

FIC INDEX FOR 2022

TABLE 1: RANKING BY PROGRESS IN IMPLEMENTING RECOMMENDATIONS IN 2022

2022 Recommendations	Scores						Rating			
	Average score in 2022	Average score in 2021	Change of scores in 2022	Significant progress in 2022	Certain progress in 2022	No progress in 2022	Rating in 2022	Rating in 2021	2022 Average time of delayed recommendations	Change of delayed time in 2022
Sectors										
E-commerce and digitalization	2.57	2.60	-0.03	4	3	0	1	1	1.14	-0.26
Energy sector	2.50	1.75	0.75	4	4	0	2	20	3.00	0.50
Consumer protection	2.00	2.25	-0.25	0	3	0	3	3	5.67	0.17
Law on payment transactions	1.80	1.33	0.47	1	2	2	4	39	2.20	0.20
Real estate: Cadastral procedures	1.73	1.70	0.03	0	8	3	5	9	2.64	-1.36
Pharmaceuticals	1.71	1.67	0.04	4	7	10	6	11	4.33	1.09
Public-private partnerships	1.58	1.25	0.33	0	7	5	7	30	3.67	1.00
Telecommunications	1.57	1.78	-0.21	1	2	4	8	6	1.71	-0.29
State aid	1.57	2.60	-1.03	1	2	4	9	2	4.86	-0.94
Illicit trade prevention and inspection oversight	1.57	2.00	-0.43	0	4	3	10	4	1.71	-0.15
Protection of users of financial services	1.50	1.33	0.17	2	0	6	11	24	2.38	-2.62
Capital market trends	1.50	1.75	-0.25	0	2	2	12	7	5.00	0.75
Central registry of beneficial owners	1.50	1.00	0.50	0	1	1	13	41	2.33	0.08
Environmental regulations	1.43	1.56	-0.13	0	3	4	14	12	1.00	1.00
Foreign exchange operations	1.38	1.44	-0.06	1	1	6	15	17	4.38	0.38
Protection of competition	1.33	1.44	-0.11	0	3	6	16	15	5.78	0.45
Public procurement	1.33	2.00	-0.67	0	1	2	17	5	3.00	-3.00
Dual education	1.33			0	1	2	18		2.00	
Prevention of money laundering	1.25	1.50	-0.25	0	1	3	19	13	7.25	1.00
Food & Agriculture: Declarations on food products	1.25	1.29	-0.04	0	1	2	20	31	4.25	1.00
Arbitration proceedings	1.25	1.25	0.00	0	1	3	21	29	5.75	-0.58
Law on bankruptcy	1.22	1.44	-0.22	1	0	8	22	14	5.00	1.00
Oil and gas sector	1.22	1.67	-0.45	0	0	5	23	10	2.33	-0.34
Investment and business climate	1.20	1.40	-0.20	0	1	4	24	19	5.00	0.40
Customs	1.20	1.40	-0.20	0	1	4	25	20	3.20	0.40
Real estate: Construction land and development	1.18	1.43	-0.25	0	2	9	26	18	1.00	-1.71
Private security industry	1.17	1.00	0.17	0	1	5	27	42	5.00	1.00
Human capital	1.17	1.33	-0.16	0	1	5	28	27	5.67	1.00
Company law	1.17	1.00	0.17	0	1	5	29	44	7.17	1.00
Food & Agriculture: Food safety law	1.14	1.29	-0.15	0	1	6	30	28	4.29	1.00
Taxes: Tax procedure	1.11	1.13	-0.02	0	1	8	31	37	5.78	0.45
Leasing	1.10	1.44	-0.34	0	1	8	32	16	5.56	0.36
Law on notaries	1.00	1.20	-0.20	0	0	5	33	33	2.60	0.93

2022 Recommendations	Scores						Rating			
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Sectors										
Taxes: Parafiscal charges	1.00	1.17	-0.17	0	0	6	34	36	6.67	1.67
Labour legislation: Staff leasing	1.00	1.00	0.00	0	0	3	35	40	2.00	1.00
Taxes: Corporate income tax	1.00	1.38	-0.38	0	0	8	36	22	5.88	1.00
Insurance: Motor third party liability	1.00	1.00	0.00	0	0	4	37	43	6.00	1.00
Real estate: Restitution	1.00	1.33	-0.33	0	0	3	38	25	5.00	-1.00
Taxes: Personal income tax	1.00	1.25	-0.25	0	0	10	39	22	4.30	-0.22
Intellectual property	1.00	1.20	-0.20	0	0	6	40	34	2.17	-1.23
Labour legislation: Employment of foreigners	1.00	1.33	-0.33	0	0	3	41	26	5.00	-3.00
Law on personal data protection	1.00	1.08	-0.08	0	0	12	42	38	2.50	-0.28
Taxes: Property tax	1.00	1.40	-0.40	0	0	5	43	21	4.48	0.08
Judicial proceedings	1.00	1.20	-0.20	0	0	5	44	35	8.40	1.00
Taxes: Value added tax	1.00	1.38	-0.38	0	0	7	45	23	5.86	-0.14
Food&Agriculture: Sanitary and phytosanitary inspections	1.00	1.00	0.00	0	0	6	46	45	3.67	1.33
Insurance: Related legislation	1.00	1.00	0.00	0	0	8	47	46	1.00	-2.00
Labour regulations: Secondment abroad	1.00	1.00	0.00	0	0	3	48	47	5.33	1.00
Insurance: Natural disasters and shared services	1.00	1.00	0.00	0	0	4	49	48	3.25	0.75
Labour legislation: The Labour Law	1.00	1.00	0.00	0	0	5	50	49	4.20	1.06
Law on whistleblowers	1.00	1.00	0.00	0	0	3	51	50	6.33	1.00
Insurance: Law	1.00	1.00	0.00	0	0	4	52	51	1.00	-2.50
Law on Central Register of Temporary Restriction of Rights	1.00	1.00	0.00	0	0	3	53	52	6.50	1.00
Real estate: Mortgages and real estate financial leasing	1.00	1.00	0.00	0	0	3	54	53	5.50	-0.50
Labour legislation: Employment of disabled persons	1.00	1.00	0.00	0	0	3	55	54	10.67	1.00
Safety and health at work	1.00			0	0	5	56	55		1.00
AVERAGE / TOTAL	1.30	1.42	-0.11	19	67	259			4.22	0.26
Groups										
Real Estate and Construction	1.36	1.66	-0.22	0	10	18			2.91	-1.77
Human capital	1.22	1.57	-0.32	0	2	7			3.84	1.50
Food & Agriculture	1.13	1.24	0.05	0	2	13			4.18	1.11
Taxes	1.04	1.15	-1.15	0	2	47			3.82	2.56
Labour law	1.00	1.05	0.29	0	0	23			5.44	0.21
Insurance	1.00	1.00	0.09	0	0	20			2.81	1.31

RANKING METODOLOGY

Starting with the White Book for 2017, we have included in our annual report a ranking of economic sectors according to the progress made in implementing the FIC recommendations for improving the business climate and regulations in Serbia. Foundations for the ranking methodology were laid down in the White Book for 2011, which provided first tables with scorecards assessing the progress achieved in the previous year. Based on that, we proceed this year with compiling quantitative scores that measure progress and compare the level of accomplishments across sectors and years. The scores are calculated on a Likert-type scale with three levels: significant progress (3 points), certain progress (2 points) and no progress (1 point). Certain progress is the exact midpoint between the two extreme values of significant progress and no progress.

Each methodology of ranking qualitative assessments has advantages and disadvantages. The advantage is that qualitative data can be reduced to a small number of numerical indicators or scores that can be compared in an obvious way. Thus, one can immediately see whether progress has been made in a given year compared to the previous one and which sectors should be credited the most.

Ranking problems, on the other hand, are multiple. As FIC members are treated equally, each sector has the same weight in compiling the outcome. It is true that the FIC singled out several sectors as "Drivers of Development" but does not set them apart from other sectors in the ranking process. Furthermore, sectors are not identical, so there must necessarily be a different number of particular recommendations. Moreover, the composition of these recommendations may change from year to year according to the dynamics of changing regulations and economic policies of the Government of Serbia. In this

regard, there is no fixed number of recommendations, nor a predefined questionnaire with possible recommendations, evaluated by FIC members and published by the White Book. Therefore, we have adopted the principle that weighted averages determine scores to reduce some of these problems.

Of course, the mean value of scores suppresses some of the information that matters and, above all, the variability of progress in the recommendations. In this edition of the White Book, we will approximate this variability by the number of recommendations without progress, which can easily be compared with the total number of recommendations. We will use this as an ancillary criterion for assessing sector progress. It did matter when the proposals were first suggested and how much time elapsed before they were adopted. The longer the waiting period, the less valuable their progress will be, as it produces a positive effect later. We still do not use this criterion in the ranking procedure, but we list it in the table as additional information.

Each heading of the White Book, beside the label, has the score size. Additional to individual sectors, there are six cross-cutting areas: Human Capital and Vocational Education, Real Estate and Construction, Food Safety, Labour Regulations, Taxes and Insurance. Table 1 clearly shows which sectors comprise each area. The six cross-cutting areas are listed in the bottom section of Table 1 in a separate bracket.

In this report for 2022, there is a total of 56 sectors and 351 recommendations. There were 319 recommendations in the previous year. The average score in 2021 was 1.42; this year, it was 1.30. That is a large increase in the number of recommendations and a substantial reduction in achievements. However, the average waiting time changed slightly by only 0.26 years.