 6 are not monitored at the level of ministries, so you cannot see their values in the table.

Component	Component 1 Predictability of regulatory activities				Component 2 Quality of the prepared regulations				Component 3 Involvement of public society in preparation of regulation				Component 5 Responsiveness of institutions - Availability of information			Notes
	IPZA	IPRO	IIDZ	C1	IAEP	ISA	IQU AE	C2	IJR	IDNZ	IHP	C3	IRJPD	IIV	C5	
Ministry of Education, Science and Technological Development	100	100	100	100	50	44	26	39	100	100	100	100	100	71	86	Response on all inquiries (mystery shopper)
Ministry of Environmental Protection	45	64	100	70	100	72	40	71	83	60	100	81	100	92	96	Response on all inquiries (mystery shopper)
Ministry of Agriculture, Forestry and Water Management	29	53	Not tracked	41	100	66	100	89	100	100	100	100	67	91	79	Response on two out of three inquiries
Ministry of Public Administration and Local Self-Government	69	77	83	76	67	80	66	71	100	100	83	94	33	92	63	No response on two out of three inquiries
Ministry of Mining and Energy	60	80	100	80	100	30	83	71	100	100	100	100	33	71	52	No response on two out of three inquiries
Ministry of Culture and Information	40	100	100	80	80	52	0	44	100	100	100	100	67	71	69	Response on two out of three inquiries
Ministry of Trade, Tourism and Telecommunications	17	42	Not tracked	29	100	10	50	83	100	100	100	100	67	92	80	Response on two out of three inquiries
Ministry of Justice	20	23	Not tracked	N/A	In 2021, no law entered the NALED sample			N/A	In 2021, no law entered the NALED sample			N/A	67	79	73	Response on two out of three inquiries
Ministry of Economy	44	56	100	67	83	58	38	60	100	89	100	96	67	71	69	Response on two out of three inquiries
Ministry for Human and Minority Rights and Social Dialogue	33	67	Not tracked	50	100	66	0	55	100	100	100	100	67	71	69	Response on two out of three inquiries
Ministry of Family Care and Demography	66	66	Not tracked	66	100	33	100	77	100	100	100	100	0	58	29	No response at all
Ministry of Rural Care	In 2021, no law entered the NALED sample											67	63	65	Response on all inquiries (mystery shopper)	
Ministry of Construction, Transport and Infrastructure	14	38	100	51	67	67	0	44	67	66	100	78	67	92	80	No response on two out of three inquiries
Ministry of Labour, Employment, Veterans and Social Affairs	17	25	Not tracked	21	66	30	20	39	66	66	100	78	100	92	96	Response on all inquiries (mystery shopper)
Ministry of Finance	16	57	100	58	70	25	6	33	46	29	100	58	33	92	63	No response on two out of three inquiries
Ministry for European Integration	0	50	Not tracked	25	In 2021, no law entered the NALED sample							67	83	75	Response on two out of three inquiries	

Ministry of Youth and Sport	20	40	Not tracked	30	In 2021, no law entered the NALED sample	30	0	15	In 2021, no law entered the NALED sample			100	92	96	Response on all inquiries (mystery shopper)
Ministry of Health	Did not pass any law		Not tracked	N/A	Did not pass any law						33	58	46	No response on two out of three inquiries	
Ministry of Defense	6	24	Not tracked	15	In 2021, no law entered the NALED sample						33	92	63	No response on two out of three inquiries	
Ministry of Interior	6	10	Not tracked	8	0	RSJP did not evaluate the laws	0	0	100	0	33	33	92	63	No response on two out of three inquiries
Ministry of Foreign Affairs	3	55	Not tracked	29	0		0	0	0	0	0	0	79	40	No response at all

ANNEX 2: METHODOLOGY IN DETAIL

The Regulatory Index of Serbia consists of 15 indicators which form six components: 1) Predictability of application of regulations 2) Quality of preparation of regulations, 3) Involvement of interested public in preparation of regulation, 4) Law enforcement promptness, 5) Responsiveness of institutions - Availability of information, 6) Regulatory burden. Each of the six components consists of two or three indicators which describe one segment of the regulatory process, as it is an aspect of the regulatory environment. The sources of data used to form the RIS are the website of the Assembly of the Republic of Serbia and published draft laws, the websites of ministries, the Government of the RS, data obtained from the Republic Secretariat for Public Policies and the Treasury Administration. The detailed methodology is shown in the tables below.

COMPONENT 1: PREDICTABILITY OF REGULATORY ACTIVITIES

Indicators	Parameters	Formula
1. Plan of legislative activities	A - The total number of laws and amendments to laws scheduled for adoption in the current year B - The number of adopted laws and amendments to laws that were scheduled for adoption in the current year	$B/A*100$
2. Predictability of the regulatory framework	A - The total number of laws and amendments to laws scheduled for adoption in the current year B – Total number of adopted laws and amendments to laws in the current year	$B/A*100$
3. Frequency of changes and additions to the law	A - Monitoring of changes in certain laws in the period of five previous years: 0-2 changes = 100, 3 changes = 66, 4 changes = 33 i $5 \leq$ changes = 0.	A

COMPONENT 2: QUALITY OF THE PREPARED REGULATION

Indicators	Parameters	Formula
1. Impact analysis attached to the regulation	A - The number of laws and amendments to laws passed in the current year B - The number of laws and amendments to laws passed in the current year followed by an analysis of the effects of regulations	$B/A*100$
2. Evaluation of the analysis of the effects of regulations according to RSJP	A - The number of draft laws and amendments to laws that have reached the RSJP for opinion B - The number of draft laws and amendments to laws submitted to RSJP for opinion, which were followed by a full analysis of the effects of regulations C - The number of draft laws and amendments to laws submitted to the RSJP for opinion, followed by a partial analysis of the effects of regulations	$0.3*(C/A)*100+$ $(B/A)*100$

3. Quantification of regulatory effects	A - The number of draft laws and amendments to laws that have reached the RSJP for opinion	0.3*(C/A) *100+(B/A)*100
	B - The number of draft laws and amendments to laws that reached the RSJP for opinion, followed by a full assessment of costs and benefits	
	C - The number of draft laws and amendments to laws submitted to the RSJP for opinion, followed by a partial assessment of costs and benefits	

COMPONENT 3: INVOLVEMENT OF INTERESTED PUBLIC IN PREPARATION OF REGULATION

Indicators	Parameters	Formula
1. Representation of public hearings and consultations	A - Total number of adopted laws	0.5*(C/A) *100+0.5*(D/B/2) *100
	B - The total number of adopted amendments to the law	
	C - The total number of public hearings in relation to the number of adopted laws	
	D - The total number of held public hearings in relation to the number of adopted amendments to the law	
2. Availability of draft laws	A - Total number of laws and amendments to laws adopted in the current year	B/A*100
	B - The total number of available draft laws and amendments to laws on the websites of ministries that were later adopted	
3. Representation of the emergency procedure	A - Total number of laws and amendments to laws adopted in the current year	100- B/A*100
	B - The number of laws and amendments to laws adopted in the current year under urgent procedure	

COMPONENT 4: LAW ENFORCEMENT PROMPTNESS

Indicators	Parameters	Formula
1. Adoption of by-laws	A - The number of by-laws that could have been passed in the current year B - The number of by-laws adopted in the current year	B/A*100
2. Delay of by-laws	A - The number of by-laws that could have been passed in the current year B - The number of by-laws adopted within the legally prescribed period in the current year	B/A*100

COMPONENT 5: RESPONSIVENESS OF INSTITUTIONS – AVAILABILITY OF INFORMATION

Indicators	Parameters	Formula
1. Development of public-private dialogue		
PI1: Direct communication - mystery shopper	A - The total number of ministries which an inquiry was sent by the business entity	B/A*100
	B - The number of properly received responses from the ministries to the request of the business entity	
PI2: Availability of information of public importance	A - The total number of ministries which a request for access to information of public importance was sent	B/A*100
	B - The number of properly received responses from the ministries based on the sent requests	

PI3: Direct communication with known contact person	A - Total number of ministries to which the request was sent by business associations B - The number of properly received responses from the ministries to the request of business associations	$B/A * 100$
---	--	-------------

2. Informativeness of the website

PI4: Content quality	A - Total number of observed websites B - Number of positively rated websites	$B/A * 100$
PI5: Predictability and availability of information	A – Total number of observed websites B - Number of positively rated websites	$B/A * 100$

COMPONENT 6: REGULATORY BURDEN

Indicators	Parameters	Formula
1. Administrative costs	A - Total % of administrative expenses in GDP. Up to 2% = 100, 5% and more = 0. In the range from 2% to 5%, a proportional value is taken.	A
2. Participation of non-tax levies in total budget revenues	A – The total share of the 20 most generous non-tax levies in GDP. If the share is up to 0.5%, the value of the indicator is 100, while for the share of 2.5% and higher, the value of the indicator is 0. In the range from 0.5% to 2.5%, a proportional value is taken.	A