

EU FOR BETTER BUSINESS ENVIRONMENT

SEMIANNUAL ANALYTICAL REPORT ON EXISTING BUSINESS ENVIRONMENT REFORMS, PRIORITIES, AND GAPS

July 2024

Table of Contents

Abbreviations	1
I. Executive Summary	4
II. Cross-cutting Business Regulation Environment Aspects	10
II.1 Regulatory governance and predictability in implementing laws and regulations	10
<i>Regulatory reform tools</i>	10
<i>Regulatory burden</i>	14
<i>Corruption</i>	15
II.2 Digital Readiness	18
<i>Electronic government maturity</i>	19
<i>ICT skills</i>	24
<i>Internet use</i>	24
<i>Telecom infrastructure and services' affordability</i>	25
<i>Intellectual property rights</i>	28
<i>Electronic commerce</i>	30
III. Firm's Life Cycle	33
III.1 Entry and Exit	33
<i>Business entry</i>	33
<i>Business closure and insolvency proceedings</i>	35
III.2 Getting a Location	39
<i>Construction permits' regulations</i>	39
<i>Connecting to an electric network</i>	41
<i>Buying land and quality of the land management system</i>	44
III.3 Operations and Expansion	46
<i>Credit infrastructure</i>	47
<i>Complying with tax obligations</i>	48
<i>Courts' efficiency to resolve commercial disputes</i>	49
IV. Summary Table of Reform Areas	54
V. Data Source	68

Abbreviations

7STEEs	Seven small transition economies of Europe: Bulgaria, Croatia, Estonia, Latvia, Lithuania, the Slovak Republic, and Slovenia
AI	Artificial Intelligence
ADR	Alternative dispute resolution
AmCham	American Chamber
API	Application Programming Interface
B2B	Business-to-Business
B2C	Business-to-Consumers
B-READY	Business Ready
BRE	Business Regulation Environment
CEI	Citizen Engagement Index
CEOP	Central Record of the Unified Procedure
CERT	Center for the prevention of security risks in ICT systems
CIT	Corporate income tax
CPI	Corruption Perception Index
CSO	Civil Society Organization
e-Archive	Electronic Archive
EBRD	European Bank for Reconstruction and Development
ECA	Europe and Central Asia
e-Commerce	Electronic Commerce
e-Consultation	Electronic Consultation
EDGe	Enabling Digital Governance Project in Serbia
EGDI	E-Government Development Index
e-Government	Electronic Government
EIPA	European Institute for Public Administration
EMS	Electric grid of Serbia
e-Paper	Electronic Paper
e-Payment	Electronic Payment
EPS	Electric Power Industry of Serbia
ERP	Economic Reforms Program
e-Services	Electronic services
e-Signature	Electronic signature
ESF	Electronic Services for Fiscalization
EU	European Union
EU4BE	EU for Better Business Environment
EUR	Euro
FIC	Foreign Investors Council
G2B	Government-to-Business

G2C	Government-to-Citizen
G2G	Government-to-Government
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GoS	Government of Serbia
GovTech	Government technology
GRECO	Group of States against Corruption
GSB	Government Service Bus
GSMA	Global System for Mobile Association
GTMI	GovTech Maturity Index
ICT	Information and Communication Technologies
IEF	Index of Economic Freedom
IOP	Interoperability Platform
IPR	Intellectual property rights
IPRI	International Property Rights Index
IT	Information technologies
ITU	International Telecommunication Union
LEC	Law on Electronic Commerce
LPS	Law on Planning System
LSG	Local Self-Government
LTPTA	Law on Tax Procedure and Tax Administration
MoE	Ministry of Economy
MPALSG	Ministry of Public Administration and Local Self-Government
MSEs	Micro and Small Enterprises
NALED	National Alliance for Local Economic Development
OECD	Organisation for Economic Co-operation and Development
OITeG	Office of Information Technology and e-Government
OMT	Online Monitoring Tool
OSI	Online Service Index
OSS	One-Stop Shop
PARS	Public Administration Reform Strategy
PIA	Policy Impact Assessment
PIT	Personal IncomeTax
PMR	Product Market Regulation
PPDs	Public Policy Documents
PPDG-2R	Tax Application for Determining the Annual Income Tax of Citizens
PPS	Public Policy Secretariat of the Republic of Serbia
RAP	Register of Administrative Procedures
RATEL	Regulatory Agency for Electronic Communications and Postal Services
RIA	Regulatory Impact Assessment
RIS	Regulatory Index of Serbia

RSD	Serbian Dinar
SAB	State Administration Body
SBRA	Serbian Business Registers Agency
SMEs	Small and Medium Enterprises
SOE	State-Owned Enterprise
TEA	Total early-stage Entrepreneurial Activity
Telecom	Telecommunication
US	United States of America
UK	United Kingdom
UN	United Nations
VAT	Value added tax
WB	World Bank
WBIF	Western Balkans Investment Framework
WGI	Worldwide Governance Indicators
WIPO	World Intellectual Property Rights Organization
WJP	World Justice Project

I. Executive Summary

This document identifies regulatory priorities, gaps, and reform progress on the regulatory and legal framework for businesses in Serbia. The report is conducted within the regular semiannual analysis of business gaps within the ‘EU for Better Business Environment’ (EU4BE) Project, supported by the European Union (EU) and implemented by the World Bank (WB).

Semi-annual analytical reports on business environment (BE) in Serbia aim to provide a basis for prioritization and coordination of business enabling reforms among the stakeholders. Several implemented or ongoing EU4BE initiatives present a direct response to the findings of the previous BE reports, among them¹:

1. Survey of 1,000 companies and entrepreneurs in Serbia 2022-2023, Apr 2024;
2. Analysis of e-commerce in Republic of Serbia and identification of barriers for development: desk top analysis and primary research of business entities in e-commerce, as a part of the preparation of the Program with Action plan of Ecommerce of Serbia, finalized in June 2024;
3. Study “Regulatory Culture in Serbia”, with case studies and proposed measures, Apr 2024;
4. ‘Recommendations for the improvement of e-Archiving and archiving for companies in Serbia’, June 2023;
5. Serbia Electricity Market Package Transposition Technical Assistance, June 2024.

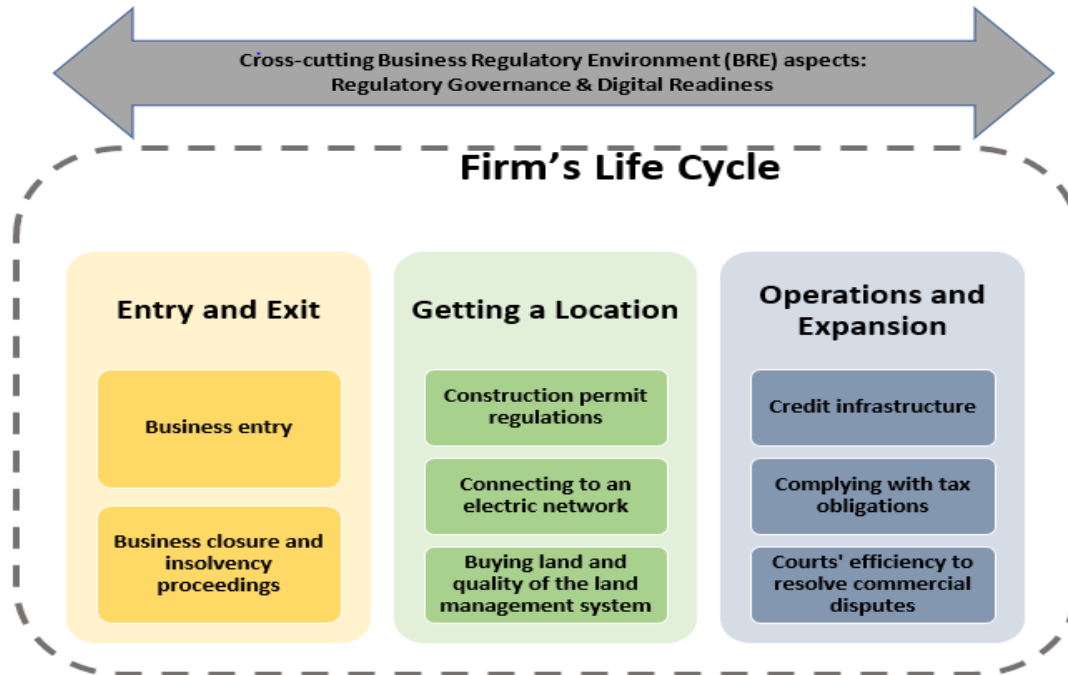
Furthermore, it has been agreed that the next iteration of BE Report shall highlight linkages between report findings and priority initiatives of the Government of Serbia in area of business environment reforms for next period.

Report structure and methodology

Section II of the report focuses on cross-cutting elements that affect the business environment, such as regulatory governance and digital readiness. It is followed by analysis throughout a firm’s life cycle (section III): (a) Entry and Exit, (b) Getting a Location, and (c) Operations and Expansion (Section III). Section IV presents a summary table of opportunities for improvement identified in *EU4BE Semi-annual analytical report on existing business environment reforms, priorities and gaps* from June 2023, and reform progress in period July 2023 – June 2024. Last, the annex includes information related to datasets.

¹ Additional two initiatives are currently in preparation: a) Support preparation of Action plan 24/25 for Artificial Intelligence Development Strategy, and b) Enterprise Survey on the Impact of E-paper 2019 – 2023.

Overview of the structure of the report



The report relies on more than 20 existing business environment-related data sources. These datasets refer to international benchmarks that measure various aspects of the investment climate across the world, such as the World Bank's Worldwide Governance Indicators, Legatum Institute's Prosperity Index, WJP's Rule of Law Index, and Transparency International's CPI, among others. Likewise, statistics from the Statistical Office of the Republic of Serbia and different public agencies (for example, Serbian Business Registers Agency) are used. Additionally, reports from the European Commission, the National Alliance for Local Economic Development (for example, The Grey Book or Quarterly Reports), and Foreign Investors Council (White Book) were consulted.

Another source of information for this report are the three analyses produced in 2023 and early 2024 with support of EU4BE to provide deeper insights into the local economic landscape. Annual 1,000 Enterprise Survey², conducted as part of public-private dialogue, assessed perceptions of 1047 Serbian companies of the business environment, regulatory frameworks, access to finance, the digital economy, and the constraints, opportunities, and expectations within the Serbian business ecosystem. This survey ensured comparability with previous USAID-funded business surveys spanning the years 2011 to 2021. The analysis of e-commerce in Serbia with identification of barriers and potentials for further development, was produced at the request of the Ministry of Internal and Foreign Trade, as a part of the

² Survey of 1000 companies and entrepreneurs in Serbia 2022-2023, conducted as part of the EU4BE project, 2024. See: https://rsip.gov.rs/wpcontent/uploads/1000_Enterprise_Survey_for_years_2022-23_FNL.pdf

preparation of the Program with action plan of e-commerce of Serbia³. The third study analyzed the regulatory culture in Serbia and its consequent effects on small and medium-sized enterprises (SMEs).⁴ It included four case studies on the priority topics identified by SMEs and public institutions, with recommendations for upgrading business regulatory culture and more conducive business environment.

For report elaboration, meetings were organized with several ministries and state administration bodies⁵ to better understand the reform processes, including implemented, ongoing, or planned initiatives. In addition, questions were sent to a number of institutions⁶ via e-mail, to collect additional information.

It is expected that the first edition of the new World Bank Business Ready (B-READY) project will be launched in September 2024, including 50 economies.⁷ It is expected that Serbia will be included in the second report due in September 2025. This will provide data on the business areas also covered in this report and will allow to track reforms through time. Next iterations of the BE Report should consider aligning with the structure and business areas of the B-READY report in as much as possible.

Summary of findings

Serbia's regulatory governance environment has made strides but faces significant challenges, including regulatory unpredictability, issues with implementation, limited stakeholder participation during the elaboration process of draft regulations (for example, laws, bylaws, and tertiary regulations), and inadequate monitoring for its enforcement. Despite the introduction of the electronic consultation (e-Consultation) portal, utilization remains low, and a lack of quality control for public consultations persists. While initiatives to improve the consultation process and enhance the Regulatory Impact Assessment framework are under way, the overall regulatory environment scored 55 out of 100 on the Regulatory Index of Serbia for 2023/2024, indicating substantial room for improvement.⁸ Serbia's estimated administrative burden (cost) is still high at 2,91 of GDP.⁹ Corruption remains a pervasive issue, as evidenced by Serbia's declining rankings on the Corruption Perceptions Index (CPI) and the Rule of Law Index of the World Justice Project (WJP), underscoring the need for stronger political will and effective anti-corruption mechanisms.

³ Analysis of e-commerce in Republic of Serbia and identification of barriers for development: desk top analysis and primary research of business entities in e-commerce, EU4BE, 2024.

⁴ Study "Regulatory Culture in Serbia", with case studies and proposed measures, prepared by CEVES with support of EU4BE, Apr 2024.

⁵ The Intellectual Property Office; Serbian Business Registers Agency; Ministry of Public Administration and Local Self-Government; Ministry of Economy, Public Policy Secretariat; and the Commissioner for information of public importance and personal data protection.

⁶ Office for Information Technologies and e-Government, the Ministry of Information and Telecommunications, and the National Bank of Serbia.

⁷ The B-Ready Report will replace the discontinued Doing Business Report. The B-Ready Methodology is available here: <https://www.worldbank.org/en/businessready>

⁸ NALED (National Alliance for Local Economic Development). 2024. "Regulatory Index of Serbia 2023/2024." Belgrade: NALED.

⁹ Calculations done by the PPS, see: <https://rsjp.gov.rs/wp-content/uploads/scm-prez-isprav-2022.pptx>. Results for 2023 will be available in autumn 2024.

Serbia made good progress with expanding its digital services and infrastructure, but there are areas for further improvement. Advancements in e-Government include enabling electronic registration of businesses and e-Payment for a portion of services, a range of electronic services for taxpayers, etc. The Serbian Business Registers Agency (SBRA) is enhancing its services with the goal of achieving full digitization by 2025. A centralized e-Uprava Portal, a one-stop shop for e-Government services and a central point of access for businesses and citizens, now allows the completion of 186 services of state administration bodies. The Register of Administrative Procedures (RAP), which comprises 2,343 procedures for businesses, 734 procedures for citizens, and 2,519 administrative requirements, was declared one of the three best innovations in public administration in Europe and was awarded the European Public Sector Award by the European Institute for Public Administration (EIPA) in March 2024. Serbia has also made strides in bridging the digital divide through improved broadband connectivity and digital literacy initiatives. Overall, the government’s strategic programs in education, start-up ecosystem development, regulatory frameworks, and public dialogue have positioned Serbia as a medium-high performer in digital readiness, based on different international benchmarks (see Table II.2.1). However, challenges remain in areas like data exchange and service interoperability, highlighting the need for continued investment and policy refinement to achieve further digital transformation.

Despite recent efforts to reduce regulatory and administrative burdens, challenges remain, particularly for small and medium enterprises (SMEs). These challenges include high parafiscal charges, cumbersome tax procedures, and low utilization of electronic services. Securing a business location in Serbia involves navigating complex regulations for construction permits, electricity access, and land acquisition. Despite reforms aimed at streamlining these processes and improving property rights, difficulties persist. These include sub-national inconsistencies in permit issuance, incomplete urban planning documentation, and inefficiencies in property registration and the legalization of buildings

A comprehensive list of identified areas for improvement and progress across those areas in period from June 2023 to June 2024 is included in the Summary Table (section IV), disaggregated by sub-topic/business area. A sample of improvements and challenges – selected as representatives of sub-categories within each topic - is outlined below:

Topic	Major progress	Challenges
Regulatory governance and predictability in implementing laws and regulations	<ul style="list-style-type: none"> • Comprehensive reform of the e-Consultation platform is under way, which will help to eliminate the perceived shortcomings and enable local self-government units to use this platform. • According to the Regulatory Index of Serbia, there has been significant improvement in the areas related to the openness of institutions during the implementation of the law as well as ex ante regulatory impact analysis (quality of the prepared regulation). 	<ul style="list-style-type: none"> • A large number of adopted laws and secondary regulations still do not follow the consultation process in accordance with the law. • The current regulations do not specify the institution in charge of the quality control of public consultations, including of the e-Consultations platform. • The “once-only” principle - which allows to submit only for one time a document or requirement - is not applied across all administrative procedures.

Topic	Major progress	Challenges
Digital Readiness	<ul style="list-style-type: none"> Progress has been made in the development of digital services and an adequate policy framework has been established for the digitization of public services and government operations. The electronic archive (e-Archive) portal is being used on a larger scale and its full implementation is expected by the end of 2024. The conditions for doing electronic commerce (e-commerce) in Serbia are satisfactory, according to the analysis supported by EU4BE¹⁰. 	<ul style="list-style-type: none"> Problems related to limited data sharing in existing registries and lack of interoperability of platforms are still present. Trainings for citizens and private sector on utilization of e-Government services are not systematically organized across the country in accordance with some plan and program.
Firm's Life Cycle: Entry and Exit	<ul style="list-style-type: none"> An electronic service for the registration of companies, entrepreneurs, and other business entities has been established, which enables the submission of applications through a special electronic service. Possibility of electronic payment for administrative procedures is in progress. There is the possibility of electronic payment for all administrative procedures found on the e-Dozvola Portal and e-Plati platform. 	<ul style="list-style-type: none"> Utilization of electronic systems of the Serbian Business Registers Agency (SBRA) is low and the vast majority of requests still come in paper form, especially for those requests for which the mandatory electronic form has not been introduced.
Firm's Life Cycle: Getting a Location	<ul style="list-style-type: none"> The latest amendments to the Law on Planning and Construction, which entered into force on August 4, 2023, improved the normative framework that will lead to faster decision-making on requests for the issuance of documents in the construction of buildings, as well as improvements in the spatial planning. 	<ul style="list-style-type: none"> The lack of standardization in time frames for obtaining construction permits across different municipalities in Serbia remains a significant challenge. Urban planning documentation in Serbia is fragmented and inconsistent due to limited resources, lack of coordination, and decentralized planning.

¹⁰At the request of the Ministry of Internal and Foreign trade, EU4BE has conducted the analysis of e-commerce in Republic of Serbia and barriers for development - desk top analysis and primary research of business entities in e-commerce, in January 2024, as a part of the preparation of the Program with Action plan of Ecommerce of Serbia, finalized in Jun 2024, also supported by EU4BE.

Topic	Major progress	Challenges
<p>Firm's Life Cycle: Operations and Expansion</p>	<ul style="list-style-type: none"> • In accordance with the Law on Financial Collateral, the National Bank of Serbia has improved the legal framework that regulates monetary operations and approves loans to banks, within its jurisdiction, by applying the provisions on financial security and amending the relevant sub-legal acts. Additionally, the Law on Financial Collateral provide broader legal certainty and efficiency relating to the performance of obligations in the financial market in transactions between other financial institutions, public authorities, EU institutions etc.– that is harmonized with relevant Directive 2002/47/EC on financial collateral arrangements. 	<ul style="list-style-type: none"> • The persistence of high and non-transparent parafiscal levies negatively impacts entrepreneurial activity and undermines predictability and stability. • The process of settling commercial disputes and backlog cases in basic courts is relatively long and expensive, and there is weak utilization of arbitration procedures.

II. Cross-cutting Business Regulation Environment Aspects

II.1 Regulatory governance and predictability in implementing laws and regulations

1. **To encourage private investment, regulatory consistency and legal certainty are essential.** Industry groups and the European Union (EU) have expressed apprehensions over the capricious and excessive frequency of regulatory changes in Serbia, which perpetuates ambiguity for both domestic and foreign investors. A solid regulatory governance policy is a useful tool for giving the private sector certainty when it comes to the application of laws and secondary regulations. To do this, for instance, regulatory reform instruments such as ex ante impact assessments of regulations, public consultations, administrative procedure inventories, transparency, and anti-corruption measures are put into practice.

Regulatory reform tools

2. **Serbia's regulatory governance environment exhibits both advancements and difficulties.** A number of persistent issues still exist, including lack of predictability, openness, promptness in law enforcement, stakeholder participation, and monitoring of the effects of rules. There is regulatory uncertainty for both individuals and enterprises in Serbia due to challenges the country's regulatory environment faces in bringing sector-based laws in line with general administrative processes. To promote a more competitive, transparent, and effective regulatory environment, it is imperative that these difficulties are addressed.

3. **The overall level of the consultation process in Serbia improved after the launch of the e-Consultation Portal in mid-December 2021.**¹¹ Yet, there were no major improvements between June 2023 and May 2024. Although there is a legal obligation to organize public consultations through the e-Consultation Portal for all regulations and public policy documents (PPDs), the utilization of the portal remains notably low despite it being a comprehensive online tool and its capabilities to facilitate high-quality consultation processes.

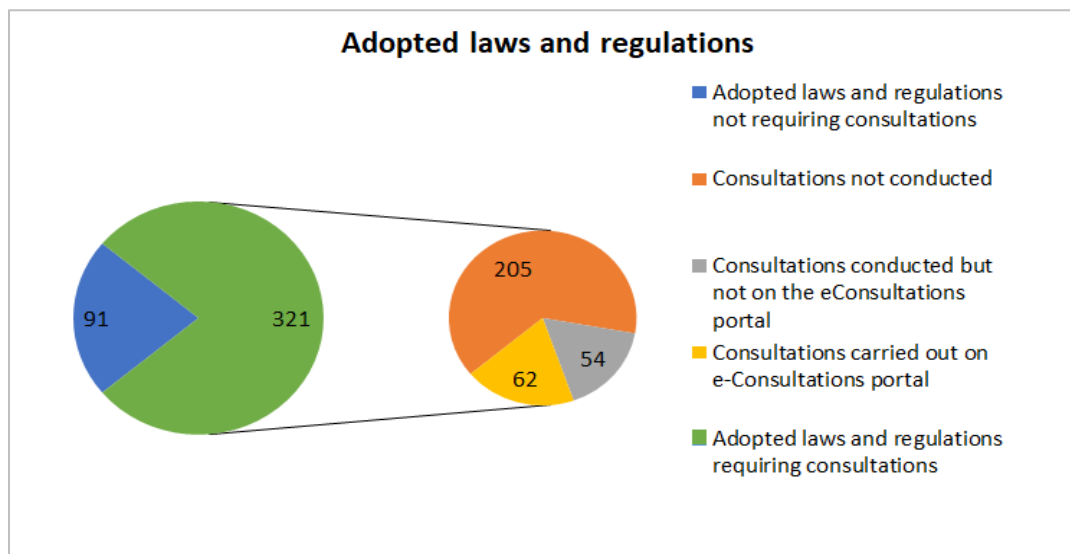
4. **Even though the number of institutions organizing public consultations has increased, the overall performance is still far from satisfactory.** This observation is concerning, particularly when considering the extensive need for consultations in 2023, with 321 out of 412 adopted laws and regulations requiring them.¹² In line with the Law on the Planning System, consultations were conducted for only 116 laws and regulations. Particularly alarming is that out of these 116, consultations for only 62 regulations were carried out on the e-Consultation Portal. Consultations were carried out for all 23 PPDs adopted in 2023, as reported by the Public Policy Secretariat (PPS). However, only 24 percent of these consultations were conducted through the portal. Additionally, many institutions get comments and questions from stakeholders directly via their websites or emails, as these institutions publish their email address so stakeholders can directly write to them (Figure II.1.1).¹³

¹¹ e-Consultation Portal; see: <https://ekonsultacije.gov.rs/>.

¹² According to the Law on the Planning System, some laws and bylaws are not subject to public consultations.

¹³ Based on interview with PPS, March 21, 2024.

Figure II.1.1. Statistics of the consultative process during the adoption of regulations



Source: PPS statistic database.

5. **In addition, there is still the problem of lack of an agency or bureau responsible for quality control of the public consultation process.** Similarly, there is the need to introduce a mechanism that allows for inter-institutional coordination across relevant agencies. It is expected that the PPS will be granted the responsibility soon.¹⁴

6. **The upgraded version of e-Consultation Portal has been launched,** with new or improved features enabling the following:¹⁵

- Precise and clear implementation of all methods of consultations and public discussions
- Public servants enabled to conduct consultations and public hearings for regulations and planning documents
- Accurate reporting on the quality of conducted consultations and public hearings for regulations and PPDs
- New functionalities for local self-government units.¹⁶

7. **Serbia has a well-established Regulatory Impact Assessment (RIA) framework with a supporting RIA toolkit for years.**¹⁷ The PPS oversees the implementation of ex-ante analysis of regulations, mandatory for all laws and regulations which are adopted by the Government¹⁸. In spite of all the efforts of the PPS, including expansion of RIA toolkit, the institutions still have limited capacities for conducting

¹⁴ Based on interview with PPS, March 21, 2024.

¹⁵ Based on update from the PPS, July 4, 2024.

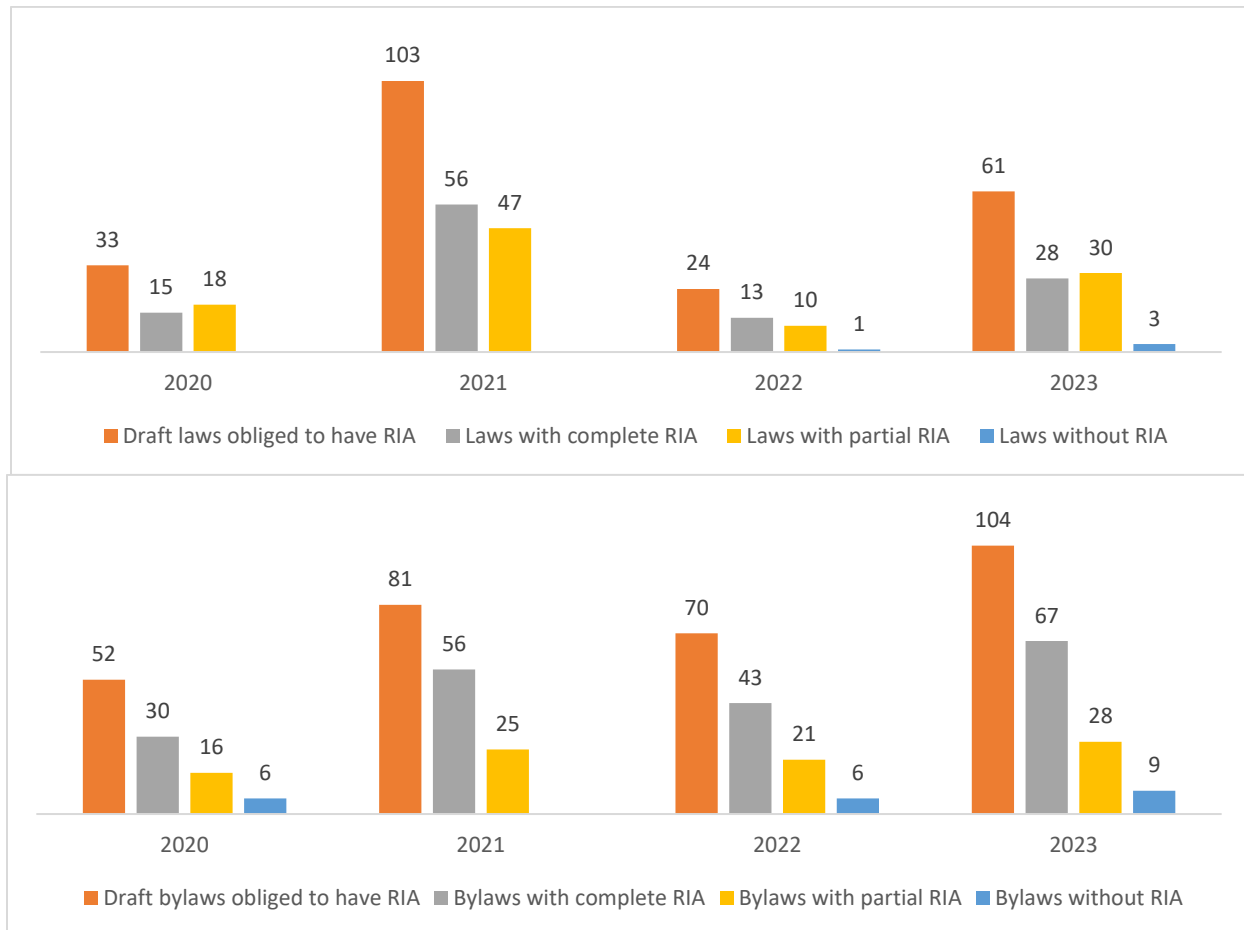
¹⁶ Local self-government units are not obliged to use the portal, but they can do so for regulations and planning documents under their jurisdiction

¹⁷ The toolkit includes various methodologies and tools such as the administrative burden calculator.

¹⁸ There are exemptions to this legal requirement: (1) Law on the Budget of the Republic of Serbia; (2) PPDs and regulations on emergencies (for example, mitigation of catastrophes and natural or other disasters); (3) PPDs and regulations related to national security (for example, defense); and (4) regulations for harmonization with already adopted laws.

RIA, and a significant percentage of draft regulations did not contain a complete RIA analysis, as prescribed by the Law on Planning System (Figure II.1.2).

Figure II.1.2. Statistics of the quality of RIA in adoption of regulations



Source: PPS statistic database.

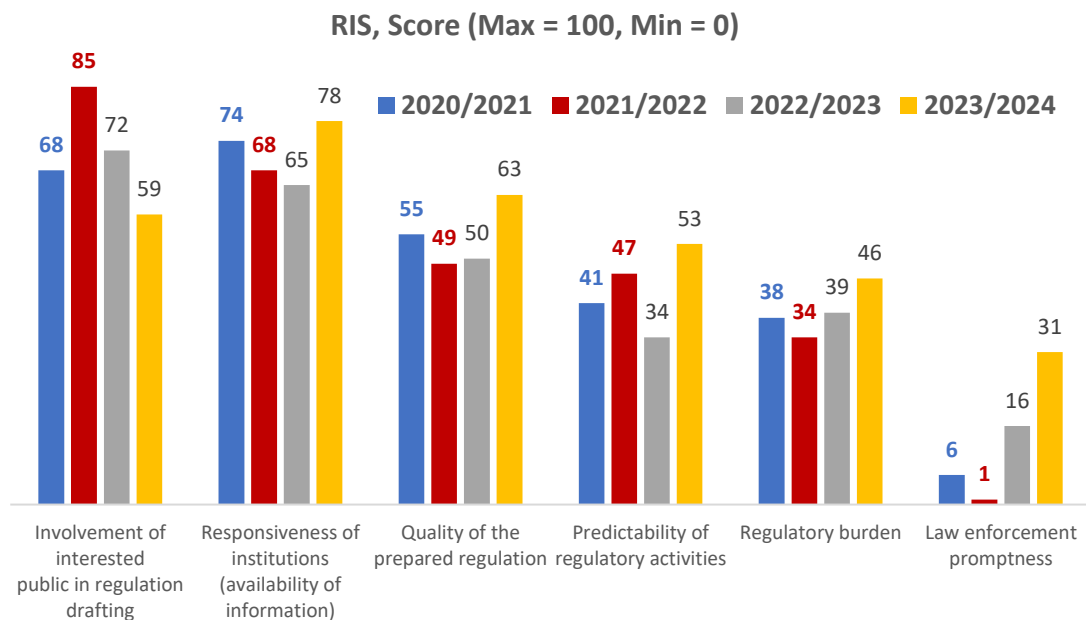
8. **The National Alliance for Local Economic Development (NALED) publishes the Regulatory Index of Serbia (RIS) every year—a comprehensive report that assesses the quality of the regulatory environment in Serbia and aims to provide insights into the manner and quality of enactment and implementation of regulations.** It consists of six components.

- Component 1 - Plan for amendments and enactment of laws (predictability of regulatory activities)
- Component 2 - Ex ante regulatory impact analysis (quality of the prepared regulation)
- Component 3 - Quality of stakeholder involvement (involvement of interested public in regulation drafting)
- Component 4 - The manner of implementation of the law (law enforcement promptness)

- Component 5 - Openness of institutions during the implementation of the law (responsiveness of institutions)
- Component 6 - Monitoring the effects of a law (regulatory burden).

9. **The total value of RIS for 2023/2024 is 55 of the maximum 100 points, up from 46/100 in 2022/2023.** The value of RIS increased as a result of improvements across all components, except for Component 3. However, it indicates that there is still room for improvement. Component 5 and Component 2 had the highest values in 2023/2024, with 78 and 63 points, respectively. Component 4 and Component 6 had the lowest values in the same period, with 31 and 46 points, respectively. Component 1 scored the highest improvement compared to the previous year, although still not enough to be evaluated positively. The economy, public sector, and civil society organizations (CSOs) agree that unnecessary administrative burden is the biggest problem in the regulatory environment of Serbia. This was stated by 70 percent of the surveyed businesses, 87 percent of representatives of CSOs, and 72 percent of representatives of public institutions. In addition, 67 percent of businesses believe that the costs and levies are unnecessary and impose a significant burden through the regulations. Furthermore, 89 percent of the surveyed CSOs identify the unpredictability of passing regulations, the failure to pass, and delay in passing bylaws as the main problems in enacting laws in Serbia. Finally, 64 percent of surveyed civil servants state that businesses are ill-informed about the new regulations—a significant issue that disrupts the quality of the consultative process (Figure II.1.3).¹⁹

Figure II.1.3. Serbia's performance on the RIS (2020–2024)



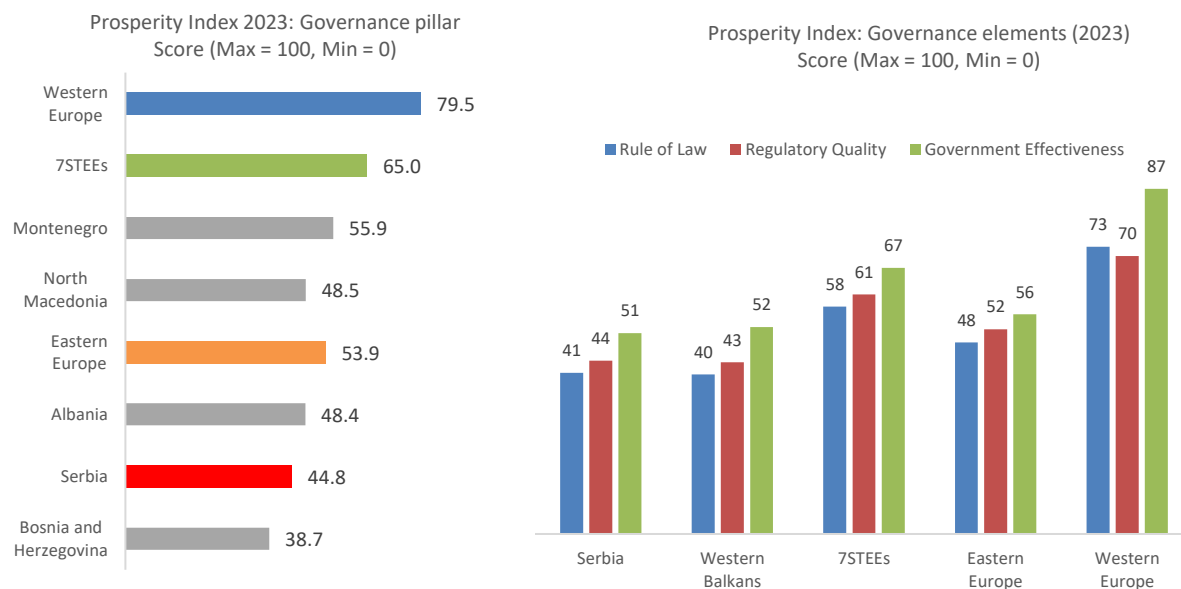
Source: NALED.

¹⁹ NALED (National Alliance for Local Economic Development). 2024. "Regulatory Index of Serbia 2023/2024." Belgrade: NALED. See: <https://naled.rs/htdocs/Files/14958/RIS-izvestaj-2024-web.pdf>.

Regulatory burden

10. **The regulatory burden in Serbia remains high.** The estimated administrative burden (cost) has been reduced from 2.95 percent of GDP in 2021 to 2.91 of GDP in 2022, according to the calculations of the PPS²⁰, but is still high. This burden includes the time invested in implementing procedures, related fees, and charges. Imposing additional administrative costs is a problem in the regulation-making process for 70 percent of businesses, 87 percent of CSOs, and 72 percent of public sector representatives.²¹ In addition, the once-only principle is not applied across all administrative procedures. For instance, SMEs report that public agencies request documents and authorizations that have been previously submitted or granted.²² According to the annual Survey of 1,000 Enterprises²³, conducted as part of the EU4BE Project in April 2023, there is a continuous downward trend in percentage of SMEs that recognize any improvements in regulatory framework within last 12 months. The Prosperity Index includes, in its governance pillar, the rule of law, regulatory quality, and government effectiveness elements.²⁴ Except for Bosnia and Herzegovina, Serbia still underperforms compared to all its neighbors (Figure II.1.4).

Figure II.1.4. Perceptions of governance in Serbia are low across Europe



Source: The Legatum Prosperity Index database.

²⁰ Calculations done by the PPS, see: <https://rsjp.gov.rs/wp-content/uploads/scm-prez-isprav-2022.pptx>. Results for 2023 will be available in autumn 2024.

²¹ NALED (National Alliance for Local Economic Development). 2024. "Regulatory Index of Serbia 2023/2024." Belgrade: NALED. See: <https://naled.rs/htdocs/Files/14958/RIS-izvestaj-2024-web.pdf>.

²² World Bank. 2022. *Validation of the 2nd Bi-annual Report on BE in Serbia and Preliminary Findings/Recommendation*. EU for Better Business Environment (EU4BE).

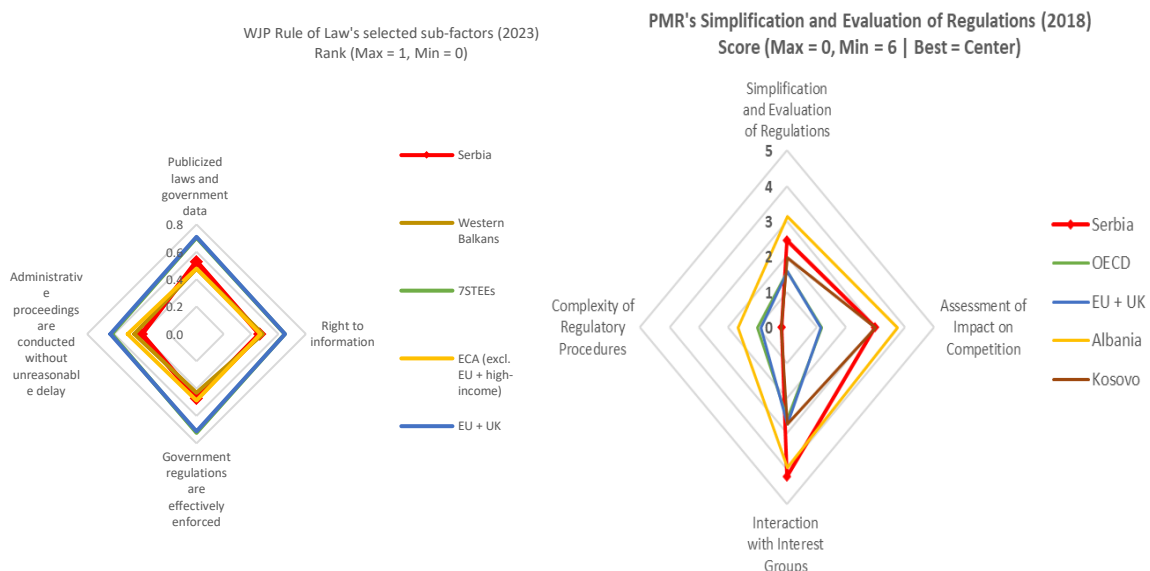
²³ Survey of 1000 companies and entrepreneurs in Serbia 2022-2023, conducted as part of the EU4BE project, 2024. See: https://rsjp.gov.rs/wpcontent/uploads/1000_Enterprise_Survey_for_years_2022-23_FNL.pdf

²⁴ Legatum Institute. 2023. "The Legatum Prosperity Index: A Tool for Transformation 2023." London: The Legatum Institute Foundation.

Note: 7STEEs = Seven small transition economies of Europe: Bulgaria, Croatia, Estonia, Latvia, Lithuania, the Slovak Republic, and Slovenia

11. **Challenges in government efficiency, transparency, and the simplification and evaluation of regulations persist in Serbia according to the Rule of Law Index of the World Justice Project (WJP).** The latest ranking for Serbia for 2023 in the WJP Rule of Law Index is 93 out of 142 countries worldwide. Within the Eastern Europe and Central Asia region, Serbia is ranked 11 out of 15 countries. This ranking reflects a decline in Serbia's position compared to the previous year, where it was ranked 83. Serbia received a score of 0.48 out of 1 in the Rule of Law Index. Notably, Serbia's best performance was in the category of 'order and security', where it ranked 57, while its worst scores were in the categories of 'constraints on government powers', 'criminal justice', and 'absence of corruption' (Figure II.1.5).²⁵

Figure II.1.5. Challenges on government performance and transparency



Source: WJP (left) and Organization for Economic Co-operation and Development (OECD) (right).

Note: ECA = Europe and Central Asia.

Corruption

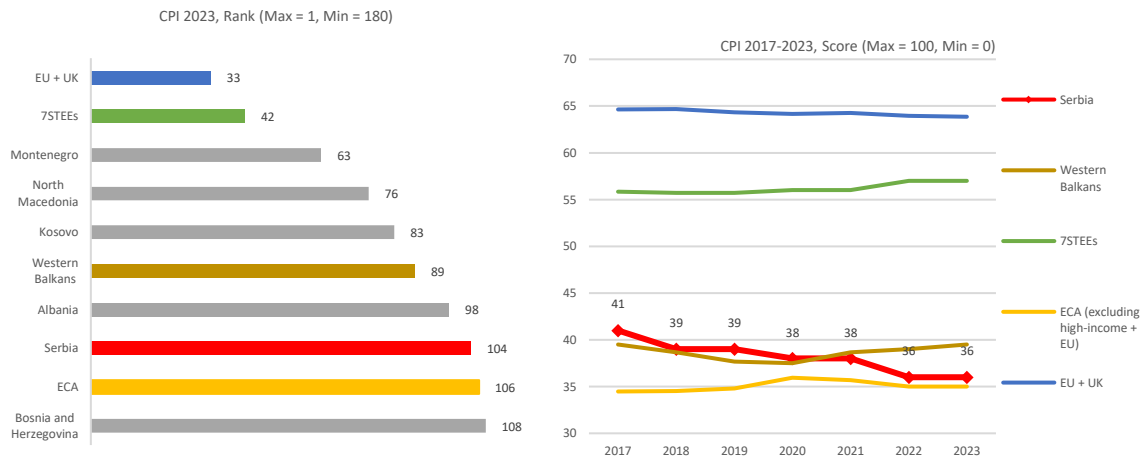
12. **Serbia continues to face significant challenges in addressing corruption in its public sector, as evidenced by its declining ranking and score on the Corruption Perceptions Index (CPI) in recent years.** Serbia's score on the CPI²⁶ in 2023 was 36 out of 100 points, the same as in 2022, but lower than in 2021 (38 points). Serbia's ranking dropped for the seventh consecutive year, from 101 in 2022 to 104 out of 180 countries in 2023. This is Serbia's lowest ranking in the last 12 years since the current CPI methodology has been applied. Serbia's score is 7 points below the global average of 43 and 28 points below the EU average of 64 points. Among neighboring economies, only Bosnia and Herzegovina (ranked 105) scored lower than Serbia, while countries like Albania, North Macedonia, Montenegro, and Croatia all ranked higher. The deterioration in Serbia's CPI ranking reflects persistent challenges in addressing corruption in

²⁵ WJP: Rule of Law Index for Serbia, 2023. https://worldjusticeproject.org/sites/default/files/documents/Serbia_1.pdf.

²⁶ Transparency International, Corruption Perceptions Index, 2023.

the public sector and a failure to implement effective anti-corruption mechanisms²⁷. In 2022, 15 percent of public service users paid a bribe (Figure II.1.6). These findings are further corroborated by the results of the Survey of 1,000 Enterprises from April 2023. Many more companies perceive corruption as significant obstacles to competitiveness of Serbian economy, then they did in the previous survey (60 percent in 2023 compared to 50 percent in 2021)²⁸.

Figure II.1.6 CPI during the last five years (2017–2023)



Source: Transparency International.

Note: ECA region excludes high-income and EU members.

13. **Ineffective rules may limit a company's ability to conduct business and present chances for bribery.** Bribes increase the bureaucratic costs associated with receiving governmental services and can pose a significant barrier to the expansion and development of businesses.²⁹ The Government of Serbia (GoS) changed its legal system in accordance with EU decisions, and the Agency for the Prevention of Corruption, a special anti-corruption organization, was founded. The agency's annual report for 2023 stated that 308 measures were imposed, and 264 requests were submitted for the initiation of misdemeanor proceedings for violations of the Law on Prevention of Corruption and the Law on Financing of Political Activities. Additionally, an amount of RSD 10.2 million was levied for the violations of these laws. Furthermore, 11 criminal charges/reports were filed for violations of the Law on Prevention of Corruption and/or the Criminal Code. Moreover, 34,550 participants successfully completed the online training on ethics and integrity.³⁰

14. **All things considered, corruption is pervasive in many places and continues to be a problem. There must be a strong political will to effectively combat corruption, and high-level corruption requires a strong criminal justice reaction.** While the number of new indictments decreased, there was a minor

²⁷ Transparency International, Corruption Perceptions Index, 2023.

²⁸ Survey of 1000 companies and entrepreneurs in Serbia 2022-2023, conducted as part of the EU4BE project, 2024. See: https://rsjp.gov.rs/wpcontent/uploads/1000_Enterprise_Survey_for_years_2022-23_FNL.pdf

²⁹ Sequeira, Sandra. 2016. "Corruption, Trade Costs, and Gains from Tariff Liberalization: Evidence from Southern Africa." *American Economic Review* 106 (10): 3029–63.

³⁰ Agency for Prevention of Corruption, Annual Report 2023.

increase in the number of new investigations and final convictions in high-level corruption cases. There were no instances of ultimate asset confiscation, which calls for a prior history.³¹ Corruption investigations and arrests usually target low or mid-level public officials, and trials are usually characterized by lengthy appeal processes, despite the slight increase in the number of final convictions for high-level corruption cases compared with 2021.³²

15. **The Whistleblower Protection Law was the basis for 69 new cases that Serbian courts heard in 2022, while there were 99 cases in 2021.** A total of 71 whistleblower protection cases were settled (106 cases in 2021). Even after three years, 39 cases were still pending at the end of 2022 despite the urgency of these matters. According to the law, several whistleblower allegations have still not been examined. Serbia needs to look into claims of high-level corruption and protect whistleblowers more closely, to build trust in the institutions.³³

16. **The new version of anti-corruption strategy and action plan that replace the 2013–2018 National Strategy for Fighting Corruption has been drafted and publicized on the e-Consultation Portal.**³⁴ The GoS has formed a working group (with over 40 members) to prepare the National Strategy for Fighting Corruption for the period 2023–2028 and the Action Plan.³⁵ In addition, the following specific goals were defined:

- (a) Improving the normative framework for more efficient prevention and suppression of corruption
- (b) Strengthening the institutional framework for preventing and fighting corruption to more effectively prevent and suppress corruption
- (c) Improving transparency
- (d) Strengthening integrity
- (e) Raising awareness about corruption.

³¹ European Commission. 2013. *Progress Report for Serbia 2023*.

³² U.S. Department of State. 2022. "2022 Investment Climate Statements: Serbia." U.S. Embassy in Serbia.

<https://www.state.gov/reports/2022-investment-climate-statements/serbia/>.

European Commission. 2023. *Progress Report for Serbia 2023*.

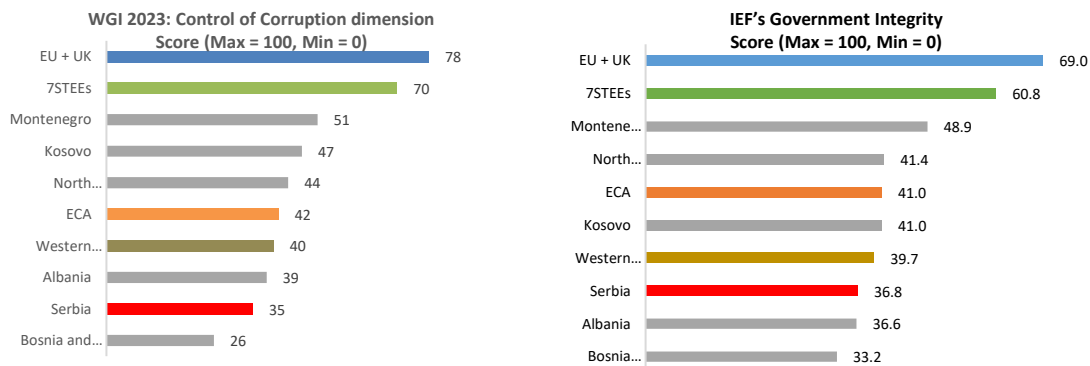
³³ European Commission, Progress Report for Serbia, 2023. Although the Whistleblower Protection Law protects individuals who report corruption in companies and government agencies, whistleblowers have indicated that they have not received adequate protection in high-profile cases against state owned enterprises.

³⁴ Draft Anti-Corruption Strategy is available on the e-Consultation Portal. See:

<https://ekonsultacije.gov.rs/topicOfDiscussionPage/168/1>.

³⁵ The Action Plan envisages the following as a general goal: "Constant commitment of public authorities and political subjects to the suppression of corruption and efficient and consistent application and continuous improvement of anti-corruption rules, timely detection and adequate punishment of corrupt behavior and strengthening of awareness of the causes, state and harmfulness of corruption."

Figure II.1.7. Control of corruption and government integrity across Europe



Source: WB (left) and the Heritage Foundation (right).

Note: IEF = Index of Economic Freedom; WGI = Worldwide Governance Indicator.

ECA region excludes OECD high-income countries.

17. **The above could partially explain why Serbia lags most of its regional peers on control of corruption and government integrity.** For example, Serbia only outperforms Albania and Bosnia and Herzegovina on the WGI related to corruption, but its score is less than one-half the average score obtained by the EU + UK and 7STEEs regions (Figure II.1.7, left).³⁶ Similar results are observed in the Government Integrity indicator from the IEF (Figure II.1.7, right).³⁷

II.2 Digital Readiness

18. **Serbia has made significant strides in expanding its digital services and infrastructure, recognizing the importance of digital literacy and accessibility for comprehensive digital inclusion.** The country focused on improving broadband connectivity and implementing digital services as part of its strategy to bridge the digital divide.³⁸ The government aims to create a strong, globally competitive digital economy in Serbia by investing in strategic programs in formal and informal education, startup ecosystem development, legal and regulatory frameworks, digital infrastructure, and public dialogue on digital transformation. Different international benchmarks indicate that, in general, Serbia has medium-high levels of digital readiness (Table II.2.1).

Table II.2.1. Serbia's performance in international benchmarks related to ICT adoption and digital practices

Source	Index or Indicator	Latest rank	Previous rank
United Nations	E-Government Survey	11/198 (2023)	40/193 (2022)
World Bank Group	GovTech Maturity Index	11/198 (2023)	11/198 (2022)

³⁶ WGI database.

³⁷ The Heritage Foundation, Index of Economic Freedom. Washington, D.C.: The Heritage Foundation, 2023.

³⁸ These goals are reflected in the government priorities listed in the Action Plan for the Implementation of the Government Priorities 2023–2026.

Source	Index or Indicator	Latest rank	Previous rank
Portulans Institute	Network Readiness Index	55/134 (2023)	58/130 (2021)
World International Property Organization	Global Innovation Index	54/132 (2021)	53/132 (2022)
European Commission	eGovernment Benchmark	30/35 (2023)	31/35 (2022)

Source: Elaboration for this report, based on different sources.

Note: ICT = Information and communication technology.

Electronic government maturity

19. **Serbia has made good progress on digital transformation across the economy.** Digitization remains a key priority for the government. The action plan under the 2023–2025 e-Government development program was adopted in April 2023, with the objective to improve the quality of public services by ensuring interoperability, efficient coordination, project management, and legal certainty over e-Government use and to foster the use of open data.³⁹ The GoS has run the Government technology (GovTech) program to nurture the demand and supply for public sector innovation by connecting public sector challenges to private sector solutions. This program is particularly noted for its organic approach to innovation, involving phases like training, challenge submission, and solution development, and it actively bridges the gap between the creation of innovation solutions and practical implementation within public services by tapping into private sector innovations to solve public challenges. This created significant advancements, with numerous challenges submitted by public entities being addressed through innovative solutions proposed by start-ups and academic institutes. The program has shown remarkable progress in fostering a conducive environment for digital transformation within the public sector.⁴⁰ The GoS will invest about EUR 70 million in the field of artificial intelligence by 2027 and aims to have a supercomputer by the end of the following year.⁴¹

20. **Additionally, after the analysis of the Strategy for the Development of Artificial Intelligence (AI) in the Republic of Serbia for 2020 to 2025, the GoS determined that there have been significant developments in this area and that it is necessary to create a new planning document that will keep pace with the level of development in AI, which will enable further positioning of Serbia as a leader in AI in the region.**⁴² To prepare the text of the Draft Strategy for the Development of Artificial Intelligence in the Republic of Serbia for 2024–2030, a working group was formed in December 2023 by the decision of the Minister of Science, Technological Development and Innovation.⁴³ The EU4BE Project is currently supporting the development of the action plan 2024 - 2026 for the new Strategy for the Development of Artificial Intelligence in the Republic of Serbia for 2024–2030.

³⁹ European Commission. 2023. *Progress Report for Serbia 2023*.

⁴⁰ GovInsider, #DigiGovSpotlight Serbia's Inaugural Govtech Programme Plays Matchmaker for Digital Government, 2024, See: <https://govinsider.asia/intl-en/article/digigovspotlight-serbias-inaugural-govtech-programme-plays-matchmaker-for-digital-government>.

⁴¹ GoS, Skok u budućnost - Srbija EXPO 2027, January 2024.

⁴² e-Consultation Portal. See: <https://ekonsultacije.gov.rs/topicOfDiscussionPage/287/1>.

⁴³ The working group consists of more than 40 members, representatives of the GoS, and relevant bodies and organizations, as well as representatives of the scientific and innovation community as well as the economy.

21. **The GoS has a well-developed policy framework for the digitization of public services and governmental operations.** Through the Public Administration Reform Strategy (PARS) and the e-Government Programme, it has streamlined the different governmental functions, digitization processes, and electronic services (e-Services).⁴⁴ The institutional framework is also well-established. The Office of Information Technology and e-Government (OITeG), with the support from the Ministry of Public Administration and Local Self-Government (MPALSG) and the PPS, is leading the implementation of e-Government reforms.

22. **Through the e-Paper Programme, in period from 2019 to 2023, 451 procedures have been optimized or abolished and 99 were digitalized.**⁴⁵ With various efforts, the administrative burden (cost) has been reduced from 3.26 percent of GDP in 2016 to 2.95 percent of GDP in 2021 to 2,91 of GDP in 2022, with the goal of reducing it to 2.75 percent of GDP in 2025.⁴⁶ The EU4BE will support the PPS with the “Enterprise Survey on the Impact of the e-PAPER 2019-2023 program”. This analysis will determine the impact of program implementation on the corporate sector, as a result of general savings in time and money after optimization of procedures. It will serve the PPS for the purpose of reporting on effects of implemented measures and activities and for planning future activities in regulatory simplification.

23. **The GoS launched a centralized e-Uprava Portal⁴⁷, a one-stop shop for e-Government services and a central point of access for businesses and citizens, that allows the completion of 186 services of state administration bodies (SABs)—67 Government-to-Citizen (G2C), 117 Government-to-Business (G2B), and 6 Government-to-Government (G2G).**⁴⁸ However, not all the services are available nation-wide. Some of them, such as application for earnings allowance during maternity leave and raising objections to the draft planning document during public inspection are available only in 34 local self-government units (LSGs).⁴⁹ The e-Uprava Portal has continuously been upgraded with new services. For example, the construction permit was digitized through the Unified Procedure and electronic signature (e-Signature).⁵⁰

24. **The GoS launched the Register of Administrative Procedures Portal (RAP) in 2021, a single window for all information on all procedures conducted by public administration bodies.**⁵¹ The RAP

⁴⁴ World Bank. 2020. *Serbia Systematic Country Diagnostic: Update*. Washington DC: World Bank Group.

⁴⁵ Information provided by Public Policy Secretariat of the Republic of Serbia, see: <https://rsjp.gov.rs/cir/vesti-cir/%d1%80%d0%b5%d0%b7%d1%83%d0%bb%d1%82%d0%b0%d1%82%d0%b8-%d1%80%d0%b5%d1%84%d0%be%d1%80%d0%bc%d0%b5-%d0%b5%d0%bf%d0%b0%d0%bf%d0%b8%d1%80-%d1%83-2023-%d0%b3%d0%be%d0%b4%d0%b8%d0%bd%d0%b8/>

⁴⁶ Calculations done by the PPS, see: <https://rsjp.gov.rs/wp-content/uploads/scm-prez-isprav-2022.pptx>. Results for 2023 will be available in autumn 2024.

⁴⁷ In accordance with the Law on Digital Assets (RS Official Gazette, No 153/2020) and the relevant bylaws, a legal or natural person initiating an administrative procedure in accordance with the provisions of this Law (e.g. filing an application for approval for publishing a white paper, an application for license to provide digital asset services etc.) shall file the relevant application through the e Uprava portal - a special web portal operated by the Republic of Serbia Government service for the design, harmonization, development and functioning of the electronic administration system, and shall support the application with the complete documentation required by this Law and the regulations based on this Law, in order to prove the fulfilment of stipulated conditions.

⁴⁸ e-Uprava Portal. See: <https://euprava.gov.rs>.

⁴⁹ Information provided by the Office for Information Technologies and e-Government.

⁵⁰ Unified Procedure portal. See: <https://www.apr.gov.rs/registri/gradjevinske-dozvole.2383.html>.

e-Signature. See: <https://euprava.gov.rs/elektronsko-potpisanje>.

⁵¹ RAP Portal. See: <https://rap.euprava.gov.rs>.

comprises 2,343 procedures for businesses, 734 procedures for citizens,⁵² and 2,519 administrative requirements⁵³ for businesses from more than 120 institutions and the national and provincial levels.⁵⁴ The RAP Portal was declared one of the three best innovations in public administration in Europe and was awarded the European Public Sector Award by the European Institute for Public Administration (EIPA) in March 2024.

25. **By the end of 2023, 160 SABs used the e-Archive as a software solution, with full implementation expected in 2024.**⁵⁵ The e-Archive aims to finalize the introduction of electronic office administration into the government and improve its efficiency, as well as the submission of documents to the Unified Electronic mailbox. Currently, the software solution is in pre-production status. The application was installed on infrastructure of the Office for Information Technologies and e-Government. Access is enabled only to the public archives in Serbia because they have the responsibility to protect access to special information. All public archives have delegated their administrators and archivists.⁵⁶ As the new regulations for archiving and in particular on e-archiving, in force as of January 2024, were recognized by the businesses, and SMEs in particular, as unclear and burdensome, the EU4BE Project prepared in June 2023 an analysis on regulatory framework on archiving, including e-archiving with 'Recommendations for the improvement of e-Archiving for companies in Serbia'. It also provided in December 2023 an opinion on the amendments to the regulation on uniform technical and technological requirements and procedures for the preservation, and protection of archival material and documentary material in electronic form. As well, EU4BE conducted an additional study: Regulatory Culture in Serbia⁵⁷ with 4 case studies, on priority topics that were identified by SMEs as the biggest challenges in everyday doing business. Among others, one case study was on obligations imposed by the Law on Archival Material, with the impact assessment and proposed measures in particular with regard to the administrative burden to SMEs that the regulatory framework is imposing on SMEs. This study was presented and discussed with relevant public administration sectors in Apr 2024.

26. **Possibility of electronic payment for administrative procedures is in progress.** There is the possibility of electronic payment for all administrative procedures found on the e-Dozvola Portal.⁵⁸ All public administrative services can be paid electronically using the e-Plati platform, but only the Ministry of Interior offers over sixty procedures, and the Tax Administration offers one procedure for electronic fee payment.⁵⁹ In addition, during 2021, the Ministry of Justice enabled the payment of court fees through

⁵² Administrative procedure (hereinafter: procedure) in the sense of this law, is an administrative and other procedure carried out by state bodies and organizations, bodies and organizations of autonomous provinces, and bodies and organizations of LSGs, institutions, public enterprises, special bodies through which regulatory function, and legal and natural persons who are entrusted with public powers (hereinafter referred to as authorities) and are initiated at the request of business entities and citizens to exercise a certain right or fulfill a prescribed obligation.

⁵³ Administrative requirements are the conditions that business entities and other service providers must meet in accordance with the legal system of the Republic of Serbia to conduct their business operations.

⁵⁴ PPS, internal statistical record, 2023.

⁵⁵ Action Plan for the Implementation of the Government Program Final Report, April 2023.

⁵⁶ The State Archives of Serbia is in constant communication with all public archives; training of employees in public archives is under way. Detailed instructions are provided and can be accessed from within the application itself. There are also videos as a tutorial for all the transactions that exist in the app. Subsequent activities will be focused on working with users outside public archives - creators and owners of archival material and documentary material.

⁵⁷ Study "Regulatory Culture in Serbia", with case studies and proposed measures, prepared by CEVES with support of EU4BE, Apr 2024.

⁵⁸ e-Dozvola Portal. See: <https://edozvola.euprava.gov.rs/#/>.

⁵⁹ e-Payment portal. See: <https://plati.euprava.gov.rs/#/>.

the e-Payment portal, so that the court automatically receives information about the fees paid and it is not necessary to submit proof of payment.

27. **Furthermore, the National Bank of Serbia has introduced the Instant Payments System (IPS NBS), enabling citizens and businesses to make payments 24/7/365 in just a few seconds.** Thanks to this system and the collaboration with the RS Government within the implementation of the e-Plati platform, all payments to state (budget) accounts can now be executed as instant payments by scanning the NBS IPS QR code on the electronic payment slips. This method is fast, simple, and completely eliminates the need for paper proof of payments as the public authority receives real-time information confirming the payment and expedites the reconciliation process.

28. **The e-Porezi portal in Serbia, a digital platform provided by the Tax Administration of the Republic of Serbia, offers a range of electronic services to taxpayers.** The portal allows users to submit electronically signed tax returns, track the status of submitted returns, view account balances, and manage authorizations for electronic services.⁶⁰ Additionally, the Tax Authority in Serbia has published a user manual for registering value added tax (VAT) refunds online within the e-Porezi application. A new section has been established on the Electronic Services for Fiscalization (ESF) in the e-Porezi service to record VAT refunds to foreign customers. The system ensures high security standards and secure data transfer. This portal is constantly being improved.

29. **Despite the overall progress in the digitization, Serbian e-Government is still characterized by limited data exchange across existing registries and lack of platforms' interoperability.** The GoS is currently implementing the World Bank's Enabling Digital Governance Project in Serbia (EDGe) that will establish a new government service bus (GSB) that will be connected to the meta-registry, to pull the necessary information from the existing registers according to predefined criteria of the registers.

30. **There are currently 45 web services owned by 11 authorities in production on the Interoperability Platform (IOP).** It is in the 'user migration' phase, that is, software solutions to the new platform and redirection of service calls. For now, 25 software solutions are being produced by 19 authorities and 10 services. The test environment has a significantly larger number of users—48 software solutions/users and 39 authorities testing 50 web services. There is a plan to transfer all users from GSB to the new IOP by the end of 2024.⁶¹

31. **The most recent data from the e-Government Benchmark 2023 indicate that there is some progress in Serbia's performance in digital government services, but there are still significant areas for further improvement.**⁶² Serbia score now is 56 points out of 100, which marks a moderate improvement from its previous score of 48.6 in 2022. This places Serbia 30th out of the 35 countries assessed, reflecting its ongoing challenges in areas like transparency and the provision of digital public services for citizens (Figure II.2.1).

32. **In the latest update from the United Nations (UN) e-Government Survey for 2023, Serbia has improved its ranking, and is now placed 36th out of 193 countries.** This is an improvement from its

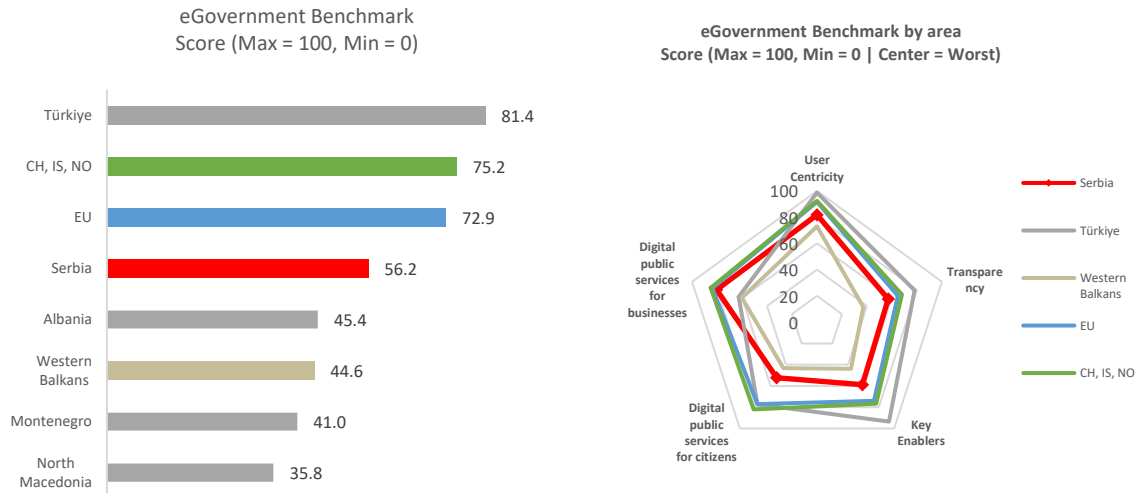
⁶⁰ Tax Administration of the Republic of Serbia. See: <https://www.purs.gov.rs/sr/e-porezi/portal.html>.

⁶¹ Information provided by the Office for Information Technologies and e-Government.

⁶² The eGovernment Benchmark 2023 measures the 27 EU member states plus Albania, Iceland, Montenegro, North Macedonia, Norway, Serbia, Switzerland, and Türkiye.

previous ranking of 40 in 2022, indicating progress in e-Government services and digital governance. The overall context reflects Serbia’s continued efforts and successes in enhancing its digital government landscape, contributing positively to public service delivery and governance efficiency.⁶³

Figure II.2.1. eGovernment Benchmark 2023



Source: European Commission.

33. **Serbia has made strides in open data availability, with an increase in the number of datasets provided by the Statistics Office and accessible via the country’s open data portal in machine-readable formats.** As of now, the data spans 25 categories with a total of 695 datasets published. However, Serbia’s alignment with the EU’s Open Data Directive is incomplete.⁶⁴ While 96 percent of European countries have adopted an open data policy, Serbia’s Open Data Working Group’s mandate formally ended, although the group continues to meet informally.⁶⁵ To fully align with the Open Data Directive, Serbia needs to⁶⁶

- Adopt a comprehensive open data policy and update its strategy;
- Create an action plan to achieve the goals stated in its open data policies;
- Implement measures to improve access to real-time, geospatial, and citizen-generated data via Application Programming Interfaces (API);
- Put in place a governance strategy with shared rules and data managers; and
- Promote the reuse of open data through actions designed to facilitate publication and reuse.⁶⁷

⁶³ United Nations. 2023. “E-Government Survey 2023.”

⁶⁴ European Commission. 2023. *Progress Report for Serbia 2023*.

⁶⁵ European Commission. 2023. *Open Data Maturity Report*.

⁶⁶ Officially the Open Data and reuse of Public Sector Information Directive (EU) 2019/1024.

⁶⁷ European Commission. 2023. *Open Data Maturity Report*.

ICT skills

34. **Trainings for citizens and private sector on utilization of e-Government services are not systematically organized across the country in accordance with some plan and program.** There are some reported challenges at the local level of governance, as some services (for example, in agriculture) have been digitized, while citizens and public servants have not been trained and/or properly informed on how to use them.⁶⁸

35. **In 2023, the National Academy for Public Administration conducted 783 trainings for a total of 28,005 participants.** More than 1,000 employees attended training in digital literacy, electronic administration, and digitization.⁶⁹

36. **Civil society also played a significant role in enhancing ICT skills among citizens, businesses, and public administration employees.** In 2023, NALED, with the cooperation and support of the global technology company Yandex, conducted a cycle of training on the topic of modern technologies for mayors and officials from local government, covering Artificial Intelligence and Machine Learning, Information Security and Data Protection, Smart Cities Concept. 37 officials from 22 cities and municipalities taking part in the trainings.⁷⁰

Internet use

37. **Serbia maintained high levels of internet access and use in 2023, though there were some indications of a slight decline in overall internet freedom compared to previous years.** In 2023, Serbia had around 6.4 million internet users, representing an internet penetration rate of 85.4 percent of the total population, while the percentage of computer users reached 75.4 percent (Figure II.2.2).⁷¹ In addition, social media users in Serbia reached 82.3 percent in 2023.⁷² The country's digital landscape continues to be fairly open, with widespread mobile and social media adoption. This provides a good basis for e-commerce utilization, but for its further development it is necessary for Serbia to enhance the quality of internet service and expand the coverage, including through introduction of 5G network. Serbia registered a slight decline in internet freedom⁷³ during the 2023 coverage period, though it still maintains high levels of internet access.⁷⁴ The environment for internet freedom in Serbia continues to be fairly open, featuring high levels of internet access, limited website blocking, and the presence of pro-government commentators.⁷⁵

⁶⁸ Based on the interview with Ministry of Public Administration and Local Self-Government, sector for professional development and sector for international cooperation, March 12, 2024.

⁶⁹ National Academy for Public Administration, 2023 Annual Report.

⁷⁰ NALED. See: <https://naled.rs/en/news-modern-technologies-locally-trainings-for-local-governments-8427>

⁷¹ Statistical Office of the Republic of Serbia, 2023.

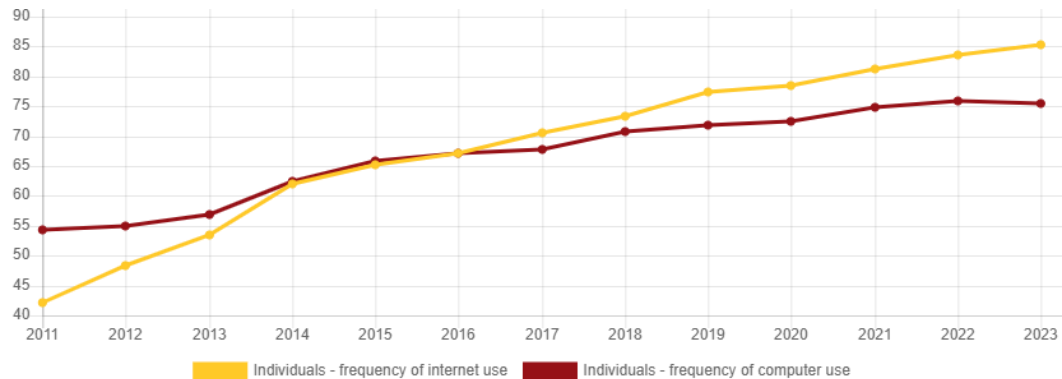
⁷² Ibid.

⁷³ Freedom on the Net's core values are grounded in international human rights standards, particularly Article 19 of the Universal Declaration of Human Rights. The project particularly focuses on the free flow of information; the protection of free expression, access to information, and privacy rights; and freedom from both legal and extralegal repercussions arising from online activities. The project also evaluates to what extent a rights-enabling online environment is fostered in a particular country.

⁷⁴ Freedom House, Freedom on the Net, 2023. See: <https://freedomhouse.org/country/serbia/freedom-net/2023>.

⁷⁵ Ibid.

Figure II.2.2. Frequency of internet and computer use (%)



Source: Statistical Office of the Republic of Serbia.

38. **As of 2023, Serbia continues to experience a gender gap in internet access.** While overall internet use among the population has increased to 83.5 percent in 2023, up from 80.0 percent in 2021, disparities between genders persist. Specifically, 84 percent of men in Serbia have access to the internet compared to 80 percent for women. The gender gap is closing, but challenges remain, particularly in ensuring equal access for all demographics. Additionally, there are generational differences in internet use, with younger age groups such as those between 15 and 24 years having nearly universal access, while the 25–74-year age group shows lower usage rates.⁷⁶

Telecom infrastructure and services' affordability

39. **In recent developments regarding telecommunications policy in Serbia, there has been continued emphasis on enhancing infrastructure to support advanced network technologies like 4G and 5G.** Serbia has been actively working on expanding its ultra-fast broadband communication infrastructure, particularly targeting underserved rural areas. This initiative is part of a broader commitment to ensure that technological advancements in telecom are inclusive and widespread throughout the country. Furthermore, Serbia has been aligning its regulations to foster more effective competition and ensure the availability of affordable services. This includes significant work on the allocation of radiofrequency spectrum necessary for the deployment of 4G and 5G networks, which is critical for enhancing the quality of service and expanding coverage. Serbia is currently one of the few European countries that does not have 5G. In December 2022, Telekom Serbia was granted a EUR 70 million loan for the rollout of 5G and extension of 4G across Serbia.⁷⁷

40. **Between 96.35 percent and 98.35 percent of the population is covered by the 4G network signal, depending on the operator.**⁷⁸ Between 75.5 percent and 85.2 percent of the territory is covered by the 4G network signal. The regulator has established an interactive mobile network portal, which is publicly available at <https://mapepokrivenosti.ratel.rs/cyr>. Users of the portal are able to view the coverage map for the entire territory of Serbia, by technology and by operator, and thus check the coverage and signal

⁷⁶ The International Telecommunication Union (ITU) database.

⁷⁷ Capacity. 2022. "Serbia and Beyond: The Next Stages for 5G and Digitization. *Capacity*, November 30, 2022. <https://www.capacitymedia.com/article/2awj5oxvd6p2regcbur5s/sponsored-content/serbia-and-beyond-the-next-stages-for-5g-and-digitisation>.

⁷⁸ Regulatory Body for Electronic Communications and Postal Services, Report from the 4th quarter of 2023.

level of mobile networks in locations throughout the country. The maps are updated regularly, on a quarterly basis.⁷⁹

41. **The Ministry of Information and Telecommunications will prescribe the minimum conditions for issuing individual licenses for the use of radio frequency spectrum of interest for the establishment of 5G networks by the end of 2024**, which are issued based on the implemented procedure of public competitions. After the adoption of the aforementioned rulebook, during 2025, the Regulatory Body for Electronic Communications and Postal Services will conduct a public bidding process, after which individual licenses will be awarded. By the end of 2026, it is expected that 40 percent of households in the Republic of Serbia, as well as all major road routes, will be covered by the 5G network signal. It is also expected that six science and technology parks and the EXPO 2027 complex will be covered by the 5G network signal by the end of 2026.⁸⁰

42. **The European Commission's 2023 Report on Serbia noted that the country has continued to align its legislation with the EU regulatory framework for electronic communications, including measures to promote competition and ensure affordable access to services.**⁸¹ These efforts reflect a broader trend in Serbia's regulatory environment aimed at modernizing its telecommunications infrastructure, supporting economic growth, and improving public service delivery through enhanced digital engagement. Serbia took the first step in 2023, when the Parliament adopted the Law on Electronic Communications, which defines next-generation networks (5G) and the obligation to provide all citizens with a fast and secure internet. The second step is the rulebook that is to be adopted in 2024.

43. **In addition, Serbia has demonstrated its commitment to integrating with larger regional telecom frameworks**, which promote affordability and service improvement, through its participation in accords such as the Western Balkans Regional Roaming Agreement. Serbia's telecom industry development is largely due to its coordinated efforts in regulatory management and strategic spectrum allocation, which have put the country in a strong position for continued digital transformation and competitiveness in the European market.

44. **The country's focus on digitization is further emphasized by its ranking in the Citizen Engagement Index (CEI), where Serbia ranked 3rd globally, behind the Republic of Korea and Estonia, with an index value of 0.979 out of 1.**⁸² This index measures public participation platforms, citizen feedback mechanisms, open data, and open government portals, highlighting Serbia's advancements in digital citizen engagement. The CEI positions Serbia in group 'A', among the global leaders in digital transformation, assessing the extent to which key systems and technical-technological catalysts of digital transformation are provided, along with the provision of digital services, adequacy of regulations and policies, level of digital skills, mechanisms for digital interaction and involvement of citizens, and other important prerequisites.

45. **The rollout of broadband is moving slowly, which is impeding the adoption of e-Government and e-business services and slowing down the economy's digital transformation.** There has been modest

⁷⁹ Information provided by Ministry of Information and Telecommunications.

⁸⁰ Ibid.

⁸¹ European Commission. 2023. *Progress Report for Serbia 2023*.

⁸² Public Policy Secretariat. 2023. "Panel on Business Environment and Digitalized Public Services Held." *PPS*, March 13, 2023. <https://rsjp.gov.rs/en/news/panel-on-business-environment-and-digitalized-public-services-held/>.

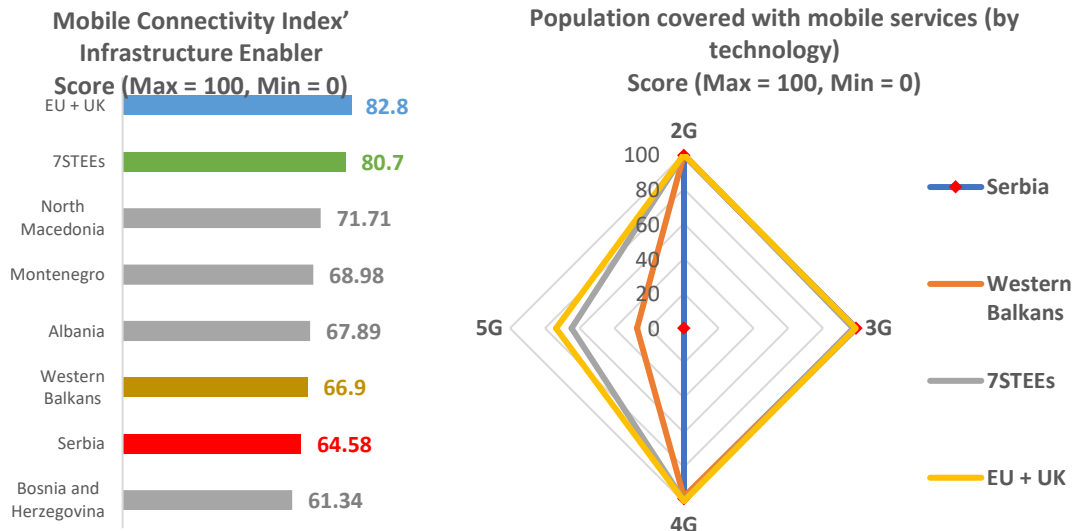
progress in connecting 150,000 homes and 500 public institutions to the 100 Mbps broadband.⁸³ A strategic project aims to improve broadband communication infrastructure through the construction of missing access infrastructure in rural settlements and by connecting public institutions and households to the broadband network. The project is implemented in several phases. The first two phases will cover 956 rural settlements with around 152,000 households. There are currently 79 settlements in operation and the planned completion date for the first 371 settlements is by the end of 2024. The remaining settlements from the first two phases will be covered from the beginning of 2025 to the middle of 2026. At the same time, the last mile connectivity (optical connection to end users) is being worked on and so far, has been completed for 40 settlements.

46. **Serbia is at the bottom of the Infrastructure Enabler Mobile Connectivity Index, with a value of 64.58, just ahead of Bosnia and Herzegovina.** The EU + UK, with a score of 82.8, have the highest level of mobile infrastructure readiness. The 7STEEs follow closely with a score of 80.7. North Macedonia, Montenegro, and Albania have scores ranging from 71.71 to 67.89, indicating decent but not top-tier mobile infrastructure. The broader region of Western Balkans collectively scores 66.9, which is lower than individual scores of some of its countries, possibly indicating variation within the region (Figure II.2.3).

47. **Serbia maintains solid coverage in 2G through 4G but trails significantly in the implementation of 5G.** In the comparison of mobile technology coverage across various regions, the EU + UK lead, with substantial access to all mobile technologies, particularly excelling in 3G and 4G, with a progressive yet incomplete adoption of 5G. Similarly, the 7SITES region maintains strong coverage in 3G and 4G, with a slightly less extensive rollout of 5G. The Western Balkans, while well-covered in older technologies such as 2G and 3G, show a significant decline in the accessibility of 4G and even more so in 5G, indicating slower infrastructure development for newer technologies. The data underscore a clear technological stratification, with the EU + UK at the forefront of coverage, while the Western Balkans and Serbia lag, particularly in the adoption of the latest 5G technology (Figure II.2.3).

⁸³ EBRD, EU finance expansion of broadband in rural Serbia. See: <https://www.ebrd.com/news/2022/ebrd-eu-finance-expansion-of-broadband-in-rural-serbia.html>.

Figure II.2.3. Telecom infrastructure and mobile network coverage in Europe (2022)



Source: Global System for Mobile Association (GSMA).

Intellectual property rights

48. **The digital services sector needs the protection of intellectual property rights (IPR), especially copyrights and patents, to draw in investment.** Serbia has ratified the World Intellectual Property Rights Organization (WIPO) treaties since 1992.⁸⁴ The Law on Copyright and Related Rights (last amended in 2019), the Law on Patents (last amended in 2019), the Law on Trademarks (last amended in 2020⁸⁵), and the new Law on the Protection of Trade Secrets (last amended in 2021⁸⁶) are among the pertinent pieces of law. The US Department of State states that Serbia's IPR framework is up-to-date and compliant with international and EU norms.⁸⁷ The Serbian Intellectual Property Office, for example, has simple processes for authorship registration and industrial property rights.⁸⁸

49. **Based on information from the World Bank, the number of patent applications for Serbia in 2023 was 35.4 per million population, compared to 22.9 per million population in 2019⁸⁹.** When compared with 7STEEs, Serbia is ranked by the number of patents per capita as 6th out of 8 countries in total, just ahead of Croatia and Estonia. The number of patents filed by Serbia between 2012 and 2022

⁸⁴ Official Gazette of the Republic of Serbia 66/2019. The amendments introduced changes to the regulation of supplementary protection certificates and protection of inventions by petty patents, with the objective to increase the number of applications contributing to local entities' competitiveness in the domestic and foreign markets and to be aligned with the EU standards.

⁸⁵ Official Gazette of the Republic of Serbia 6/2020. Among other aspects, the amendment introduced a trademark opposition system in order to align Serbian legislation to EU standards.

⁸⁶ Official Gazette of the Republic of Serbia 53/2021. Among other aspects, the new law introduces a more precise definition of a trade secret and the scope of judicial protection.

⁸⁷ U.S. Department of State. 2022. "2022 Investment Climate Statements: Serbia." U.S. Embassy in Serbia. See: <https://www.state.gov/reports/2022-investment-climate-statements/serbia/>.

⁸⁸ Intellectual Property Office of the Republic of Serbia. See: <https://www.zis.gov.rs/en/home/>.

⁸⁹ WEF GCI Database 2019.

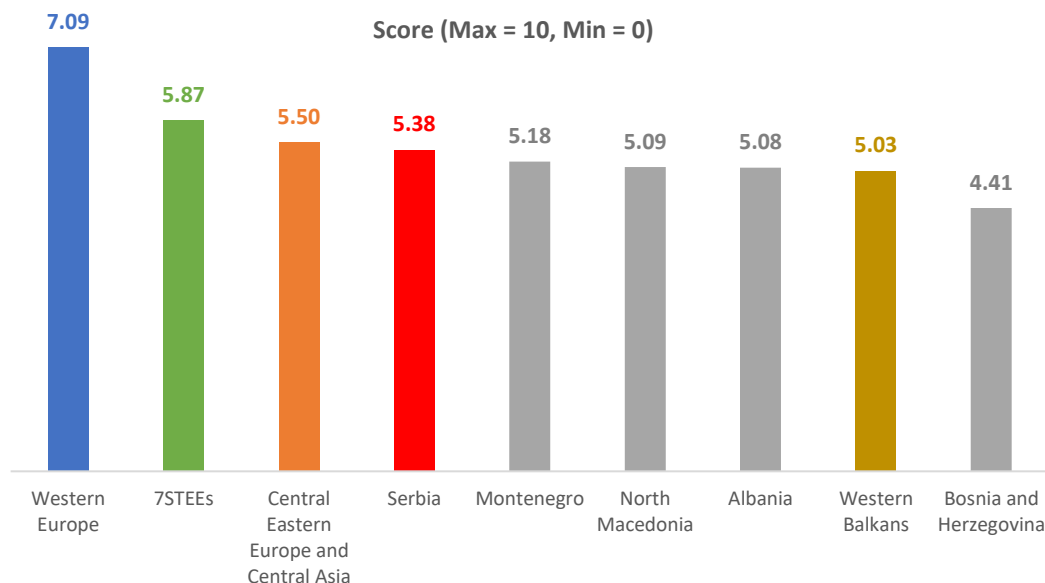
was 3,014, similar to Croatia (3,172).⁹⁰ However, while Serbian filed 138,643 trademarks, Croatia filed 242,727 during the same period.

50. **The WIPO statistics provide more detailed information on Serbia’s patent applications in 2023:**

- Total patent applications: 890, ranking 45th globally
- Resident patent applications: 109, accounting for 12.2 percent of total applications
- Non-resident⁹¹ patent applications: 781, accounting for 87.8 percent of total applications.

Serbia scores 5.357 points out of 10 in the IPR component included in the International Property Rights Index (IPRI) 2023 (Figure II.2.4), almost reaching the development of Central and Eastern European countries’ group.⁹²

Figure II.2.4. Regional performance in the IPRI’s Intellectual Property Rights component (2023)



Source: Property Rights Alliance.

51. **Serbia has improved its position on the International Property Rights Index list in 2023, moving from 80th to 73rd place.**⁹³ This advancement indicates progress in the protection and recognition of IPR in the country, reflecting a positive trend in fostering innovation and creativity while ensuring the legal protection of intellectual assets. Yet, this did not come because of improvement in a score but as a result of worsening situation in countries of a similar bank position. On the Heritage Index of Economic Freedom,

⁹⁰ WIPO. See: https://www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=RS and https://www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=HR.

⁹¹ Non-resident patent applications are from applicants outside the relevant State.

⁹² Property Rights Alliance. 2023. *International Property Rights Index 2023*.

⁹³ International Property Rights Index 2023. See: <https://internationalpropertyrightsindex.org>

Serbia did not change its score when it comes to the Property Protection sub-indicator; it is 58.7 for 2023 and it was 58.6 for 2022 (Figure II.2.5).⁹⁴

Figure II.2.5. Serbia’s evolution in the Index of Economic Freedom (Property Rights score)



Source: The Heritage Foundation

Electronic commerce

52. **The conditions for doing e-commerce in Serbia are satisfactory.** Serbia has established laws, such as the Law on Electronic Commerce, to govern various aspects of e-commerce, including electronic contracts, electronic signatures, online payment systems, and consumer protection.⁹⁵ These legal provisions create a foundation for secure and reliable online transactions, ensuring consumer rights are protected and transactions are legally binding. Estimated retail e-commerce in Serbia exceeds one billion dollars in 2022, with significant growth of e-traffic in the period 2020-2022, and the annual growth rate of e-retail of 46.1% in 2022.⁹⁶

53. **As of end 2023, 58 percent of companies are satisfied with e-commerce conditions,** with an overall average satisfaction rating of 3.6 (on a scale of 1 to 5). Medium and large enterprises are particularly satisfied with e-commerce conditions (83 percent), while the satisfaction level is lower among micro and small companies (approximately 50 percent of them). On the other hand, 12 percent of micro enterprises, 18 percent of small enterprises, and 8 percent of medium and large enterprises report being dissatisfied.⁹⁷ According to the 1,000 Enterprises survey⁹⁸, almost 60 percent of companies using e-commerce consider this channel as important as traditional sales and 59 percent of companies expect the

⁹⁴ Heritage Index of Economic Freedom, 30th Edition. See: <https://www.heritage.org/index/>.

⁹⁵ "Regulation of E-Commerce in Serbia: A Legal Overview," Stojković Attorneys, March 11, 2023. See: <https://statt.rs/regulation-of-e-commerce-in-serbia-a-legal-overview/>.

⁹⁶ Analysis of e-commerce in Republic of Serbia and identification of barriers for development: desk top analysis and primary research of business entities in e-commerce, EU4BE, 2024.

⁹⁷ Ibid.

⁹⁸ Survey of 1000 companies and entrepreneurs in Serbia 2022-2023, supported by EU4BE, 2024. See: https://rsjp.gov.rs/wpcontent/uploads/1000_Enterprise_Survey_for_years_2022-23_FNL.pdf

greater impact of e-commerce on the local market in the future. However, currently only 14 percent of companies have developed online sales.

54. **Recent analysis of the e-commerce, undertaken by the EU4BE in collaboration with the Ministry of Internal and Foreign Trade, indicates a number of challenges for further development of e-commerce including:**

- **Institutional support:** role of the state in improving the regulatory framework.
- **Consumer protection and literacy:** including the education of all those involved in e-commerce, support for e-payment and data security improvements.
- **Unfair competition:** gray market and tax loopholes by small retailers constrains online sales.
- **Market growth:** slow development of e-commerce remains a hurdle for many businesses.
- **Financial limitations:** micro and small businesses struggle with finances and economic conditions.
- **Operational challenges:** integrating online and offline stores (inventory, returns) and keeping up with technological advancements.⁹⁹

55. **To this end, the Ministry of Internal and Foreign Trade prepared a draft Program for Development of E-Commerce in Serbia, with a 2024-2026 Action Plan,** determining measures and activities to achieve the following goals: a) improving the business environment in e-commerce in Serbia; b) improving capacity of businesses involved in e-commerce and c) incentivizing the e-commerce market development.

Adoption of Digital Business Models

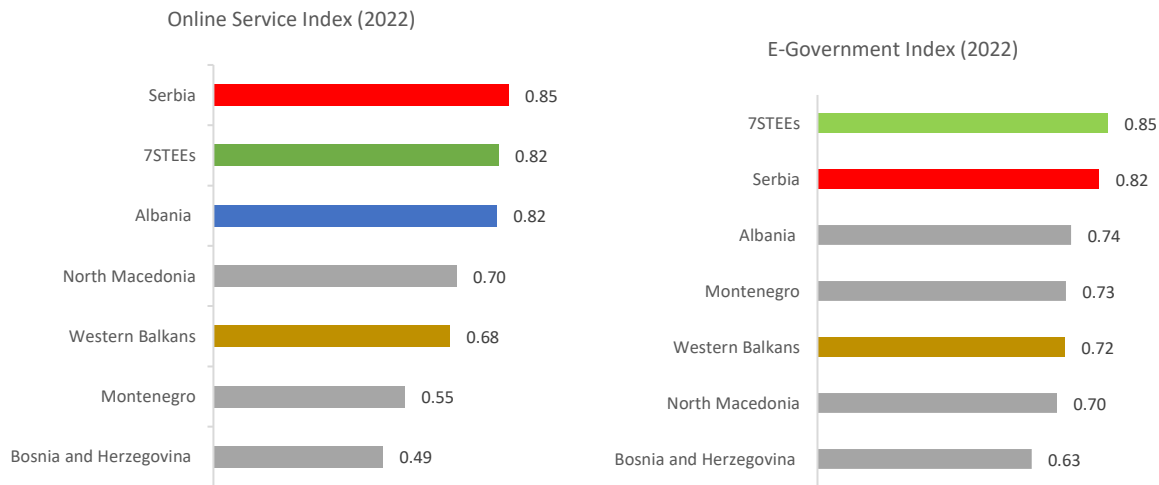
56. **Reforms are needed to encourage the adoption of digital business models in the public and private sectors.** The COVID-19 pandemic accelerated the need for efficient digital services at all levels, including Government-to-Business (G2B), Government-to-Citizen (G2C), Business-to-Business (B2B), and Business-to-Consumers (B2C). According to the UN e-Government Survey 2022, Serbia has made significant progress in digital government development, ranking 26 in the world for Online Service Index (OSI) and achieving a ‘very high’ rating in the e-Government Development Index (EGDI). This places Serbia ahead of highly developed countries like Canada, Switzerland, and several EU member states (Figure II.2.6).¹⁰⁰ Furthermore, the Digital Futures Index research by Microsoft, that provides insights into the level of digitization in Serbia—focusing on areas such as digital business, digital government and public sector, digital infrastructure, digital sector, and human capital—highlights Serbia’s strengths in talent, exports of IT services, and the number of women in the IT industry, positioning the country above the EU average in IT talents and digital services export.¹⁰¹

⁹⁹ Analysis of e-commerce in Republic of Serbia and identification of barriers for development: desk top analysis and primary research of business entities in e-commerce, EU4BE, 2024.

¹⁰⁰ E-Government Survey 2022, UN Department of Economic and Social Affairs (DESA). See: <https://desapublications.un.org/sites/default/files/publications/2022-09/Web%20version%20E-Government%202022.pdf>.

¹⁰¹ “Serbia above EU average in IT talents, export of digital services, and number of women in IT,” Microsoft, June 30, 2023, See: <https://news.microsoft.com/en-cee/2022/06/30/serbia-above-average-in-it-talents-export-of-digital-services-and-number-of-women-in-it/>.

Figure II.2.6. Digital Government Performance (2022)



Source: UN e-Government Survey 2022.

57. **Based on econometric models, the ITU has found evidence showing that a country’s digital economy is critical for economic growth and job creation.**¹⁰² With exports of ICT services valued at EUR 3.4 billion in 2023—a 26 percent increase from 2022—the information and communication sector continued to grow robustly, helped in part by the influx of Russian citizens into Serbia.¹⁰³ Projections indicate that Serbia’s ICT sector exports are expected to reach EUR 10 billion by 2027, more than doubling from the EUR 3.4 billion recorded in 2023.¹⁰⁴ The ICT sector now boasts the largest surplus and fastest growth among Serbia’s export industries.¹⁰⁵

58. **According to the 1,000 Enterprises survey**¹⁰⁶, **over 70 percent of respondents believe that new technologies (such as new machines and devices, tools, software, technologies and knowledge, personnel equipped with such new technological knowledge and skills) are important for business.** One quarter of companies have already introduced some new technological solutions and about one third intend to do so. The need for new technologies grows with the size of the company. The main motives for implementing new technologies are the improvement of existing ones, followed by the development of new products and services, improving relations with customers, and strengthening the competitiveness of companies. Businesses engaged in Internet sales reported increased demand and profits more frequently than others, indicating the growing importance of this sales channel.

¹⁰² The International Telecommunication Union (ITU), G5 Benchmark. See: <https://app.gen5.digital/benchmark/metrics>.

¹⁰³ European Commission, Progress Report for the Republic of Serbia, 2023.

¹⁰⁴ “Serbia’s ICT exports to reach 10 bln euro by 2027 - report,” SeeNews, March 4, 2024. See: <https://seenews.com/news/serbias-ict-exports-to-reach-10-blm-euro-by-2027-report-850471>

¹⁰⁵ “Serbia’s ICT sector surges,” Serbia Business, March 10, 2024. See: <https://serbia-business.eu/serbia-business-recent-ict-sector/>.

¹⁰⁶ Survey of 1000 companies and entrepreneurs in Serbia 2022-2023, conducted as part of the EU4BE project, 2024. See: https://rsip.gov.rs/wpcontent/uploads/1000_Enterprise_Survey_for_years_2022-23_FNL.pdf

III. Firm's Life Cycle

59. This section assesses different factors that affect the business environment in Serbia across the main milestones of a firm's life cycle: III.1) Entry and Exit; III.2) Getting a Location; and III.3) Operations and Expansion.

III.1 Entry and Exit

Business entry

60. **Entry barriers are those that can ease or make it difficult for new players to enter a market or business sector, which have an effect on competition.** High start-up costs, legal restrictions, or other impediments that make it difficult for new rivals to enter a market are examples of barriers to entry. Common entry obstacles include high client switching costs, strong brand recognition, patent protections, unique tax incentives for current businesses, and customer loyalty. The requirement for new businesses to get licenses or regulatory clearance before operation is another barrier.¹⁰⁷ On the other hand, administrative simplification and the reduction of regulatory burdens decrease administrative costs of entry. Moreover, establishing one-stop shops (OSSs), shortening the time for opening a business, and lowering business entry costs and regulatory burdens can be expected to improve national economic performance.¹⁰⁸

61. **The Serbian Business Registers Agency (SBRA) enabled the electronic registration of the establishment of all forms of business entities.** In accordance with the Law on the Registration Procedure in the SBRA, submission of applications in electronic form is the exclusive way of applying for establishment, applicable to (a) limited liability companies, (b) partnerships, (c) limited partnerships, and (d) joint stock companies.¹⁰⁹ Electronic submission of requests for registering, modifying, and issuing certificates is also possible. Mandatory electronic registration does not apply to (a) establishment of an entrepreneur, cooperative, cooperative union, public company, representative office, or branch of a foreign company and (b) already registered business entities. This type of businesses can choose between paper or electronic applications.

62. **According to SBRA data, 9,600 companies were registered in 2023, which is a decrease of 17.1 percent compared to 2022.**¹¹⁰ Out of the total number of registered business entities, 5,487 were registered electronically.¹¹¹ On the other hand, the number of registered entrepreneurs in 2023 was

¹⁰⁷ Hayes, Adam. 2024. "Barriers to Entry: Understanding What Limits Competition."

¹⁰⁸ Parker, David, and Colin Kirkpatrick. 2012. "Measuring Regulatory Performance."

¹⁰⁹ In accordance with Article 9, Paragraph 2 of the Law on the Registration Procedure in the Agency for Business Registers ('Official Gazette of Republic of Serbia', No. 99/2011, 83/2014, 31/2019, and 105/2021).

¹¹⁰ Publicly available data from the SBRA website. See:

<https://www.apr.gov.rs/%D0%BF%D0%BE%D1%87%D0%B5%D1%82%D0%BD%D0%B0.3.html>

¹¹¹ Mandatory electronic registration was introduced on May 17, 2023. The most common activities of registered companies in 2023 are non-specialized wholesale trade, business and management consultancy activities, construction of residential and nonresidential buildings, computer programming, and restaurant and mobile food service activities.

45,608, representing a 9.6 percent increase compared to 2022. However, only 6,210 entrepreneurs were registered electronically due to the lack of mandatory electronic registration for this category.¹¹²

63. **Utilization of electronic systems is low and the vast majority of requests still come in paper form, especially for those requests for which the mandatory electronic form has not been introduced.** The SBRA website is fully updated and includes videos or written guidance for all available electronic services.¹¹³ SBRA has actively promoted its electronic services but the insufficient utilization of services is because there are some administrative procedures under other administrative bodies, which a business must complete before addressing SBRA. These entities do not have the capability to issue an authorization in electronic form.¹¹⁴

64. **In recent years, Serbia has reduced the regulatory and administrative burden on businesses, but challenges remain.** Some business procedures have been significantly simplified and their cost reduced, but burdensome administrative procedures remain, especially for SMEs. For examples, SMEs face a multitude of regulations from various government departments and offices, which can be time-consuming and costly to comply with. Likewise, providing the same information to multiple government departments can also be time-consuming and inefficient.

65. **Although Serbia's level of business creation is higher than the average levels from Eastern Europe and the Western Balkans, it still lags Western Europe and the 7STEEs (Figure III.1.1, right).** Despite the increase from 1.99 in 2020 to 2.53 in 2022, Serbia reported one of the lowest new business density rates¹¹⁵ in the region in 2022, just above Albania and Bosnia and Herzegovina. According to Legatum Institute data related to Environment for Business Creation, Serbia observed a decline in its score, from 63.2 in 2021 to 55.4 out of 100 points (Figure III.1.1, left). This result does not capture the SBRA reforms from 2023.¹¹⁶ According to Survey of 1,000 Enterprises, based on the representative sample of 1,000 companies, over the previous couple of years there is a visible trend towards increased fragmentation, characterized by a growing number of micro-sized enterprises and entrepreneurs. This transformation may be a response to major global disruptions in recent years, such as the pandemic and the Ukraine war, as well as rising business costs, and a decrease in global and local stability and predictability.

¹¹² Most common activities of registered entrepreneurs in 2023 are Business and management consultancy activities; Restaurant and mobile food service activities; Computer programming; Operation of hairdressing and beauty salons; Road freight transport.

¹¹³ Publicly available data from the SBRA website. See: <https://www.apr.gov.rs/registri/privredna-drustva/uputstva.2028.html>.

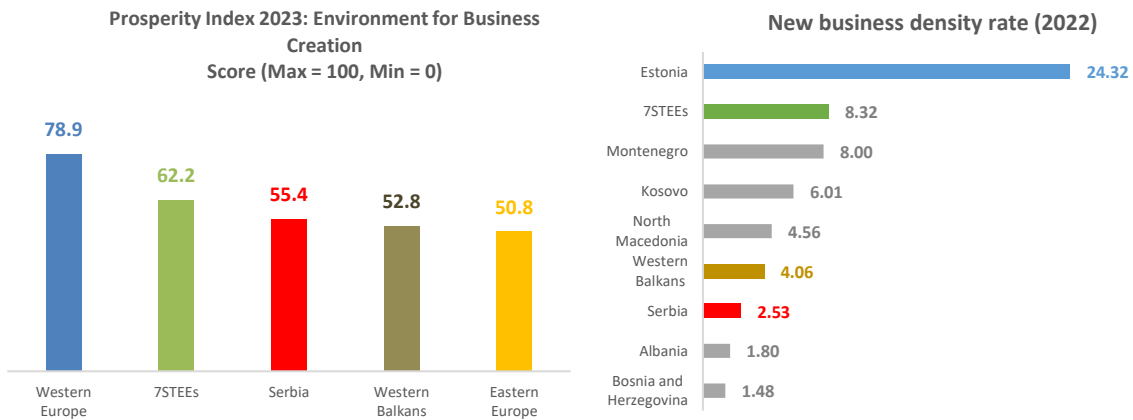
¹¹⁴ Based on interview with SBRA, February 23, 2024.

SBRA has announced that it will continue digitization and plans to digitize all its services by the end of 2024.

¹¹⁵ The number of newly registered companies per 1,000 working-age people (ages 15-64) per calendar year.

¹¹⁶ World Bank's Entrepreneurship database. See: <https://www.worldbank.org/en/programs/entrepreneurship>.

Figure III.1.1. Business creation environment and density rate for new firms across Europe



Source: Legatum Institute (left) and WB (right).

Note: Data for Montenegro are from 2020.

66. **Serbia has relatively high levels of entrepreneurial activity and businesses growth expectations.** Estimates from the Global Entrepreneurship Monitor (GEM) for 2023 indicate that Serbia has a 'Total early-stage Entrepreneurial Activity' (TEA)¹¹⁷ of 10.48 percent.¹¹⁸ This is higher than the average TEA across the Western Balkans (7.9 percent) and 7STEEs (10.15 percent), while in North Macedonia it is almost 6.19 percent.¹¹⁹ When it comes to growth expectations, about 12 percent of early-stage entrepreneurs expect to create six or more jobs in five years in Serbia.¹²⁰

Business closure and insolvency proceedings

67. **The process for closing a company in Serbia is divided into several steps in accordance with the Law on Business Entities and the Law on Registration with the Serbian Business Registers Agency** (Figure III.1.2). It is important to point out that Serbia has the Register of Bankruptcy Estates, a centralized electronic database that contains information on bankruptcy estates. This register is maintained by SBRA and used by competent courts to make decisions related to bankruptcy proceedings. The register includes information such as the name and official address of the court issuing the decision, the registration number, business name, and registered office of the bankruptcy debtor. The register is updated with information on the bankruptcy estate, including the assets and liabilities of the debtor. This information is used to facilitate the administration of the bankruptcy estate and to ensure that all relevant parties are informed about the proceedings.

¹¹⁷ The TEA refers to the percentage of 18–64-year population who are either a nascent entrepreneur or owner-manager of a new business.

¹¹⁸ GEM (Global Entrepreneurship Monitor). 2022. *2021/2022 Global Report: Opportunity amid Disruption*. London: GEM.

¹¹⁹ GEM's Adult Population Survey captures both informal and formal activity, moving beyond a reliance on business registrations which explain only a small proportion of entrepreneurship in many societies.

¹²⁰ GEM 2023/2024 Global Report.

Figure III.1.2. Steps for closing a company in Serbia



Source: Elaboration for this report, based on different sources

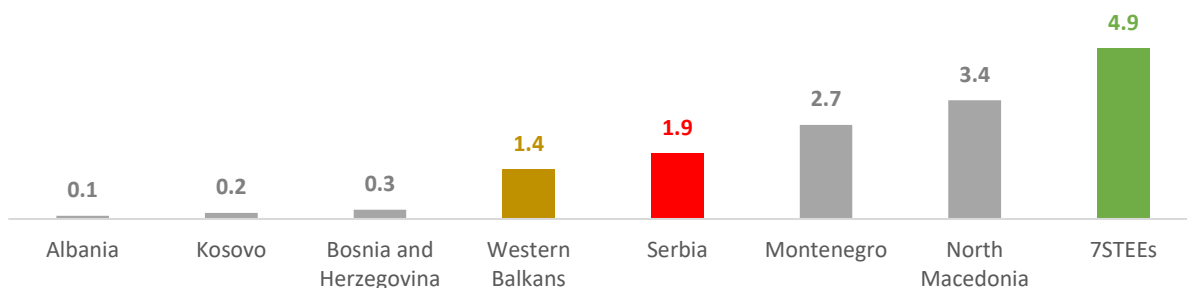
68. **The time required to close a business entity varies from case to case.** According to experts' estimates, the closure process can be completed within three to five months for smaller business entities. However, when it comes to larger companies with significant assets, the closure can take two to three

years. Just waiting for the tax inspector to review the paperwork can take months. Throughout the liquidation process, the company must pay various fees, which accumulate over time.¹²¹

69. **It was stated earlier that the low utilization of the available electronic services of SBRA is noticeable.** One example is the impossibility of using the SBRA electronic service for closure of companies. Before submitting a request for elimination of the company's record from the SBRA register, a business should obtain document requirements from the Tax Administration. Since the tax authority, at the national level, does not issue certificates in electronic form yet, the applicant must engage a notary or lawyer for document digitization.¹²² As applications can also be submitted on paper, parties prefer that method rather than electronic submission. On the other hand, the Local Tax Administration issues the relevant certificate in electronic document form, with a qualified electronic signature.¹²³

70. **Striking a balance between liquidation and reorganization proceedings is also important.** Business rescue mechanisms should only be available to viable firms which encounter temporary financial difficulties. During 2022, the density rate in Serbia for closed businesses was 1.9 percent, which is above the Western Balkans average (Figure III.1.3).¹²⁴

Figure III.1.3. Closed business density rate (2022)



Source: WB.

Note: Data for Montenegro and Albania are from 2020.

¹²¹ "Serbia Business," Cost Analysis: Shutting down a company in Serbia. See: <https://serbia-business.eu/cost-analysis-shutting-down-a-company-in-serbia/>.

¹²² The provisions of Article 29, Section 7 of the Law on Tax Procedure and Tax Administration (LTPTA), stipulate that an authority, organization, or another entity responsible for entry in the designated register of individuals conducting activities cannot remove individuals from the designated register without evidence of the cessation of tax obligations, or deletion from the records prescribed by tax laws issued by the competent tax authority, not older than five days at the time of submitting the request for deletion from the designated register. The same article in Section 8 prescribes that an authority, organization, or another entity responsible for entry in the designated register of individuals conducting activities can delete a taxpayer entrepreneur from the designated register under the conditions specified in Section 7 of this article, even in the absence of evidence of the cessation of obligations based on contributions for pension and disability insurance if those individuals have acquired pension rights in accordance with the laws governing pension and disability insurance.

¹²³ Based on interview with SBRA, February 23, 2024.

In the case of submitting a paper application, along with a printed copy of the electronic document, the registrar examines the official records (via QR code) to verify the existence of the certificate in electronic document form, in accordance with the provisions of Article 6, Section 4 of the Law on Registration Procedures at the Agency for Business Registers.

¹²⁴ World Bank's Entrepreneurship database. See: <https://www.worldbank.org/en/programs/entrepreneurship>.

71. According to data on the Bankruptcy Supervision Agency's website, as of September 4, 2023, there were a total of 1,595 pending bankruptcy proceedings in the Republic of Serbia. According to the data, the total average duration for bankruptcy proceedings initiated under the Law on Bankruptcy Procedures is 4 years, 10 months, 19 days.¹²⁵

72. After public consultations held on the draft Law on Amendments to the Law on Bankruptcy and the draft Law on Amendments to the Law on Bankruptcy Supervision Agency at the beginning of 2021, the procedure for consideration and adoption of the drafts before the National Assembly of the Republic of Serbia has not yet been initiated.¹²⁶ Also, even though at the beginning of 2021, the Ministry of Economy formed a working group to draft a law to regulate the bankruptcy of entrepreneurs, following the program for resolving problem loans for the period 2018 to 2020 of the GoS, no specific steps were taken. The main goal of the proposed amendments to the Law on Bankruptcy and the Law on Bankruptcy Supervision Agency, as with the earlier amendments, is to make the procedure more efficient and transparent. Most of the latest amendments are expected to improve the quality of the procedure (Box III.1.1).¹²⁷

Box III.1.1 Expected benefits from the proposed amendments to the Law on Bankruptcy and the Law on Bankruptcy Supervision Agency¹²⁸

Improved position of secured and pledged creditors

- One of the remaining problems related to the lifting of the ban on enforcement against pledged property in the reorganization procedure was the provision according to which the bankruptcy judge would not decide on lifting the ban on enforcement if the bankruptcy administrator proves that the pledged property is crucial for reorganization of the debtor or for the sale of the bankruptcy debtor as a legal entity. The proposed amendments to the Law on Bankruptcy introduce the authority for a bankruptcy judge to decide on the abolition of security measures, upon the proposal of a secured or pledge creditor, including a ban on enforcement against the pledged property of the bankruptcy debtor, with the option for the bankruptcy judge to, when making this decision, request the opinion of an expert on cruciality of the pledged property for the reorganization.

Additional increase of transparency and efficiency of the proceedings

- Amendments to the Law on Bankruptcy have been proposed to expand the principles of publicity and information, to collect, process, and analyze statistical data related to bankruptcy proceedings and now, in addition, to allow all creditors to explicitly request and receive all information related to the bankruptcy debtor, on the course of the bankruptcy procedure and on the property and management of the property of the bankruptcy debtor. All state authorities have the obligation to submit to the bankruptcy administrator data on the property, rights, and interests of the bankruptcy debtor, free of charge.
- Also, it is proposed to introduce the sale of the bankruptcy debtor's property electronically, through the portal of the authorized organization for the sale of property. It is proposed to shorten the deadline for filing bankruptcy claims from 120 to a maximum of 60 days and to shorten the deadline for scheduling hearings to decide and vote on the reorganization plan from 90 to 60 days.
- The draft Law on Amendments to the Law on the Bankruptcy Supervision Agency proposes, among other things, the addition of two new articles, which regulate the implementation of actions in bankruptcy proceedings through an electronic portal, and collection and statistical processing of the data related to

¹²⁵ Bankruptcy Supervision Agency of Serbia. See:

https://alsu.gov.rs/la/podaci_od_znacaja_za_sprovođenje_stecajnih_postupaka/.

¹²⁶ Based on interview with Ministry of Economy (MoE), Sector for Privatization, Bankruptcy and Industrial Development, March 19, 2024.

¹²⁷ Actual results will be seen after their adoption and entry into force and in court practice in the following period.

¹²⁸ Foreign Investors Council (FIC), White Book 2023. See: <https://fic.org.rs/projects/white-book/white-book-publication/>.

bankruptcy proceedings. All proposed changes should lead to greater transparency and efficiency of bankruptcy proceedings.

Better control of bankruptcy administrator's work and expertise

- The proposed amendments to the Law on Bankruptcy specify that the selection of bankruptcy administrators will be made either from the general or special list of active bankruptcy administrators, depending on the criteria for classifying legal entities into micro, small, medium, and large legal entities.
- The draft Law on Amendments to the Law on the Bankruptcy Supervision Agency prescribes the professional training of bankruptcy administrators, to develop and improve their profession. The existence of two lists of bankruptcy administrators from which the selection is made and the obligation of professional training should solve the issue of bankruptcy administrators' expertise.
- Finally, the proposed amendments to the Law on Bankruptcy and the introduction of additional reasons for the dismissal of bankruptcy administrators enable better control of their work.

Source: Foreign Investors Council (FIC).

III.2 Getting a Location

73. **Securing a location, whether through buying, leasing, or building, is a pivotal stage in a business's journey once it is officially established and poised to start operations.** Implementing robust building regulations and adopting risk-oriented licensing and inspection protocols stand out as viable measures in this regard. Moreover, enacting effective property rights laws can significantly bolster investment attractiveness. Studies have underscored the positive impact of strengthened property rights on incentivizing value-added investments, subsequently fostering company performance, capital accumulation, and expansion. This section delves into three key aspects pivotal for businesses' site selection: (a) regulations governing construction permits, (b) access to electricity, and (c) land acquisition processes and the quality of land management systems.

Construction permits' regulations

74. **The lack of standardization of time frames for obtaining construction permits across different municipalities in Serbia remains a significant challenge.** Obtaining a construction permit in Serbia involves multiple steps and procedures, which can vary depending on the region and the type of project. This lack of standardization can lead to delays and inefficiencies in the construction process, making it difficult for investors to plan and execute their projects effectively. The current system in Serbia involves a complex network of regulations and procedures, which can be time-consuming and costly to navigate. The process typically involves submitting a project proposal to the relevant authorities, obtaining necessary permits and approvals, and then conducting the construction work. However, the time frames for each step can vary significantly depending on the region and the type of project. For example, the time frame for obtaining a construction permit in Belgrade can be significantly shorter than in other regions. Since 2020, there has been a decline in the efficiency of competent authorities and as a consequence, the time for issuing building permits has increased through the past few years. Instead of the 9 days it took in 2020, officials now need 15 days to process a request.¹²⁹

75. **Urban planning documentation in Serbia is fragmented and inconsistent due to limited resources, lack of coordination, and decentralized planning.** This results in inefficiencies and difficulties

¹²⁹ Politika, "Sve duže se čeka na građevinske dozvole," January 24, 2023. See: <https://www.politika.rs/sr/clanak/533927/Sve-duze-se-ceka-na-gradevinske-dozvole>.

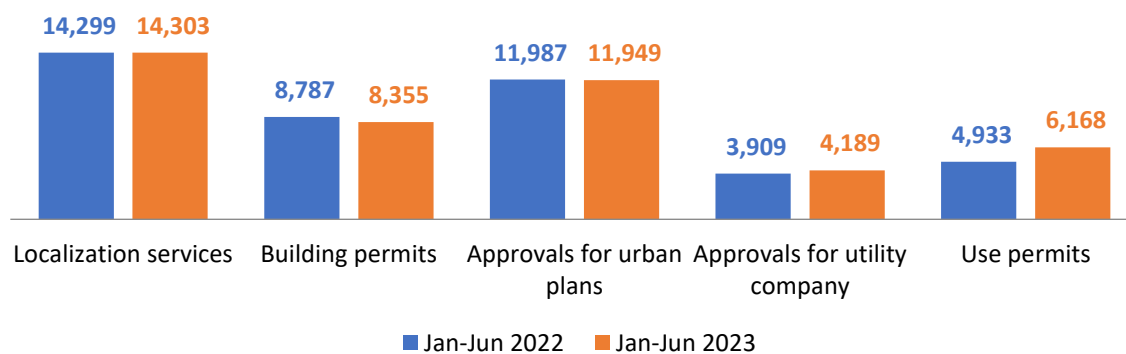
in comparing and integrating plans. Essential information, such as spatial plans and zoning regulations, is often missing. Additionally, public companies and institutions lack transparency in land use conditions, leading to confusion, inefficiency, and potential corruption.

76. **The latest amendments to the Law on Planning and Construction entered into force on August 4, 2023.** This aims to improve the normative framework that will lead to faster decision-making on requests for the issuance of documents in the construction of buildings, as well as improvements in spatial planning. Furthermore, between 2022 and 2023, a number of bylaws came into force, which elaborate the provisions of the Law on Planning and Construction and will affect speeding up construction authorizations. The law established the Agency for Spatial Planning and Urbanism, which, among other things, establishes and manages the register of brownfield sites in Serbia.

77. **The Central Record of the Unified Procedure (CEOP) is a unique, central, public, electronic database maintained within SBRA that contains data, acts, and documentation of all registers of unified procedures on the territory of the Republic of Serbia.** CEOP contains information related to (a) issued location conditions in accordance with the Law on Planning and Construction, (b) building permits issued in accordance with the Law on Planning and Construction, (c) certificates on the notification of the start of works, (d) decisions issued in accordance with Article 145 of the Law on Planning and Construction, and € use permits. Data in CEOP can be accessed electronically and submitted in the form of an electronic document, with a qualified electronic signature. All documents and data are stored in the manner prescribed by the regulation governing electronic office operations in the implementation of the unified procedure.

78. **The detailed analysis of the application process for issuing electronic building permits through CEOP shows a continuous engagement in construction-related activities from January to June 2023, marked by an overall increase to 77,997 applications from 76,169 the previous year.** Localization services maintained a stable flow of applications, marginally increasing to 14,303, indicative of ongoing urban mapping and zoning activities. There was a decrease in building permits to 8,355 applications, possibly reflecting a temporary dip in new construction projects or an improvement in the efficiency of the permit approval process. On the other hand, the number of issued use permits recorded a growth of 25 percent (Figure III.2.1).

Figure III.2.1. Submitted requests through CEOP



Source: SBRA statistics.

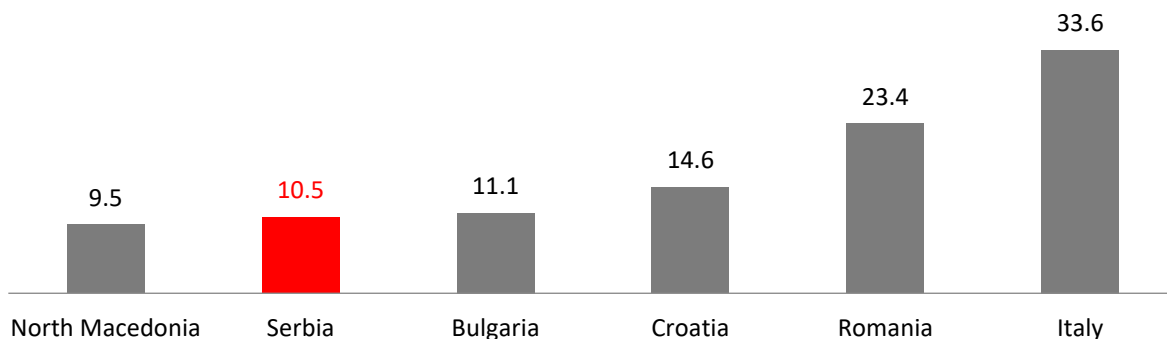
79. **Furthermore, the institutional response to these applications demonstrates a collaborative effort among various agencies.** The Ministry of Construction, Transport, and Infrastructure processed the highest number of applications (1,589), underscoring its pivotal role in overseeing and facilitating the construction and infrastructure sectors. Municipalities and public utility companies handled 898 and 840 applications, respectively, reflecting their essential roles in local governance and public service provision. Other involved institutions include the Cultural Heritage Protection Agency and the Directorate for Real Property and Cadaster, highlighting a broad spectrum of governmental engagement in ensuring compliance and facilitating development.

Connecting to an electric network

80. **The cost of a typical connection to the distribution network for households and small businesses (three phases, maximum power up to 43.5 kW), using underground cable (length = 50 m), amounted to approximately EUR 1,000 in 2019.**¹³⁰ The cost of connecting to the electric network for large companies in Serbia can vary significantly based on factors such as the required capacity, infrastructure needs, and specific location.

81. **Serbia’s electricity price is relatively low compared to other European countries.** The average price of electricity for households in Serbia is EUR 0.1046 per kilowatt hour (kWh) as of December 2023. This is an increase of 8.51 percent since the last semester and 22.37 percent over the past year. The average wholesale electricity price in Serbia in April 2024 was over EUR 64.6 per megawatt-hour (MWh). Serbia’s electricity price is lower than in many neighboring countries, such as Romania, Italy, and Croatia. However, some countries in the region, such as Bulgaria and North Macedonia, have lower incomes but higher electricity prices (Figure III.2.2).¹³¹

Figure III.2.2. Average price of electricity for households (euro cents per kWh)



Source: “Serbia Business,” Comparison of wages and prices of electricity and gas with neighboring countries.

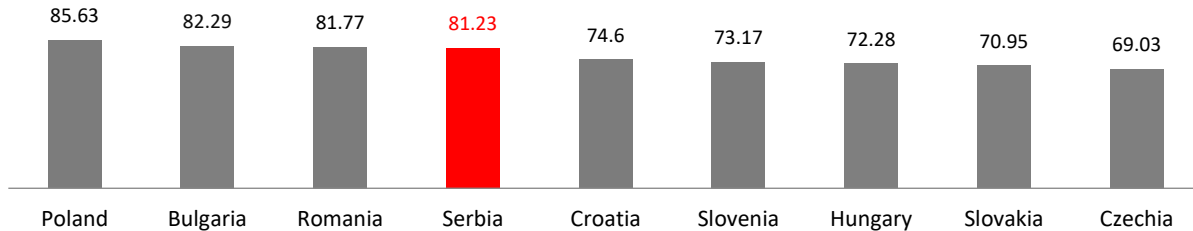
82. **Serbia has experienced significant electrical outages in recent years due to various factors.** In December 2021, Serbia was importing over 25 percent of its electricity after outages at its biggest coal-

¹³⁰ Republic of Serbia Net-Metering Study. *First Report: Analysis of Legal Framework and Market Structure Identifying Any Impediments*. See: https://pdf.usaid.gov/pdf_docs/PA00W5Z9.pdf.

¹³¹ “Serbia Business,” Comparison of wages and prices of electricity and gas with neighboring countries: <https://serbia-business.eu/comparison-of-wages-and-prices-of-electricity-and-gas-with-neighboring-countries/>.

fired thermal power plants, with almost 1.5 GW of current consumption being covered by imports.¹³² According to WB data, firms in Serbia experience an average of 0.7 power outages per month in 2019.¹³³ According to EMS data for the year 2023, only 2 Unplanned tie-line outages were recorded.¹³⁴ In August 2022, Serbia announced plans to offer large discounts on monthly electricity bills to households that cut their consumption compared to the same month a year earlier, as the country was consuming more electricity than a few years ago.¹³⁵

Figure III.2.3. Wholesale electricity price in EUR per MWh (May 2024)



Source: Balkan green energy news.

83. **The wholesale price of electricity in Serbia was around EUR 81.23 per MWh in May 2024, with only Romania, Bulgaria, and Poland having higher prices than Serbia.** At the same time, the retail price charged to consumers is about EUR 41 per MWh, among the lowest in Europe. With market prices reaching EUR 700 per MWh, Serbia would have to spend EUR 600 million per month to import the electricity it cannot produce (Figure III.2.3).¹³⁶ As of June 2024, the latest energy price in Serbia was EUR 121.43 per MWh, or EUR 0.12 per kWh, which is 11 percent more than the previous year (Figure III.2.4).¹³⁷

¹³² Balkan Green Energy News. See: <https://balkangreenenergynews.com/serbia-importing-over-25-of-electricity-amid-outages-due-to-snow/>.

¹³³ World Bank. Power outages in firms in a typical month (number) - Serbia. See: <https://data.worldbank.org/indicator/IC.ELC.OUTG?locations=RS>.

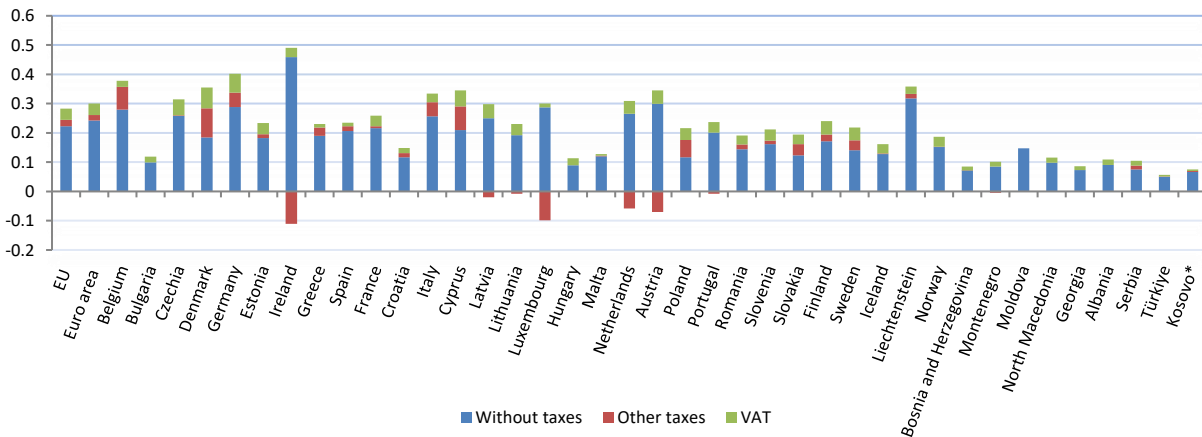
¹³⁴ Official data EMS, See: <https://ems.rs/en/outages/>

¹³⁵ Balkan Green Energy News. See: <https://balkangreenenergynews.com/serbia-preparing-power-saving-measures/>.

¹³⁶ Ibid.

¹³⁷ EUENERGY, Electricity prices RS Serbia. See: <https://euenergy.live/country.php?a2=RS>.

Figure III.2.4. Electricity prices for household consumers, second half of 2023 (EUR per kWh)



Source: EUENERGY, Electricity prices RS Serbia.

84. **Serbia is actively working to improve its electric connectivity and integrate more renewable energy sources into its power grid.** The process of connecting facilities to the transmission system is defined by Serbia’s Energy Law, Law on Planning and Construction, and other regulations. Major steps include developing a connection study, obtaining permits, monitoring construction, and testing compliance with technical requirements. New legislation passed in 2023 regulates the procedure for connecting renewable energy projects to the transmission system. Investors must now provide a bank guarantee of EUR 25,000 per MW of capacity and have a decision on preparing a relevant planning document before signing a grid connection study agreement.¹³⁸

85. **In 2023 and 2024, the EU4BE project, jointly with PLAC III project, provided support to the Ministry of Mining and Energy on regulations to foster regional energy market integration, and support for improving regulatory environment on renewables.** More specifically, support was provided in implementation of the Decision of the Ministerial Council (MC) of the Energy Community (EnC) D/2022/03/MC-EnC of December 15, 2022. Within amendments of the Energy Law and transposition of the EnC legislative and regulatory acts, the support included reviewing four legal acts which are part of the Clean Energy for all Europeans package (recast), five Network Codes and Guidelines establish detailed rules related to different market segments and system operation and Procedural Act 20221/01/MC-EnC on Regional Market Integration. In addition to the Energy Law, the assistance comprised of reviewing broader domestic legislative framework to identify overlaps and inconsistencies between primary and secondary legislation, including secondary legislation of the Energy Law and the Law on Using Renewable Energy Sources, as well as relevant AERS regulation, the Law on Protection of Personal Data and other relevant Serbian legislation.

86. **As of 2024, Serbia’s transmission system operator EMS has temporarily halted connecting new renewable energy plants due to insufficient reserve capacity for balancing the grid.** However, projects that have already signed a connection study agreement or can secure balancing capacity are exempt. Serbia aims to integrate up to 5,800 MW of renewable energy by 2032, with 4,800 MW from wind and

¹³⁸ Serbia Energy, Serbia: New Rules for the Connections to Transmission Network. See: <https://serbia-energy.eu/serbia-new-rules-for-the-connections-to-transmission-network/>.

1,000 MW from solar, according to its Transmission System Development Plan.¹³⁹ Significant EU funding is supporting grid upgrades like the Trans-Balkan Electricity Corridor to enable more renewable connections. In 2023, the GoS adopted the basic principles of the energy infrastructure development plan and energy efficiency measures for the period up to 2028 with projections up to 2030, which envisages the construction of solar power plants and wind power plants with a total capacity of 2 GW through a strategic partnership. The selection of a strategic partner for 1,000 MW from solar power plants is in progress.

Buying land and quality of the land management system

87. **Property rights in Serbia are governed by the Foundations of Property Law Relations and the Property Law Relations of 1996.** The Constitution of Serbia guarantees the peaceful enjoyment of ownership and other property rights. Foreigners can acquire ownership of immovable property in Serbia, but there are restrictions on acquiring agricultural land. Acquiring property rights involves a valid legal basis, such as a sale and purchase agreement, inheritance decision, or gift agreement, and registration in the Real Estate Cadaster.

88. **Although Serbia has a sufficient number of laws protecting property rights, the legal system can be relatively slow to enforce property rights.** Property titles can become complicated due to a variety of reasons, such as outright title fraud, unlicensed and illegal construction, restitution claims, and limitations on property rights to ‘rights of use’. It is common for foreign governments to advise their investors to look into any property title difficulties in detail before making any investments.¹⁴⁰ According to the Property Rights subcomponent of the Legatum Prosperity Index, there were no major improvements in property rights in the country. Serbia has scored 52.4 out of 100 in 2023 and its score remains stable over time.¹⁴¹

89. **Registration fees are relatively low, ranging from 0.01 percent to 0.05 percent of the property value, depending on the property value and the type of property.** Property transfer tax is 2.5 percent for secondary housing and 10 percent for newly constructed properties. Additional costs, such as notary fees, agent fees, and VAT, can range from 2.5 percent to 12 percent of the transaction price.¹⁴² According to the Survey of 1,000 enterprises, more than 40 percent of respondents indicated a very negative impact that the amount of property tax has on their businesses.¹⁴³

90. **During 2024, Serbia implemented significant reforms in the property registration process to improve efficiency and reduce costs:**¹⁴⁴

¹³⁹ EMS, Development plans - national - regional - European. See: <https://ems.rs/en/development-plans/>.

¹⁴⁰ “Export.gov,” Serbia - 5-Protection of Property Rights: <https://www.export.gov/apex/article2?id=Serbia-Protection-of-Property-Rights>.

¹⁴¹ Legatum Institute. 2023. “The Legatum Prosperity Index: A Tool for Transformation 2023.” London: The Legatum Institute Foundation.

¹⁴² “Investropa,” Buying property in Serbia as a foreigner: a full guide: <https://investropa.com/blogs/news/serbia-real-estate-foreigner>.

¹⁴³ Survey of 1000 companies and entrepreneurs in Serbia 2022-2023, conducted as part of the EU4BE project, 2024. See: https://rsjp.gov.rs/wpcontent/uploads/1000_Enterprise_Survey_for_years_2022-23_FNL.pdf

¹⁴⁴ Law office TSG Lawyers Belgrade, SERBIA: Major changes in the property registration procedure, <https://tsg.rs/en/newsletter/serbia-major-changes-in-the-property-registration-procedure/>.

- **Mandatory electronic submission:** Requests for registration in the Real Estate Cadaster must be submitted electronically via the e-counter by authorized professionals, primarily lawyers.
- **Unique Registration Number (JMBN):** A unique registration number for real estate is automatically assigned and follows the life cycle of the property, enhancing reliability and legal certainty.
- **Priority order deviations:** Deviations from the priority order in the Real Estate Cadaster are allowed for expropriation purposes, such as subdivision and re-parceling.
- **Efficiency improvements:** Amendments aim to accelerate and simplify registration procedures in the Cadaster, improving existing provisions.
- **Infrastructure cadaster:** A unified database for all infrastructure and underground facilities is introduced, improving data access and spatial planning.
- **Definition of infrastructure facilities:** Clear definitions are provided for underground and aboveground infrastructure, including transportation networks and electronic communication installations.
- **Quality and reliability measures:** Measures to improve data quality and prevent abuses include mandatory reporting of organizational changes by geodetic organizations and penalties for false data reporting.

91. **Nevertheless, there are bottlenecks for property registration at the Tax Administration (15 business days for the approval of the transaction value and of the transfer tax payment) and the Real Estate Cadaster (15 business days to issue the decision on the property title).**¹⁴⁵ The primary issue is the unresolved cases that have been submitted by the parties (either directly or through professional users), in addition to a significant number of unresolved cases from the past.

92. **About 2 million buildings in Serbia had been built without permission by 2020.** Despite efforts to legalize illegal buildings, the problem persists. In fact, about 80 percent of local self-governments admit that illegal construction continues, and the process of legalizing buildings is often slow and inefficient.¹⁴⁶ Factors such as inefficient institutional frameworks, lack of affordable housing, and corruption have contributed to the persistence of illegal construction despite legalization efforts.

93. **The credibility of the legalization policies in Serbia has been questioned, as they have failed to effectively address the root causes of illegal construction.** Since the amendment of the Law on Building Legalization in 2015, only around 230,000 legalization decisions have been issued.¹⁴⁷ The Secretariat for Legalization Affairs in Belgrade has not provided public data on the grounds for legalizing buildings since 2015, making it difficult to track the extent of corruption.¹⁴⁸ In Serbia, local governments have decided for

¹⁴⁵ NALED. "Guide Through Registration in the Real Estate Registry." See: <http://upisnepokretnosti.rs/Files/00045/Vodic-kroz-upis-u-katastar-nepokretnosti.pdf>.

¹⁴⁶ Real Estate Magazine. "Serbia struggling with illegal construction for three decades." See:

<https://realestate-magazin.rs/en/nekretnine/trziste/serbia-struggling-with-illegal-construction-for-three-decades/84071>.

¹⁴⁷ Ibid.

¹⁴⁸ Balkan Insight. "Illegally Legalized: The Corruption Involved in Building Belgrade." See:

<https://balkaninsight.com/2023/01/10/illegally-legalised-the-corruption-involved-in-building-belgrade/>.

7,640 cases on average to demolish illegally constructed homes, garages, and other buildings. However, barely one in five of these decisions has resulted in the removal of the structures.¹⁴⁹

III.3 Operations and Expansion

94. **A well-functioning business operations system in a country is characterized by low compliance costs and regulatory predictability concerning licensing, permits, inspections, tax administration, along with robust regulations and institutions that minimize operational risks for businesses while fostering investment and growth.** The aim is to craft and execute regulations and institutions that can achieve public policy objectives (like health, safety, and fair markets) while placing minimal burdens on businesses, delivering high-quality services, and bolstering business confidence.

95. **SBRA manages not only the electronic services mentioned earlier but also other registers that have been improved or are in the process of improvement.** Currently, SBRA maintains 25 registers, some of which have the option for electronic submission of requests, and for some it is planned to make this possible in the coming period. SBRA plans to digitize all services by the end of 2025 (Table III.3.1).

Table III.3.1. Register's on SBRA and their status

Register	Status
Submission of Financial Reports	Complete digitization
Register of Accounting Service Providers	Partial digitization (submission electronically or in person/post office)
Register of Financial Leasing	Submission of requests in person or by post office
Lien Rights	Partial digitization (submission electronically or in person/post office)
Register of Media	Submission of requests in person or by post office
Register of Associations	Submission of requests in person or by post office
Register of Foreign Associations	Submission of requests in person or by post office
Register of Tourism Service Providers	Submission of requests in person or by post office
Register of Bankruptcy Estates	Partial digitization (submission electronically or in person/post office)
Regional Development Measures and Incentives Register	Complete digitization
Register of Chambers of Commerce and Representative Offices of Foreign Chambers of Commerce	Submission of requests in person or by post office
Register of Endowments and Foundations	Submission of requests in person or by post office
Register of Representative Offices of Foreign Endowments and Foundations	Submission of requests in person or by post office
Register of Sports Associations, Societies, and Federations	Submission of requests in person or by post office
Register of Injunctions	Electronic database
Register of Factoring	Submission of requests in person or by post office
Register of Bidders	Partial digitization (submission electronically or in person/post office)

¹⁴⁹ NALED. "One in five cities or municipalities demolishes illegally constructed objects, but only three buildings a year." See: <https://naled.rs/en/vest-svaki-peti-grad-ili-opstina-ruse-nelegalnu-gradnju-ali-svega-tri-objekta-godisnje-4808>.

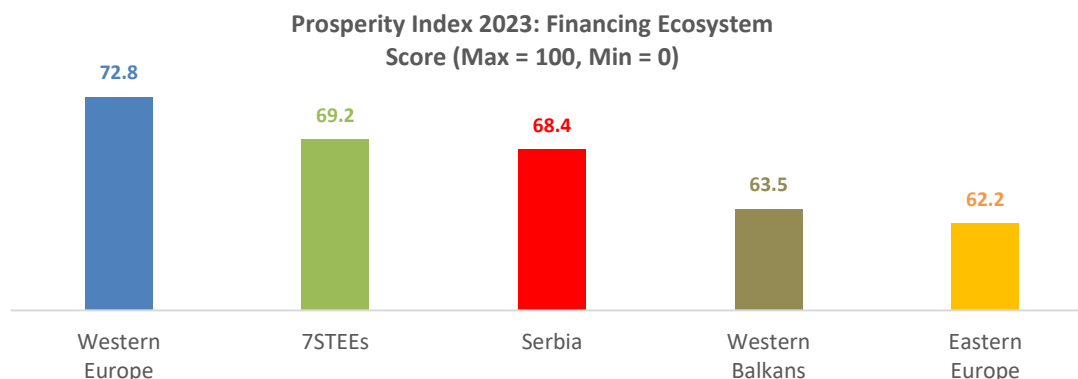
Register	Status
Register of Agreements on the Financing of Agricultural Production	Submission of requests in person or by post office
Building Permits System	Complete digitization
Temporary Restrictions on Personal Rights	Electronic database
Central Register of Beneficial Owners	Complete digitization
Register of Health Institutions	Submission of requests in person or by post office
Register of Cultural Institutions	Submission of requests in person or by post office

Source: SBRA.

Credit infrastructure

96. **Credit activity slightly accelerated in Q1 2024, with a year-on-year (y-o-y) growth of 1.3 percent in total domestic loans.** This growth is expected to further accelerate in the upcoming period. Corporate loans in Serbia stagnated in y-o-y terms in March 2024. However, the easing of corporate lending standards in Q1 2024, supported by a more favorable assessment of the general economic situation, is expected to contribute to a pickup in corporate lending growth.¹⁵⁰ The Legatum Prosperity Index also measures the financing ecosystem in a country, where Serbia scored 68.4 out of 100 points in 2023, a decrease from 71.3 points recorded in 2021 (Figure III.3.1).¹⁵¹

Figure III.3.1. Financing ecosystem in Europe (2023)



Source: The Legatum Prosperity Index database.

97. **The Serbian banking sector is highly liquid and well-capitalized, with high solvency and liquidity ratios.** This resilience will help banks cope with potential credit risks and support lending activity. Banks expect a slight tightening of credit standards for corporate loans in the first quarter of 2024.¹⁵² This tightening is expected to be less severe than in previous periods, indicating a more stable lending environment. Despite the expected tightening of credit standards, loan growth is forecast to rebound in

¹⁵⁰ The National Bank of Serbia, Macroeconomic Developments in Serbia, 2024. See:

https://www.nbs.rs/export/sites/NBS_site/documents-eng/finansijska-stabilnost/presentation_invest.pdf.

¹⁵¹ Legatum Institute. 2023. "The Legatum Prosperity Index: A Tool for Transformation 2023." London: The Legatum Institute Foundation.

¹⁵² The European Banking Authority, Assessment of Serbia. See:

https://www.eba.europa.eu/sites/default/files/document_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20acknowledges%20Commission's%20decision%20on%20equivalence%20for%20Serbia%20and%20South%20Korea/Annex%20Serbia.pdf.

2024 after contracting in 2023. This rebound is expected to be driven by the easing of lending standards and a more favorable economic environment.¹⁵³

Complying with tax obligations

98. **Local firms have to make 33 tax payments per year, twice as many as in the regional peers.** The many parafiscal charges remain high and non-transparent, lacking rationalization, thus undermining the predictability and stability of Serbia's tax system and hampering economic development. The business community generally considers the law on foreign exchange transactions to be too restrictive in its design and unpredictable in its application.¹⁵⁴

99. **Filing out tax returns in Serbia is now easier because of the Tax Application for Determining the Annual Income Tax of Citizens (PPDG-2R) form.** This came about with a law change in January 2023. The tax office pre-fills contributors' tax returns (PPDG-2R) with data from official records, by April 1 of the following year. Taxpayers can review it online, make any corrections needed, and submit the completed tax return electronically. If taxpayers miss the deadline, the tax office will file a return for contributors based on their information.

100. **The Tax Administration reduced the time for VAT refunds for low-risk taxpayers—mainly exporters—by 4 days (the legal deadline is 15 days, and refunds are made in 11 days), while for other taxpayers the refund period was shortened by 24 days (the legal deadline for refunds is 45 days, and refunds are made in 21 days).**¹⁵⁵ The latest amendments to the VAT regulations from 2023 provided useful clarifications and more precise rules, such as defining related parties and market value. Additionally, the amendments harmonized VAT regulations with those on electronic invoicing and fiscalization. For instance, new provisions addressed the concept of a corporate card and established special rules for issuing electronic invoices for transactions. These changes reduced discrepancies between VAT regulations and those governing fiscalization and electronic invoicing. However, the amendments did not focus on other problems reported by business community, such as the usage of reverse charge for VAT on foreign goods/services, which is challenging due to uncertain taxable amounts; VAT laws still differ from international norms, affecting documentation and in-kind contributions' tax treatments; manual VAT record-keeping increases costs and errors; and delays in refunds impact business liquidity.¹⁵⁶

101. **The 2022 amendments to the Personal Income Tax Law introduced significant changes, particularly benefiting freelancers and advancing digitization.** A new self-assessment taxation method was established for freelancers, effective January 1, 2023, with two optional models. Under Model A, gross income is reduced by fixed costs of RSD 96,000 and taxed at 20 percent, while Model B reduces gross income by fixed costs of RSD 57,900 plus 34 percent of gross income, taxed at 10 percent. These changes also mandate contributions for pension, disability, and health insurance if not otherwise covered. The amendments transitioned the annual personal income tax determination from a Tax Administration decision to self-assessment, with the Tax Administration now preparing a preliminary tax return published on the eTaxes portal by April 1 of each year. This shift simplifies the tax process and is part of broader digitization efforts. Additionally, individuals under 40 years of age benefiting from tax relief and having no

¹⁵³ Ibid.

¹⁵⁴ European Commission. 2023. *Progress Report for Serbia 2023*.

¹⁵⁵ Information provided by Tax Administration.

¹⁵⁶ FIC, White Book 2023.

taxable income are no longer required to submit a tax return, streamlining compliance for younger taxpayers.¹⁵⁷

102. **The newest Law on Tax Procedure and Tax Administration (LTPTA) amendments harmonize tax crime procedures.** The Criminal Procedure Code introduces two new tax-related offenses and mandates electronic submission of annual income tax returns to digitize the Tax Administration. Initial steps to regulate internal control procedures are also included, requiring a legal act within a year. Furthermore, the General Administrative Procedures Law amendments removed the five-year limit for taxpayers to request a repeat of administrative procedures. Taxpayers are no longer bound by the five-year time limit from the notification of the final decision to submit a request for repeating the tax procedure. However, significant improvements in Tax Administration services and client relations are still needed.¹⁵⁸

Courts' efficiency to resolve commercial disputes

103. **The judiciary has a direct and extensive impact on the predictability of doing business, so it comes as no surprise to see reforms to the justice sector rank among the top three priorities for several years.** American Chamber (AmCham) Serbia 2023 Lap Time Survey found that 62 percent of AmCham members and 41 percent of micro and small enterprises (MSEs) perceive effectiveness of the judiciary as low or very low, with the main complaints being lengthy court proceedings,¹⁵⁹ followed by inconsistent case law.¹⁶⁰ In addition, about 25 percent of AmCham members cited judges' lack of expertise and inadequate specialization as a major constraint. Lax penalties were a major constraint for 52 percent of MSEs. In view of the increasingly vocal complaints over payment discipline and unfair competition, as cited by one in four companies, the failure to resolve these issues appropriately in court has been having a particularly negative impact on MSEs.¹⁶¹

104. **Firms and investors are adversely affected by an unpredictable environment brought forth by weak institutions and law enforcement.** Serbia achieved 50.4 out of 100 points on the IEF indicator of judicial efficiency for 2024 (Figure III.3.2).¹⁶²

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

¹⁵⁹ As reported by 84 percent of AmCham members and 81 percent of MSEs.

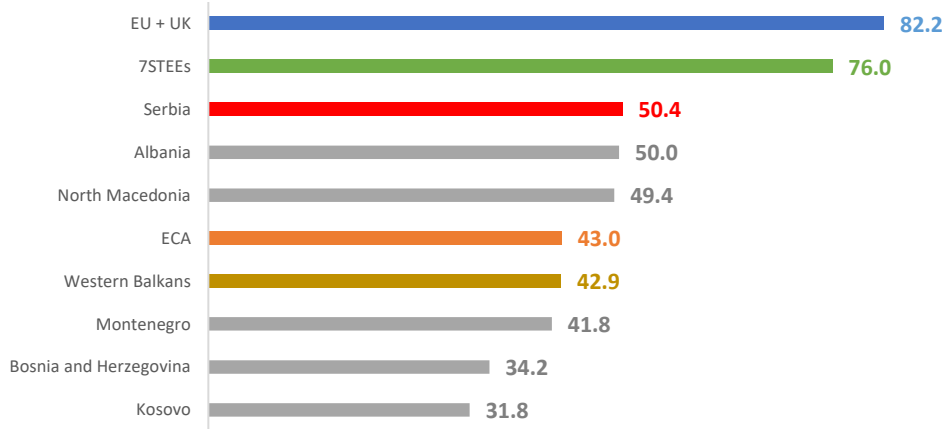
¹⁶⁰ As reported by 53 percent of AmCham members and 60 percent of MSEs.

¹⁶¹ American Chamber Serbia - Lap Time Surveys, 2023. See: <https://amcham.rs/lap-time-surveys/>.

¹⁶² The Heritage Foundation. 2024/2023. 2024/2023 Index of Economic Freedom. Washington, DC: The Heritage Foundation.

Figure III.3.2. Courts efficiency and law and order across Europe

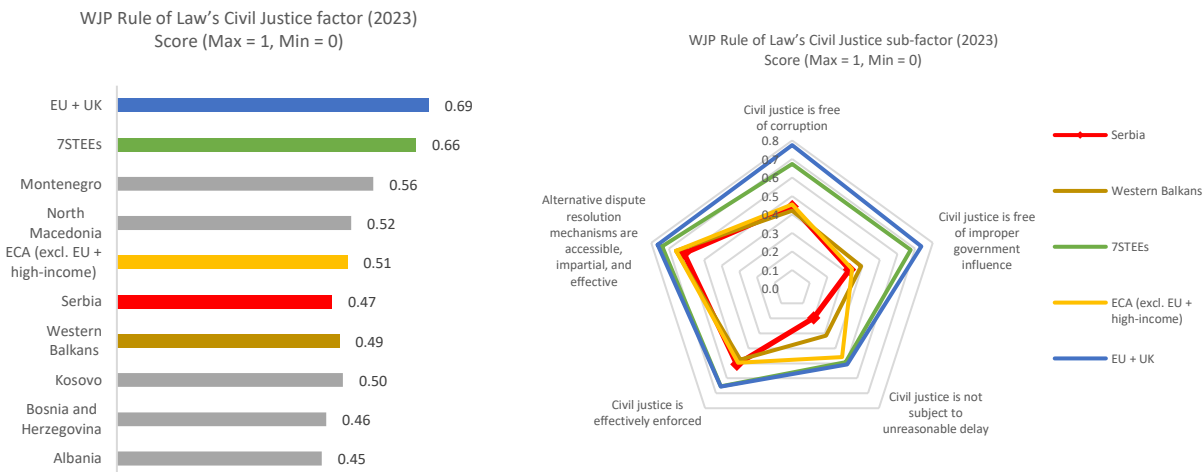
IEF 2024: Judicial Effectiveness Score (Max = 100, Min = 0)



Source: The Heritage Foundation.

105. **Businesses engage in fewer formal business transactions and investments when there are ineffective courts, whereas informal transactions become more attractive.** In the WJP’s Rule of Law Civil Justice factor, Serbia scores 0.47 out of 1, identifying strengths in areas such as alternative dispute resolution (ADR) mechanisms, followed by civil justice enforcement. On the weaknesses, Serbia underperforms most of its regional peers in delays of civil justice proceedings and improper government influence on the judiciary (Figure III.3.3).¹⁶³

Figure III.3.3. Civil justice performance in Serbia (2023)



Source: WJP.

106. **In February 2022, the Constitution was amended with the objective to strengthen the independence and accountability of the judicial system.** The amendments to the Constitution were

¹⁶³ WJP (World Justice Project). 2023. “Rule of Law index 2023.” Washington, DC: The World Justice Project.

implemented through the adoption of a new set of laws in the field of judiciary as well as in the field of public prosecution (Box III.3.1). The most significant change in the procedure for the election of judges is the exclusion of the National Assembly's involvement. Now, the High Judicial Council is responsible for the selection and appointment of all judges, including those who are being elected for the first time to a judicial function. There have not been any significant changes in the general and specific qualifications for the selection of judges.¹⁶⁴

Box III.3.1 2022 Constitutional reform's implementation laws

- The Law on the Organization of Courts ('Official Gazette of RS', No. 10/2023)
- The Law on Judges ('Official Gazette of RS', No. 10/2023)
- The Law on the High Judicial Council ('Official Gazette of RS', No. 10/2023)
- The Law on Public Prosecution ('Official Gazette of RS', No. 10/2023)
- The Law on the High Prosecutorial Council ('Official Gazette of RS', No. 10/2023)

Source: FIC.

107. **In terms of electronic services in the justice system, existing services have been improved with the aim of greater efficiency and data security.** Currently, the following services are available:

- **Register of Power of Attorneys**—allows checking the powers of attorney issued to attorneys.
- **Issuance of a certificate on the conduct of criminal proceedings** (issued by the court) is used to submit a request a document proving that no criminal proceedings and investigations are being conducted against a person before basic, higher courts and public prosecutions, special departments for organized crime, War Crimes Department and special departments for combating corruption.
- **The 'e-Court' system** is used for electronic communication with the Administrative Court exclusively for filing lawsuits, objections, lawsuits for repeating the procedure, and requests for a decision on execution.
- **Judicial information systems** (PIS) include automatic case management. This system is used by basic and higher courts as well as commercial courts to manage cases, while the Misdemeanor Court System is used by misdemeanor courts to manage their cases.

108. **These systems are continuously improved and upgraded in accordance with the needs of the courts.** However, certain problems in the use of information systems were also identified: (a) there are outdated computers and unsafe operating systems; (b) information security is not at the necessary level because it is not organized organizationally and normatively; (c) business continuity is not ensured in extraordinary circumstances and in case of termination of cooperation with service providers; (d) service provider has access to the production base; (e) processing of personal data is not regulated so that the roles of the Ministry of Justice, courts, and service providers are clearly delineated.¹⁶⁵

109. **Arbitration proceedings offer numerous benefits, including efficiency, cost-effectiveness, flexibility, neutrality, confidentiality, enforceability, expertise, recognition, and an alternative to litigation, making it an important method for resolving commercial disputes.** The regulatory framework

¹⁶⁴ FIC, White Book 2023. See: <https://fic.org.rs/projects/white-book/white-book-publication/>

¹⁶⁵ Information systems in the judiciary - Report on the Audit, January 10, 2023.

for arbitration proceedings in Serbia consists of the Law on Arbitration¹⁶⁶ and the rules of two arbitral institutions, the Permanent Arbitration at the Chamber of Commerce and Industry of Serbia and the Belgrade Arbitration Centre. Both arbitral institutions have the jurisdiction to settle any dispute eligible for arbitration, regardless of whether it is an international dispute or a domestic one.

110. **The widespread consensus is that arbitration is becoming a more common means of settling business disputes.** Nonetheless, it still predominates in cross-border economic interactions, where foreign corporations have a history of mistrusting the authority or efficiency of domestic courts. However, domestic businesses continue to hold the view that arbitration is costlier than going to court. But often overlooked is the fact that arbitration, where results are rendered more quickly than in court, can be far less expensive than drawn-out legal proceedings, particularly in cases involving larger sums of money. Lately, rather than improving arbitration rules, the advancement of arbitration in Serbia and other nations has been concentrated on expanding the jurisdiction of arbitration. Today's arbitration legislation and institutional regulations generally provide a sufficient legal foundation, and the professional community's main goal is to encourage the wider and more frequent use of arbitration as a dispute resolution tool. Nevertheless, it is necessary to specify the relationship between bankruptcy and arbitration proceedings in the Bankruptcy Law, primarily starting from the content of the provisions of Articles 117 and 118 of the Bankruptcy Law.¹⁶⁷ As further noted in the White Book, the question arises as to whether creditors who did not initiate arbitration proceedings before the opening of bankruptcy can determine their claims in arbitration proceedings in the event of a claim dispute in bankruptcy, or whether arbitration proceedings are available only to the creditor who conducted arbitration proceedings against the bankrupt debtor before the initiation of bankruptcy. Also, the situation is specific when in the contract from which the disputed claim arises there is an arbitration clause that refers to the settlement of the dispute before arbitration, the court would be incompetent to resolve such a dispute. Despite this, there are interpretations that in this situation, the creditor may choose to initiate litigation or arbitration proceedings.

111. **The FIC White Book 2023 reports no progress compared to 2022 on the Judicial Proceedings area, with a score of 1** (on a scale of 1–3). Among others, some remaining issues refer to the education of judges and better mechanisms for the liability of judges in wrongful decisions, flexibility of the time frame and deadlines for certain actions, access to case files, restrictive interpretation of concepts that allow delay of procedure, limited ground for appeal in small-value disputes, and the need of a non-resident bank account with a non-resident creditor when initiating enforcement proceedings.¹⁶⁸

112. **Implementation of the unified backlog reduction program for 2021–2025 continued under the supervision of the Supreme Court of Cassation, with declining trends in the overall number of pending backlog cases, including enforcement cases.** Some measures were proposed to streamline future work on old cases. At the end of 2022, there were 130,260 pending backlog cases, with a higher number of resolved civil cases before basic courts (36,859 compared to 32,923 in 2021). The percentage of backlog cases in the total workload of courts is 3.9 percent. Looking at individual types of courts, the number of pending cases in 2022 fell in basic courts, misdemeanor courts, commercial courts, appellate courts, commercial appellate courts, and misdemeanor appellate courts. On the other hand, the number of

¹⁶⁶ Official Gazette of RS, no. 46/2006.

¹⁶⁷ FIC, White Book 2023. See: <https://fic.org.rs/projects/white-book/white-book-publication/>.

¹⁶⁸ Ibid.

pending cases increased in higher courts, administrative courts, and the Supreme Court of Cassation. The number of old cases increased in the administrative court (6,333 in 2022 compared to 4,368 in 2021). Most of them are cases that are 3–5 years old (6,190). Significant differences in workload remain between courts across the country, with the Belgrade courts of first instance bearing the highest workload overall. There was no progress in amending the legal framework on local jurisdiction to address this problem.¹⁶⁹

¹⁶⁹ European Commission. 2023. *Progress Report for Serbia 2023*.

IV. Summary Table of Reform Areas

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Topic: Regulatory governance and predictability in implementing laws and regulations		
Business area: Regulatory reform tools		
Reports on regulatory reforms are not publicized on a regular basis.	Partially achieved.	<ul style="list-style-type: none"> Regulatory reform progress is being provided in some areas. For example, in public administration reforms, reports have been regularly publicized using the online monitoring tool (OMT) for Regulatory Reform Programme and e-Paper Programme: https://pujpr-monitoring.mduls.gov.rs and https://rap-monitoring.mduls.gov.rs. SABs annually report the progress in this area.
Distribution of proposed regulations to interested stakeholders are not carried out systematically.	Partially achieved.	<ul style="list-style-type: none"> Each SAB is obliged to publish, on the e-Consultation portal, the information that the consultative process has begun. However, institutions still mostly use their own websites to publish their public consultation processes. New regulations related to RIA and Policy Impact Assessment (PIA)¹⁷¹ will introduce the e-Consultation Portal as a main tool for the consultative process as well as for informing the public on the consultation process.
Time frames for publication of proposed regulations are not established in law.	Achieved.	<ul style="list-style-type: none"> Law on Planning System (LPS) in Article 32 stipulates that each SAB should inform the public about the start of the PPDs drafting, by publishing a notice on its website. If the competent proponent is a SAB, that notice is also published on the e-Administration portal, seven working days from the start of the drafting of that document. Article 41 of the same law establishes that this is mandatory also for regulations.
Not all adopted laws and secondary regulations go through a public consultation process.	Limited progress.	<ul style="list-style-type: none"> While public consultations were conducted for all 23 draft policy planning documents in 2023, consultations were done for only 53% of draft laws and 31% of draft secondary regulations that had an obligation to have public consultations.¹⁷²

¹⁷⁰ Opportunities for improvement as identified in EU4BE Semi-annual analytical report on existing business environment reforms, priorities and gaps from June 2023

¹⁷¹ Draft Bylaw on regulatory impact assessment and draft Bylaw on policy impact assessment, the PPS, July 2024

¹⁷² The PPS, internal statistical record, 2023.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Implementation and systematization of the e-Consultation platform need further improvement.	Limited progress.	<ul style="list-style-type: none"> The current regulations do not specify the institution in charge of the quality control of public consultations, including of the e-Consultations platform. CSOs still report that the time given for public consultations is not sufficient, and that their comments on draft laws of public interest are not taken into account. Here are some of the new functionalities the e-Consultation platform will introduce or improve: <ul style="list-style-type: none"> Precise and clear implementation of all methods of consultations and public discussions. Civil servants can conduct consultations and public hearings for regulations and planning documents. Accurate reporting on the quality of conducted consultations and public hearings for regulations and PPDs. New functionalities for LSGs.
Results from the public consultation processes are not publicly available.	Limited progress.	<ul style="list-style-type: none"> Reports are still not systematically published nor are explanations systematically provided on the acceptance or rejection of received comments.
Not possible for the general public to provide comments on proposed regulations anonymously	Achieved.	<ul style="list-style-type: none"> The upgraded version of e-Consultation Portal launched in June 2024 enables general public to provide comments on proposed regulations anonymously.
Lack of an agency or bureau responsible for quality control of the public consultation process	No progress.	<ul style="list-style-type: none"> There is still no central body in charge of the quality control of public consultations.
Lack of a formal mechanism for inter-institutional coordination across relevant agencies for more efficient public consultation	No progress.	<ul style="list-style-type: none"> No progress to report
Time frames for the consultation period of proposed regulations are not established in law.	No progress.	<ul style="list-style-type: none"> No progress to report.
Lack of a criterion to define which proposed regulations are subjected to an impact assessment	Achieved.	<ul style="list-style-type: none"> Criteria have been introduced by the Law on Planning System and are described under Articles 31, 32, and 33 for PPDs, while Article 41 imposes the same obligation for regulations.
Ex post review of regulations is not established in law.	Partially achieved.	<ul style="list-style-type: none"> Law on Planning System obliges SABs to perform ex post analysis of regulations. Yet, the specific criteria and mechanisms for determining the regulations that will be the subject to targeted ex post analysis are expected to be introduced in 2024 Q4. The predominant view is that not all regulations should be subject to ex post analysis. Related activities are being implemented.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Business area: Regulatory burden		
The 'once-only' principle—which allows to submit a document or requirement only once—is not applied across all administrative procedures.	No progress.	<ul style="list-style-type: none"> The principle is still not applied and there is no estimation on when it will be applied, but the whole digitization process is based on enabling 'once-only' principle.
Changes in regulations are unpredictable and too frequent.	Limited progress.	<ul style="list-style-type: none"> The score for <i>Predictability of the adoption of regulations</i> increased significantly in 2023, but is still not high enough to be rated positively.¹⁷³ Fulfillment of the plan of legislative activities is still at a very low level with only 32% adoption rate of the laws planned in the current year.¹⁷⁴
Lack of a coherent regulatory governance framework	No progress.	<ul style="list-style-type: none"> No progress to report.
Not all public agencies respond to information requests from the private sector.	Limited progress.	<ul style="list-style-type: none"> There was an improvement during 2023. While 68% of ministries responded most regularly to simple inquiries from unknown businesspeople, 48% responded to a request from a well-known association. This is a slight increase from the response rate reported for 2022 (around 50%).¹⁷⁵
Implementation of the reform on access to information needs to be monitored to ensure that the administrative silence to citizens' and businesses' requests is effectively applied.	No progress.	<ul style="list-style-type: none"> Administrative silence, with public authorities failing to properly act on citizens' information requests, remained a major issue.
Business area: Control of corruption		
Firms are still getting requests from public officials to pay bribes.	No progress.	<ul style="list-style-type: none"> Overall, corruption is prevalent in many areas and remains a concern. Around 15% of public service users paid a bribe in the previous 12 months.¹⁷⁶ Survey of 1,000 Enterprises showed significant increase in perception of corruption as an obstacle for competitiveness over the previous two years.

¹⁷³ NALED, Regulatory Index of Serbia, 2024.

¹⁷⁴ Ibid.

¹⁷⁵ Ibid.

¹⁷⁶ Transparency International, 2023.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Implementation of anti-corruption measures remains a challenge.	Limited progress.	<ul style="list-style-type: none"> Steps have been taken to further implement the recommendations of the Council of Europe's Group of States against Corruption (GRECO) for prevention of corruption: urgent procedure was used in Parliament only in a limited number of cases (9 %) in 2022, improved composition of the High Justice Council, improved competences of Public Prosecutor, and so on. There was a slight increase in the number of new investigations and final convictions in high-level corruption cases, but the number of new indictments fell.¹⁷⁷ There were no cases of final confiscation of assets, for which a track record is required. Serbia still needs to adopt a national anti-corruption strategy and the accompanying action plan.
High-level officials still fail to disclose their assets.	Limited progress.	<ul style="list-style-type: none"> According to the Law on the Prevention of Corruption and in practice, high-level officials are disclosing their assets to the Agency for the Prevention of Corruption. There is an issue with the assets that are officially not owned by high-level officials, yet they effectively own them.
Whistleblowers have not received adequate protection in high-profile cases.	No progress.	<ul style="list-style-type: none"> The whistleblower protection system still falls short of providing all measures of support to the whistleblower, such as comprehensive information and being easily accessible, direct assistance to the whistleblower, and financial assistance as well as psychological support.
Regulations mandating the establishment of internal codes of conduct for private firms have not been enacted.	Limited progress.	<ul style="list-style-type: none"> Serbian Chamber of Commerce adopted a Code of Business Conduct that should be mandatory for each business. Yet, there are no other new developments related to the issue.
Lack of the new version of the anti-corruption strategy and action plan (replacement of the 2013–2018 National Strategy for Fighting Corruption)	Limited progress.	<ul style="list-style-type: none"> The following PPDs are being drafted: Strategy for the fight against corruption with an action plan. It is expected that it will be adopted by the new government in 2024.
Topic: Digital Readiness		
Business area: Electronic government maturity		
Limited data exchange across existing registries and lack of platforms' interoperability	Limited progress.	<ul style="list-style-type: none"> The EDGe project of the WB is ongoing and the latest information is that it has been agreed that a new bus service (GSB) will be established, which will be connected to the meta-registry, to pull the necessary information from the existing registers according to predefined criteria of the registers.
Most governmental electronic portals are informational and not transactional.	Partially achieved.	<ul style="list-style-type: none"> The GoS has launched the centralized e-Uprava portal that allows the completion of 412 services of SABs and more than 20 LSGs at the moment. Services of individual ministries are offered on this central portal instead of their individual portal.¹⁷⁸

¹⁷⁷ European Commission. 2023. *Progress Report for Serbia 2023*.

¹⁷⁸ e-Uprava Portal, statistics, March 2023.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
The digitization of different public services was done without a common methodology, limiting the opportunity for scalability and rollout to other services.	No progress.	<ul style="list-style-type: none"> There are no new developments in the area. The new GSB will allow uniform digitization of government services.
The e-Archive platform is not fully developed.	Partially achieved.	<ul style="list-style-type: none"> New Law on Archiving has been in force since January 1, 2024. See: https://www.paragraf.rs/propisi/zakon-o-arhivskoj-gradji-i-arhivskoj-delatnosti.html https://www.paragraf.rs/propisi/uredba-o-klasifikaciji-dokumentarnog-materijala-sa-rokovima-cuvanja.html. By the end of 2023, 160 SABs used the e-Archive as a software solution, with full implementation expected in 2024.¹⁷⁹
Electronic payment for companies is still not fully digital since public agencies request documentation to prove that the payment was done from the bank account of the legal entity.	Partially achieved.	<ul style="list-style-type: none"> It is possible to pay electronically for all administrative procedures found on the e-Dozvola Platform: https://edozvola.euprava.gov.rs/#/. The e-Payment portal (https://plati.euprava.gov.rs/#/) has additional administrative procedures of 2 SABs (Ministry of Interior with over 60 procedures and the Tax Administration with 1 procedure) for which it is possible to make electronic payment of fees and charges. The e-Payment portal can provide electronic payment services for all administrative procedures, but it has not been used. All fees and charges for electronic applications in the registers maintained by SBRA can be paid electronically by VISA, Master or Dina card. During 2021, the Ministry of Justice enabled the payment of court fees through the e-Payment portal, so that the court automatically receives information about the fees paid and it is not necessary to submit proof of payment. National Bank of Serbia has introduced the Instant Payments System (IPS NBS), enabling citizens and businesses to make payments 24/7/365 in just a few seconds. Thanks to this system and the collaboration with the RS Government within the implementation of the e-Plati platform, all payments to state (budget) accounts can now be executed as instant payments. The e-Plati platform allows both individuals and businesses to make secure, instant payments by scanning the NBS IPS QR code on the payment slips. This method is fast, simple, and completely eliminates the need for paper proof of payments as the public authority receives real-time information confirming the payment and expedites the reconciliation process.

¹⁷⁹ Action Plan for the Implementation of the Government Programme Final Report, April 2023.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Relatively low performance on transparency and digital public services compared to EU members	Limited progress.	<ul style="list-style-type: none"> The RAP portal, a single window for information on all procedures conducted by public administration bodies, has published 2,343 procedures for businesses, 734 procedures for citizens, and 2,519 administrative requests for businesses.¹⁸⁰
Challenges in the implementation of the digitization of several government services (for example, e-Signatures, permissions for construction, or tax administration)	Partially achieved.	<ul style="list-style-type: none"> The e-Government national portal is continuously upgraded with new services, serving as a OSS for e-Government services and as a central point of access for businesses and citizens. The construction permit was digitized through the Unified Procedure in 2016: https://www.apr.gov.rs/registri/gradjevinske-dozvole.2383.html. e-Signature: https://euprava.gov.rs/elektronsko-potpisanje. The Tax Administration has digitized a large number of its services through the e-Porezi system, which is constantly being improved: https://www.purs.gov.rs/sr/e-porezi/portal.html.
Business area: ICT skills		
Lack of advanced ICT skills among citizens and public officials	Limited progress.	<ul style="list-style-type: none"> Ministry of Public Administration pointed out that all the changes and improvements taking place in the state must be accompanied by the development of knowledge and skills of civil servants. The National Academy for Public Administration (NAPA) places special attention on IT skills. In 2023, more than 1,000 public servants attended trainings in digital literacy, electronic administration, and digitization conducted by NAPA. https://www.napa.gov.rs/tekst/487/izvestaji-i-evaluacije.php.¹⁸¹ Trainings for citizens are not systematically organized across the country in accordance with a plan and program.
Limited number of trainings on electronic business, especially for SMEs located in small locations	Limited progress.	<ul style="list-style-type: none"> For some public services, such as e-Faktura, trainings are constantly offered to businesses. Yet, a systematic approach to improving electronic businesses skills is lacking.
Business area: Internet use		
20% of Serbian adults not using the internet, especially in rural areas	Limited progress.	<ul style="list-style-type: none"> As of 2023, 83.5% of population are using the internet in Serbia, up from 80% in 2021.¹⁸²
18% of Serbian households have no access to the internet	Limited progress.	<ul style="list-style-type: none"> As of 2023, 83.4% of households in Serbia have access to the internet, up from 80% in 2021.¹⁸³

¹⁸⁰ PPS, internal statistical record, 2023.

¹⁸¹ NAPA, Annual Report, 2023.

¹⁸² Statistical Office of Serbia, 2023.

¹⁸³ Ibid.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Relatively low fixed broadband penetration rates compared to the 7STEEs	Limited progress.	<ul style="list-style-type: none"> Broadband rollout is too slow, preventing the uptake of e-Government and business services and slowing down the digital transformation of the economy. There was some progress with the connection of public institutions and 150,000 households to fast broadband and speeds of 100 Mbps. Supported by the inflow of Russian citizens to Serbia, the robust growth of the information and communication sector continued, with exports of ICT services in 2022 valued at EUR 2.7 billion, an increase of 45% compared with 2021.¹⁸⁴
Business area: Telecom infrastructure and telecom services' affordability		
Lack of 5G mobile technology coverage	Limited progress.	<ul style="list-style-type: none"> Serbia took the first step last year, when the Parliament adopted the Law on Electronic Communications, which defines next-generation networks (5G) and the obligation to provide all citizens with fast and secure internet. The second step is the rulebook that is going to be adopted in 2024.
Relatively low patent and trademark applications compared to the 7STEEs	Limited progress.	<ul style="list-style-type: none"> The number of patent applications for Serbia in 2023 was 35.4 per million population¹⁸⁵, compared to 22.9 per million population in 2019¹⁸⁶. When compared with 7STEEs, Serbia is ranked by the number of patents per capita as 6th out of 8 countries in total, just ahead of Croatia and Estonia.¹⁸⁷
Business area: Intellectual Property Rights and Adoption of Digital Business Models		
Low levels of property rights' protection	Limited progress.	<ul style="list-style-type: none"> Serbia has improved its position on the international property rights list in 2023, moving from 80th to 73rd place.¹⁸⁸ Yet, this was not because of improvement in the score but as a result of worsening situation in countries of a similar position. On the Heritage Index of Economic Freedom, Serbia's score did not change for the Property Protection sub-indicator; it is 58.7 for 2023, and it was 58.6 for 2022.
Low levels of legal framework's adaptability to digital business models	No progress.	<ul style="list-style-type: none"> No progress to report
Business area: Electronic Commerce and Cybersecurity and Data Protection		

¹⁸⁴ European Commission. 2023. *Progress Report for Serbia 2023*.

¹⁸⁵ World Bank Data 2023.

¹⁸⁶ WEF GCI Database 2019.

¹⁸⁷ World Bank Data 2023.

¹⁸⁸ WJP 2023.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Relatively low levels of e-commerce compared to the 7STEEs	Limited progress.	<ul style="list-style-type: none"> Estimated retail e-commerce in Serbia exceed one billion dollars in 2022, with significant growth of e-traffic in the period 2020-2022, and the annual growth rate of e-retail of 46.1% in 2022.¹⁸⁹ The conditions for e-commerce in Serbia are satisfactory. This is indicated by findings that, on average, 58% of companies are satisfied with e-commerce conditions in 2023, with an overall average satisfaction rating of 3.6 (closer to a 4 on a scale of 1 to 5).¹⁹⁰ Medium and large enterprises are particularly satisfied with e-commerce conditions (83%), while the satisfaction level is lower among MSEs (around 50%). On the other hand, 12% of micro enterprises, 18% of small enterprises, and 8% of medium and large enterprises report being dissatisfied.¹⁹¹ Major challenges identified: <ul style="list-style-type: none"> Unfair competition: Gray market and tax loopholes by small retailers hurt online sales. Market growth: Slow development of e-commerce remains a hurdle for many businesses. Financial limitations: Micro and small businesses struggle with finances and economic conditions. Operational challenges: Integrating online and offline stores (inventory, returns) and keeping up with technological advancements.¹⁹²
Only 19% of Serbian local governments had an act on information security and apply it consistently.	Limited progress.	<ul style="list-style-type: none"> 95% of all administration bodies in the country have an act on information security; data on their application are not available.¹⁹³
Topic: Firm's Life Cycle: Entry and Exit		
Business area: Business Entry		
Lack of a single window for company registration and existence of multiple administrative procedures across different agencies	Achieved.	<ul style="list-style-type: none"> The whole registration process is now done through the Business Register Administration (tax identification number, ID number, central register of mandatory social insurance) https://apr.gov.rs/html.

¹⁸⁹ Analysis of e-commerce in Republic of Serbia and identification of barriers for development: desk top analysis and primary research of business entities in e-commerce, EU4BE, 2024.

¹⁹⁰ Ibid

¹⁹¹ Ibid.

¹⁹² Ibid.

¹⁹³ eGovernment Programme Progress Report, Online Monitoring Tool, March 2023.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Lack of an electronic system that covers the entire company registration process, where it is not possible to obtain online the company's registration digital certificate at the SBRA portal	Achieved.	<ul style="list-style-type: none"> From 17 May 2023, the registration of incorporation of companies in the SBRA's Business Entities Register (limited liability companies, joint stock companies, general partnerships, and limited partnerships) has been exclusively electronic. Work is under way to enable also all legal, statutory and all other changes to be made electronically.
Electronic filing for changes of ownership not possible	Partially achieved.	<ul style="list-style-type: none"> For entrepreneurs, there is the option of electronic establishment and making all changes (from December 27, 2023, submission of data change applications and deletion of entrepreneurs electronically), but it is still possible to do all this on paper.
It is not possible to pay online all fees related to company incorporation.	Achieved.	<ul style="list-style-type: none"> Fees related to company incorporation can be paid for electronically. SBRA enabled the electronic registration of the establishment of all forms of business entities.
Lengthy process to obtain an operational license		<ul style="list-style-type: none"> Statistics on the time needed for getting an operational license is not available.
Business area: Business closure		
Perception from the private sector (especially SMEs) that closing a business is highly burdensome	Limited progress.	<ul style="list-style-type: none"> The Local Tax Administration introduced the option of issuing certificates in electronic form, for a number of purposes. However, the business process for issuing certificates for closing a company and deleting it from the SBRA records must include validation, through reconciliation of card balances between the Tax Administration and the taxpayer, and this cannot be done electronically.
The documents and requirements necessary to close a business have different time validity, which makes it difficult to synchronize them.	Limited progress.	<ul style="list-style-type: none"> Local Tax Administration now issues digital documents needed for closing the business; however, the national Tax Administration still issues those documents in paper.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Business area: Insolvency proceedings		
<ul style="list-style-type: none"> • Costly insolvency proceedings • Relatively low recovery rates on insolvency cases compared to the Western Balkans and 7STEEs • Lack of full transparency on bankruptcy proceedings since in practice the follow-up of cases by interested parties becomes difficult as they do not have access to all documents • Courts still request proof of the existence of a legal interest, which is against the principle of public bankruptcy proceedings 	Limited progress.	<ul style="list-style-type: none"> • The Ministry of Economy has prepared a draft amendment to the Bankruptcy Law and a draft amendment to the Law on Bankruptcy Supervision Agency. The drafts of these regulations envisage significant improvements in the bankruptcy procedure: <ul style="list-style-type: none"> ○ The possibility of selling property or legal entity electronically via a special internet portal that will be under the jurisdiction of the Bankruptcy Supervision Agency ○ The obligation to publish the decision on the final hearing as well as the decision on the conclusion of bankruptcy proceedings on the court's electronic bulletin board and the website of the authorized organization ○ Shortening of numerous deadlines for action.
Topic: Firm's Life Cycle: Getting a Location		
Business area: Construction permits regulations		
Lack of standard time frames to obtain a construction permit across different municipalities in Serbia	Partially achieved.	<ul style="list-style-type: none"> • The latest amendments to the Law on Planning and Construction, which entered into force on August 4, 2023, improved the normative framework that will lead to faster decision-making on requests for the issuance of documents in the construction of buildings, as well as improvements in spatial planning. In 2022 and 2023, a number of bylaws came into force, which elaborate the provisions of the Law on Planning and Construction, whose enactment resulted from the aforementioned amendments to the Law, and which will also have an impact on speeding up the process of issuing the acts required for construction of facilities.
Documentation of urban planning is incomplete and there is lack of content and uniformity in format, given the limited capacity of LSGs and decentralized planning systems		<ul style="list-style-type: none"> • No information is publicly available on whether progress has been made.
Lack of transparency of land use conditions defined by public companies and institutions		<ul style="list-style-type: none"> • No information is publicly available on whether progress has been made.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Need to amend the Law on Planning and Construction, to implement the eSpace and ePlan systems	Partially achieved.	<ul style="list-style-type: none"> New Law on Planning and Construction adopted in June 2023 (Official Gazette 62/2023) introduced the E-prostor (E-space) system, managed by the Agency for Spatial Planning and Urban development. E-prostor is an electronic system for data exchange between different public institutions in charge of preparing, coordinating and monitoring planning documents. However, the system will become effective in January 2026.
Business area: Connecting to an electric network		
Lengthy process to connect to an electric network, especially for small companies	Limited progress.	<ul style="list-style-type: none"> There are no new developments in this area, except for the temporary connection to an electric network for buildings that are in the process of legalization, allowed by the new Law on Planning and Construction: https://www.paragraf.rs/propisi/zakon_o_planiranju_i_izgradnji.html.
Relatively low level of energy efficiency regulations compared to the Western Balkans and 7STEEs	Limited progress.	<ul style="list-style-type: none"> In 2023, the GoS adopted the Basic Principles of the energy infrastructure development plan and energy efficiency measures for the period up to 2028 with projections up to 2030. This envisages the construction of solar power plants and wind power plants with a total capacity of 2 GW through a strategic partnership; the selection of a strategic partner for 1,000 MW from solar power plants is in progress.¹⁹⁴
Business area: Buying land and quality of the land management system		
Bottlenecks for property registration at the Tax Administration (30 business days for the approval of the transaction value and of the transfer tax payment) and the Real Estate Cadastre (21 business days to issue the decision on the property title)	Limited progress.	<ul style="list-style-type: none"> Despite some progress, one the key issues that remains is the number of the unresolved cases that have been submitted by the parties (either directly or through professional users), in addition to a significant number of unresolved cases from the past, some of which date back years. This is further compounded by the limited capacity in the Cadastre due to understaffing in some important services.
Not all property titles are in a fully digital format across Serbia.	Partially achieved.	<ul style="list-style-type: none"> Most of the municipalities in Serbia are now covered by the Cadastre system.
Records for property titles and cadastral plans are stored in separated databases.	Partially achieved.	<ul style="list-style-type: none"> Most of the municipalities in Serbia are now covered by the Cadastre system.
Not all privately-owned properties are registered and mapped across Serbia.	No progress.	<ul style="list-style-type: none"> Large number of private properties remain that are not registered and mapped.
Approximately one-third of buildings have not been constructed in accordance with the legislation.	No progress.	<ul style="list-style-type: none"> No progress to report.

¹⁹⁴ Action Plan for the Implementation of the Government Programme Final Report, April 2023.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Lengthy process to resolve a land dispute between businesses over tenure rights for a property	No progress.	<ul style="list-style-type: none"> No progress to report.
Statistics on the number of land disputes in the first instance court are not publicly available.		<ul style="list-style-type: none"> No information is publicly available on whether progress has been made.
Topic: Firm's Life Cycle: Operations and Expansion		
Business area: Credit infrastructure		
Limited access to credit among SMEs	No progress.	<ul style="list-style-type: none"> No progress to report. Nevertheless, the NBS continuously monitors and analyzes the needs, advantages, limitations, and risks of different courses of action for access to finance for SMEs.
Lack of an integrated or unified legal framework for secured transactions	Partially achieved.	<ul style="list-style-type: none"> In accordance with the Law on Financial Collateral, the National Bank of Serbia has improved the legal framework that regulates monetary operations and approves loans to banks, within its jurisdiction, by applying the provisions on financial security and amending the relevant sub-legal acts, such as the decision on terms and conditions of conducting operations on the open market ('Official Gazette of RS', no. 45/2011, 34/2013, 74/2020, 98/2020, and 4/2022) and decision on the conditions and method of granting loans for maintaining the daily liquidity of banks based on collateral securities ('Official Gazette of RS', no. 52/2008, 40/2010, 3/2011, 18/2011, 34/2013, 8/2019, 74/2020 and 98/2020) and others. Additionally, the Law on Financial Collateral provide broader legal certainty and efficiency relating to the performance of obligations in the financial market in transactions between other financial institutions, public authorities, EU institutions etc.– that is harmonized with relevant Directive 2002/47/EC on financial collateral arrangements.
Business area: Complying with tax obligations		
Large number of tax payments per year	No progress.	<ul style="list-style-type: none"> There were no changes in this regard during 2023 and no new plans were announced recently.
Relatively high number of hours per year to fulfill tax obligations, compared to 7STEEs and EU members	Limited progress.	<ul style="list-style-type: none"> Filling out tax returns in Serbia is now easier because of the PPDG-2R form. This came about with a law change in January 2023: <ul style="list-style-type: none"> The tax office pre-fills your return (PPDG-2R) with data from official records, by April 1 of the following year. Users can review it online and make any corrections needed. Users can submit the completed return electronically. If taxpayers miss the deadline, the tax office will file a return on their behalf based on their information.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Excessive and costly bookkeeping and financial reporting obligations	No progress.	<ul style="list-style-type: none"> No progress in this area in any relevant regulation that would simplify obligations for businesses to do so.
The e-Archive initiative is limited since new regulations establish obligations for filling and keeping documentation in paper.	Partially achieved.	<ul style="list-style-type: none"> The legal framework for the application of the electronic registry e-Archive has been adopted: https://www.paragraf.rs/propisi/zakon-o-arhivskoj-gradji-i-arhivskoj-delatnosti.html .https://www.paragraf.rs/propisi/uredba-o-klasifikaciji-dokumentarnog-materijala-sa-rokovima-cuvanja.html By the end of 2023, 160 SABs had used the e-Archive as a software solution, with full implementation expected in 2024. The implementation of the last two of six phases for the establishment of the e-Archive is under way: ‘Installation and configuration of the system’ and ‘Integration and testing of the system, training, and documentation’.
Most municipal taxes and levies are filed on paper.	No progress.	<ul style="list-style-type: none"> There were no changes in this regard last year nor were any new plans announced recently.
Lack of a public electronic registry for non-tax levies	No progress.	<ul style="list-style-type: none"> There are no new developments in the area. Yet, a collaborative effort—the Non-Tax Revenue Reform Project—led by NALED, KPMG, the Mihajlo Pupin Institute, and Partner Solutions has revealed significant complexities in how Serbia administers non-tax revenue.
The platforms for VAT and Corporate income tax (CIT) online filing do not allow users to track the progress of their submissions, no delivery times are published, and no maximum time limit delivery is specified	Limited progress.	<ul style="list-style-type: none"> The Tax Administration is currently implementing a new business model and procuring software support, which will improve the functionalities of the online platform for filing VAT and CIT.
Relatively lengthy process to obtain VAT refunds	Partially achieved.	<ul style="list-style-type: none"> The Tax Administration reduced the time for VAT refunds for low-risk taxpayers—mainly exporters—by 4 days (the legal deadline is 15 days, and refunds are made in 11 days), while for other taxpayers, the refund period was shortened by 24 days (the legal deadline for refunds is 45 days, and refunds are made in 21 days).¹⁹⁵
Business area: Courts’ efficiency to resolve commercial disputes		
Weaknesses identified in civil justice proceedings and improper government influence on the judiciary	Limited progress.	<ul style="list-style-type: none"> Undue pressure on the judiciary remains a concern. A number of steps have been taken to reduce the space for political influence on the judiciary. However, it is not yet possible to observe a consistent reduction of undue influence on judges and prosecutors in practice.¹⁹⁶

¹⁹⁵ Information provided by Tax Administration.

¹⁹⁶ European Commission. 2023. *Progress Report for Serbia 2023*.

Opportunities for improvement ¹⁷⁰	Status	Progress in period July 2023 to June 2024
Relatively lengthy process to resolve a commercial dispute compared to the ECA region	No progress.	<ul style="list-style-type: none"> No progress to report. With a notably greater number of cases being decided in Belgrade courts, there is still a problem with the uneven workload distribution for judges and courts in Serbia. A court's caseload overload and extended case resolution timelines might result from a high concentration of cases in that particular court.
Backlog cases in basic courts	No progress.	<ul style="list-style-type: none"> In 2022, the Administrative Court performed worse than in 2021: it received 63,302 new cases and resolved 25,178 of these (39.77% clearance rate), compared to 38,927 new cases and 22,104 resolved cases in 2021 (77.04 % clearance rate).¹⁹⁷ Some 103,198 cases were pending at the end of 2022, up from 64,834 cases at the end of 2021. The average duration of court proceedings was 1,496 days.
Relatively high cost to resolve a commercial dispute compared to all Europe		<ul style="list-style-type: none"> No information is publicly available on whether progress has been made.
To increase the use of ADR mechanisms, the Law on Mediation should be amended.	No progress.	<ul style="list-style-type: none"> The Law from 2014 is still in place; no amendments were made in the last year nor planned for the following period.
Court automation is a challenge. Initial complaints cannot be filed electronically through a dedicated platform nor is it possible to carry out service of process electronically.		<ul style="list-style-type: none"> No information is publicly available on whether progress has been made.
Judgments rendered in commercial cases are not available to the general public through publication in official gazettes or newspapers or on the internet or courts' websites.	Partially achieved.	<ul style="list-style-type: none"> Electronic case status verification is now available in all courts located within the Republic of Serbia, significantly simplifying access to case-specific information. In most cases, timely information on the status of the case is made possible by the constant updating of case data. Additionally, one can track the progress of cases before a public bailiff on the Portal of Serbian Courts website (https://www.sudskapraksa.sud.rs).
The court case management system does not interlink the databases from the courts and prosecutors' offices.		<ul style="list-style-type: none"> No information is publicly available on whether progress has been made.

¹⁹⁷ Ibid.

V. Data Source

Sl. No.	Benchmark	Institution	Year
1.	European Commission	eGovernment Benchmark	2023
2.		Progress Report for Serbia	2023
3.		Open Data Maturity Report	2023
4.	Global Entrepreneurship Monitor	Global Report	2024
5.	GSMA	Telecom infrastructure and mobile network coverage in Europe	2022
6.	Heritage Foundation	Index of Economic Freedom	2024
7.	Legatum Institute	Legatum Prosperity Index	2023
8.	National Alliance for Local Economic Development	Regulatory Index of Serbia	2023/2024
9.		Annual Report	2023
10.	Portulans Institute	Network Readiness Index	2023
11.	Property Rights Alliance	International Property Rights Index	2023
12.	Statistical Office of the Republic of Serbia	Internet and social media users	2023
13.	Freedom House	Freedom on the Net	2023
14.	Transparency International	Corruption Perception Index	2023
15.	United Nations	E-Government Survey	2023
16.	World Bank Group	Worldwide Governance Indicators	2023
17.		GovTech Maturity Index	2023
18.		Entrepreneurship Database	2023
19.		Enterprise Surveys	Variable
20.	World International Property Organization	Global Innovation Index	2022
21.	World Justice Project	Rule of Law Index	2023
22.	Foreign Investors Council	White Book	2023
23.	American Chamber Serbia	Lap Time Surveys	2023
24.	International Telecommunication Union	ITU database	2023