



## Strengthening Serbia's Private Sector Development: Business Registration Reform

Months of queuing in cramped rooms used to be standard procedure to register a business in Serbia. Would-be entrepreneurs had to make the rounds of numerous institutions, from trade courts to local administrative bodies—and wait long, frustrating stretches at each one.



Vladimir Djurovic, owner of Rovas private company

"My parents told me business registration was a cumbersome and lengthy procedure when they started their private endeavor," says Vladimir Djurovic, a young owner of "Rovas" company, a family-owned furniture making business. "But it is different now. I came here only fifteen minutes ago and I am already done," explains Vladimir as he stands in the middle of

a neat new space of the [Serbia Business Registers Agency](#) (SBRA).

The young entrepreneur from the town of Lazarevac, about 40 miles south-west of the capital Belgrade, makes the point that in business time is money. "I think this is great. Everything is digitized and they can send the necessary documents by post if you want. Every hour, every minute that is saved frees our time for jobs more productive than queuing in a line in front of a counter," he adds.

Vladimir is only one of almost a million customers of the SBRA whose lives dramatically changed for the better after the agency was turned into a one-stop-shop for business registration in Serbia in May 2009.

The Serbia Business Registers Agency was established in 2005 by the [Government of the Republic of Serbia](#), the [World Bank](#), the [Swedish International Development Agency](#), the [United States Agency for International Development](#), and [Microsoft](#), among others, supported this effort.

"The establishment of the Serbian Business Registrars Agency has improved the efficiency of private sector development in Serbia. It ensured the quicker and less costly opening of businesses and registration of companies. This is all part of the larger reform agenda that the Republic of Serbia had in improving the business environment," says Luka Andric, Advisor to the Deputy Prime Minister in charge of the [economy and regional development](#). "To that end, in 2006 the Republic of Serbia was named one of the best reformers in the 'Doing Business'

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Luka Andric, Advisor to Deputy Prime Minister

report." Andric reiterates that the World Bank support – through a series of policy-based loans – played a key role in achieving these results.



Zvonko Obradovic, Director, Serbian Business Registers Agency

While in 2002 it took 51 days to register a company at an expense of \$202, in 2005 a company was registered within 5 days, at a cost of \$60. Zvonko Obradovic, the head of the SBRA, claims that today most of the firms get the registration job done within four days, "but we are working with other institutions involved in the process to bring it down to a day or two." He proudly notes that SBRA is self-financing institution but "provides most of the information to our customers for free."

The scope of the work done by the agency is best illustrated by the fact that they service 17 different registers – from leasing and pledges to bankruptcies and liquidations. Before, it took more than 1,500 people in almost 200 institutions to do the same job. Today it is quickly finished by no more than 350 SBRA employees in headquarters in downtown Belgrade and 13 outposts throughout Serbia.

In addition, the SBRA has been given the responsibility to issue tax numbers and to file businesses' financial statements. These two were some of the most cumbersome procedures in the region. "For example, financial statements previously had to be submitted to the [National Bank of Serbia](#) Solvency Center, the [Tax Authority](#), and the SBRA. Reforms related to issuance of a tax number and filing of financial statements yield annual savings to entrepreneurs in the order of EUR 2.2 million; EUR 1 million from the single point of filing of financial statements," explains Obradovic.

As of December 2, 2010, the agency registers various kinds of transfers from central to local authorities. In-house IT specialists developed special software to track these transfers in real time.

Reforms aimed at simplifying everyday life for entrepreneurs didn't stop with the establishment of SBRA. In 2010, a single form to register new workers was introduced. Previously, the procedure required registering new workers at the [Pension Fund](#), the [Health Fund](#), and the [National Employment Service](#). Employers can now choose to submit the single form either to the Pension Fund or the Health Fund. This is expected to save entrepreneurs EUR 15 million annually.

Another ongoing venture that should help private businesses is a regulatory "guillotine" – the process through which all obsolete, unnecessary, or mutually conflicting laws and regulations will be amended or annulled by the single stroke of a pen.

As a result of a regulatory review initiated in 2009, 2,000 laws and regulations were identified as hindering economic activity. This led to the elimination of 192 regulations, while the government approved amendments to laws and regulations in 304 cases. So far, 79 recommendations have been implemented through amendments of 20 regulations and 10 laws. It is estimated that this resulted in annual cost savings to businesses of around EUR 50.8 million.