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REMOVAL OF ADMINISTRATIVE BARRIERS THROUGH THE RECENT PROCEDURAL SIMPLIFICATIONS IN SLOVENIA AND CROATIA

Polonca Kovač¹, Vedran Đulabić², Nevia Čičin-Šain³

Abstract

The removal of administrative barriers (RAB) is a constant policy at both European Union (EU) and national levels. Initially, RAB has been seen as a part of economically-driven Regulatory Impact Analysis, while lately a more interdisciplinary approach dominates, through Smart Regulation and Public Administration Reforms programs. Slovenia and Croatia, as »new« EU members, address the respective goals of streamlining mostly by amendments in sector-specific laws. Additionally, there is an open question regarding the implementation of these amendments. The aim of the article is to address the legally set procedural dimensions of red tape reduction in comparative and competitive settings. Hence, this article tackles the topic with analyses of the most recent procedural changes in recent years in selected Slovene and Croatian laws covering key administrative areas relevant for entrepreneurs, based on the World Bank's Doing Business rank, i.e. the registration of entrepreneurs, tax procedures and the issuing of construction permits. The results reveal that RAB in Slovenia and Croatia still highly lacks a systematic approach, and is mainly focused only normatively and in piecemeal manner. Consequently, we face an implementation gap. This study shows that the Slovene and Croatian examples can also serve as an illustration for other countries on how to improve their RAB policies, among others by introducing the modernisation of the Administrative Procedure Act as a leading administrative simplification measure.

Keywords

Administrative Burden/Barriers, Procedural Law, Simplification, Entrepreneurship, Slovenia, Croatia, EU

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I. Introduction

The concept of the removal of administrative barriers (RAB) is well-established policy at both supranational and national levels. The first level is mainly strongly supported by the European Commission (EC) by means of the Organisation of Economic Cooperation and Development (OECD). RAB incorporates systemic measures based on the scrutiny and simplification of existing (*de lege lata*) and reduction of future (*de lege ferenda*) regulatory framework that addresses entrepreneurial activities and obligations towards administrative authorities (sometimes judicial or other ones). Contemporary, globalisation and the economic crisis require smoother economic operations, yet due to preserving the development of a society as a whole, in certain administrative relations, public interest as a cardinal administrative value demands some limitations for business. The challenge facing public administrators is how to find a balance between these demands.⁴

Initially, RAB has mainly been developed as an economically-driven part of Regulatory Impact Analysis.⁵ More recently, a holistic approach has prevailed by the embedment of RAB into broader or even interdisciplinary Smart Regulation and Public Administration reforms programs based on good governance doctrines (see Hammerschmid, Van de Walle, Andrews and Bezes (2016)). In this article, we focus on procedural simplifications or the elimination of administrative barriers in selected national procedural law that address entrepreneurs. The aim of the article is twofold. Firstly, we wish to emphasise the role of procedural dimensions and respective legal settings in reducing red tape. Secondly, our aim is to analyse the most recently adopted efforts of selected simplifications in comparable environments in order to identify key driving factors of national competitiveness in this respect.

Slovenia and Croatia are small countries, with populations of approximately 2 million and 4.3 million, respectively. Both countries are successors to the former Yugoslavia and adopted much of its regulation after becoming independent republics in 1991, even after intensive war in Croatia. Slovenia became a full member of the EU in 2004 while Croatia followed in 2013. According to assessments of societal and economic development, administrative capacity in Slovenia is usually regarded as significantly higher than in Croatia (Gov RS (2015), Gov RC (2014), WB (2016)). Nevertheless, we assume that both countries in question share more similarities than differences due to their joint historical, legal and economic development. Their administrative cultures are characterised by a mixture of German-Austrian *Rechtsstaat* (state governed by a rule of law) and post-socialist or transitional indicators and processes. In both countries, approximately 99% of all enterprises are registered as small and medium-sized enterprises (SMSE).⁶ As such, we

⁴ In the literature and policy papers, one can find different definitions and notions of RAB. See especially Radaelli and de Francesco (2007), OECD (2010); cf. Kovač (2009). Many other sources (OECD (2010, 2012), EC (2014)) use specific wording, such as “cutting red tape”, “administrative simplification”, “regulatory guillotine”, “debureaucratisation”, etc.

⁵ More in Radaelli and de Francesco (2007). Cf. Buckley (2016, pp. 136–142), who critically assesses EU co-funding, declaratory based on public interest but in fact reduced economic categories.

⁶ According to the EU criteria of employing fewer than 250 persons and having an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million. See Commission Recom-

compare their efforts and achievements within RAB policy based on analyses of selected sectoral laws that the WB, OECD and EC acknowledge as key administrative procedures in terms of administrative simplification, i.e. registration of a business, tax collection and construction permitting. The research questions that we elaborate are the following: How is RAB understood in Slovenia and Croatia, regarding EU guidelines and comparatively? What are the main regulatory changes in selected sector-specific laws in the last three years, their goals and factors of level of implementation?

Our hypothesis is that any sector-specific regulatory reforms lacks systemic effects, therefore RAB should be driven in terms of procedural simplification in future mostly through general Administrative Procedure Act (G/APA; see Ziller (2008)). Such a law is characteristic for almost all EU countries; the most recently adopted one was in France in 2015. Based on national good practices, the EU APA has been prepared as well, particularly due to its systemic and anti-fragmentary function for the administrative or multi-layered governance system.⁷ As for Slovenia and Croatia, the GAPA has a long tradition, based on the Austrian law in force in this territory since 1925. Slovene law is rather conservative, even though it was adopted in the Republic of Slovenia as a new statute in 1999.⁸ On the contrary, the Croatian GAPA was significantly reconceptualised in 2009 and has been in force since 2010.⁹ Methodologically, the paper has been based on a normative analysis of the main legal acts dealing with construction permitting and spatial planning, tax procedure and the registration of new companies in Slovenia and Croatia.

The article is structured in several sections. First, we provide the theoretical, policy and legal framework of RAB in the EU and respective countries. Second, we elaborate the legal procedural dimension of RAB-related regulations as a path to the balanced protection of public interest, yet streamlining administrative burdens for entrepreneurs. In the next section, we identify and critically assess all procedural novelties in selected statutes in Slovenia and Croatia. Moreover, we study their implementation and effects based on previous measures and the systemic goals of RAB. Finally, we put forward the main issues that we believe are relevant for future discussion on the field based on the results of normative and other analyses. These findings serve as a basis for concluding recommendations that are also valid for other similar EU Member States.

mendment 2003/361/ES of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (notified under document number C(2003) 1422), Official Journal of the European Union, L 124, 20 May 2003, p. 36. National legislation may define these criteria differently, as for instance the Slovene Companies Act set a limit of annual turnover under EUR 29.2 million, and/or an annual balance sheet under EUR 14.6 million. Croatia had also set limits lower than the amounts in the Recommendation. SMEs are defined as enterprises whose annual turnover, and/or balance sheet do not exceed EUR 40 million or EUR 20 million, respectively.

⁷ National profiles and comparative insights elaborated by Auby (2014). Regarding the EU APA, see draft *Regulation on open, efficient and independent European Union administration*, adopted by EP (2016). For its background, see Meuwese, Schuurmans and Voermans (2009), Hofmann, Schneider and Ziller (2014).

⁸ *Zakon o splošnem upravnem postopku*, ZUP, Official Gazette (OG) of the Republic of Slovenia (RS), No. 80/99, and amendments 2000 to 2013. More Androjna and Kerševan (2006), Kovač (2015).

⁹ *Zakon o općem upravnom postupku*, ZUP, OG of the Republic of Croatia (RC), No. 47/09. More Koprić and Đulabić (2009).

II. RAB Development in the EU, Slovenia and Croatia

Regarding Slovenia and Croatia, national RAB policies have been designed as a reflection of European efforts. The EU has started to design a systemic RAB program based on the Edinburgh Summit (1992) that, under the British presidency, expressed concern about the quality and quantity of regulations produced in Brussels. It took time, but an important further milestone was the *Mandelkern Report* from 2001 on the cost effects of administrative burdens amounting to 4–6% of GDP that could be reduced or omitted by at least 15%, i.e. EUR 40 billion. That would be the case if principles of necessity, proportionality, subsidiarity, transparency, accountability, accessibility and simplicity were met at the preparation and adoption of the regulatory environment for businesses.¹⁰

Therefore, the EC adopted in the same year the *White Paper on European Governance* pursuing better regulation. In 2002, the EC adopted minimum standards on public consultation and Regulatory Impact Assessments (RIA) regarding the environment, social affairs and economy-related impacts of legislation on European, national and other levels. Later, increasing stress was placed on reducing administrative burdens on the level of the EU Competitiveness Council (Meuwese (2009, p. 97)). In 2004, the Council called upon the EC and the EU Member States (MS) to evaluate and adopt measures to reduce the cumulative impact of the legislation influencing the competitiveness of specific industrial sectors. In 2007, the Council adopted a program that aimed to reduce administrative burdens arising from EU law by 2012 by 25% and required the same for MS. Some countries have developed their programs even more ambitiously prior or parallel to that.¹¹ The EC has continued with its action program for 2007 to 2012 and guidelines to MS level, aiming to save approximately EUR 30 billion. Although there is an implementation gap due to reduced coordination (see EC (2014), on termination of *High Level Group on Administrative Burdens*), the EC lately pursues RAB under an umbrella of *Smart Regulation* as an initiative of developing overall political and administrative capacity. This programme included priority fields and altogether 72 measures of RAB, especially in the sectors of environmental, tax and labour law.

In Slovenia, the RAB program was first officially mentioned on the systemic level within the *Strategic Plan of Implementation of Public Administration Reforms* in 1997. A special State Secretary, appointed in 2000 by the prime minister, subsequently coordinated it. In public relations, the program was promoted as an »administrative guillotine« or »administrative sweeper«. RAB was further developed by design of so-called meta-regulation (regulation on regulatory process) by amendments to *Rules of Procedures of the Government* in 2006 (see in detail Kovač and Virant (2011, pp. 250 and the following)). Furthermore, the parliament enacted the *Resolution on Legislative Regulation* in 2009.¹² Other measures

¹⁰ On principles of better regulation, see Radaelli and de Francesco (2007, pp. 35, 114), OECD (2010, 2012), Kovač and Virant (2011, p. 247).

¹¹ E.g. the UK, the Netherlands, Denmark, see OECD (2012, pp. 2 and the following). Some countries (have been) directed more toward citizens and some to business.

¹² In Slovene: *Resolucija o normativni dejavnosti*, OG of the RS, No. 95/09. This document is further supported by rules of conduct within regulatory procedures of the parliament and the government. There are also special manuals and e-tools on legislation drafting, public consultation and different forms of RIA.

have been taken on the non-normative dimension, by conducting trainings and manuals for officials that prepare legislation for entrepreneurs, developing cooperation with chambers of commerce, e-government mechanisms,¹³ particularly advanced *Standard Cost Model* (SCM methodology, see EC (2005), OECD (2007)).

Lately, the key milestone in RAB development in Slovenia is represented by the *Single Document* to Ensure a Better Regulatory and Business Environment and Increase Competitiveness, adopted by the government as a continuous program in 2013. This program addresses in the original plan over 240 measures in 16 administrative fields (such as economics, finances, environment, labour, education, agriculture, etc.) with a total of EUR 375 million in expected savings in three years. The document has been adopted in close cooperation with the chambers of commerce and crafts and is constantly updated by proposals of ministries, chambers, entrepreneurs and interested public. Action plans supplemented this policy with sector ministries being responsible under set deadlines and the government to monitor progress three times annually. As an autonomous project but part of the governmental program, a special one-stop-shop initiative was carried out in the field of establishing business entity, firstly for single entrepreneurs and later for other companies as well, by combining normative novelties, organisational mergers and the one-stop shop platform. Moreover, the Strategy of PA Development by 2020 is devoted to RAB with a special chapter, upgrading the Single Document. The Strategy also addresses the general modernisation of administrative procedural law in Slovenia (Gov RS (2015, pp. 88–98)), with a plan to further cut down administrative burdens by 5%, or EUR 10–45 million annually. For instance, in 2016 a pilot project was initiated on a special test within RIA for small and medium-sized enterprises (SMSE test, cf. EC (2016)).

Reducing administrative obstacles for entrepreneurs (and citizens) is also a constant theme in the Croatian public space. The most prominent advocates of such initiatives are, among others, the Associations and Entrepreneurs and two professional chambers, of crafts and the economy. Over the past decade, there have been several attempts to reduce administrative obstacles and make space for the economy to become vibrant and competitive. The regulatory guillotine initiative was conducted in Croatia in order to identify legislation that represented obstacles to the economy and citizens. Under the title *Hitrorez*, literally meaning ‘fast cut’, Croatia conducted a project that aimed to reduce administrative burdens, primarily the removal of unnecessary regulations for entrepreneurs and citizens. The project lasted two years (2006–2008) and resulted in the analysis of 1,451 regulations. The project drafted 799 recommendations for the removal of unnecessary regulations. However, the implementation of the *Hitrorez* recommendations was rather problematic (more in Šimić Banović (2015)). It resulted in the implementation of only 195 (25%) recommendations. The foundation for the most recent initiative to reduce administrative burden could be found in the Government Decision from November 2014, which adopted SCM methodology as a main tool for measuring of administrative burden for economy in 2015 (Decision, 2014), as a pilot project in selected administrative areas.¹⁴

¹³ There are several IT schemes, such as joining up databases to enable the exchange of information among administrative bodies, but of special importance is the portal *Stop Bureaucracy*, see <http://www.stopbirokraciji.si/>.

¹⁴ Mostly those which are in the competence of the Ministry of Economy and the Agency for Investment and

Adoption of the new GAPA in 2009 should also be considered an instrument for RAB, for both citizens and entrepreneurs. By reducing the number of its norms, the introduction of new legal institutes and broadening the scope of the law, the GAPA represents a step toward RAB. This is especially the case with the regulation of the one-stop-shop principle, which has been regulated in article 22 of the new GAPA. The same goal of RAB should be achieved by other instruments that have been regulated in other adopted pieces of legislation. In 2011, the Croatian parliament adopted the *Regulatory Impact Assessment Act*; in addition, several soft-law documents and mechanisms under the auspices of the Government Office for Associations have been adopted in order to improve the quality of the legislative process in Croatia.¹⁵ With the institutes and the whole system of planning of regulatory activity, which have been regulated in that act, the end goal should be visible in the overall reduction of the administrative burden.

To wrap up, significant convergence in the EU and national policies regarding RAB can be observed. Yet, the level of implementation highly depends on at least mid-term planning and continuous external pressure. This is revealed by assessments of RAB as a whole and its parts or related programs (as RIA), since various studies show that there is a significant implementation gap in the area in both countries and even higher in Croatia. Especially for Croatia, the EC (2016a, p. 3) says directly: *»Despite some improvements, the business environment remains unfavourable to growth. Steps have been taken to reduce the high level of administrative burden and parafiscal charges, but they remain prominent. Furthermore, the regulatory environment for service providers and the regulated professions remains very restrictive. So far these restrictions have not been addressed; in some cases, even additional requirements are being imposed«*. For Slovenia, most evaluators, internal and external, official and from academia (cf. Kovač and Virant (2011), Gov RS (2015), EU (2016)), point out that the measures taken in the last three to ten years are exemplary as designed in governmental policy papers and meta-regulation, but in practice they have brought about only approximately a quarter to two thirds of the intended (measurable) effects. Apparently, lacking (almost) full realisation leads to lost potentials in a systemic way.

III. Procedural Regulation as part of RAB

Some if not all of the above-mentioned initiatives have been reflected in the administrative and governance theory and vice versa: scholars elaborated RAB within the theoretical doctrines of public governance in order to support systemic administrative reforms. One of the key contributions in this sense is a systemic definition of RAB that has been elaborated. Namely, one must admit certain administrative burdens to be inevitable due to

Competitiveness, see <http://mingo.hr/> and <http://www.aik-invest.hr/>. The pilot project started in January 2015 and the Action Plan for the Reducing of Administrative Burden for the Economy was adopted in August 2015.

¹⁵ *Zakon o procjeni učinaka propisa*, OG of the RC, No. 90/11. The most important among soft instruments is the Code of conduct in process of consultation with interested public in the process of adoption of legislation and other legal acts (*Kodeks savjetovanja sa zainteresiranom javnošću u postupku donošenja zakona, drugih propisa i akata*, OG of the RC, No. 140/09). The latter are directed towards the improvement of public consultation and increasing the quality of newly adopted legislation.

the protection of public interest (e.g. not allowing fully free construction to ensure safety, environmental protection, etc.). On the other hand, some burdens can be recognised as barriers not necessary for such legitimised goals. In this respect, one can find substantive but mainly procedural legal and organisational approaches to reduce these excessive burdens, i.e. eliminate red tape and/or define necessary burdens to comply with them in the easiest way possible.¹⁶ There are administrative burdens and barriers that apply for citizens and/or administrative agencies only or additionally to burdens and barriers for business.

Consequently, RAB tackles mostly administrative burdens, which are not considered inevitable due to public sector interests and present excessive consumption of time and costs for business holders. These barriers are regulated in the law as:

- a) substantive ones, mainly through definition of some administrative fields as ones in the public interest, and if so, setting conditions to acquire certain right, licence or concession or lower public obligation;
- b) procedural requirements, which might hinder economic activity and public duties fulfilment.

When dealing with the first group, theory of deregulation and substantive RAB as political decision-making applies, while on the second level we deal with RAB in »true«, i.e. a stricter and administrative sense (Kovač and Virant (2011, p. 249)). Consequently, particular emphasis shall be put on the boundary between simplifications of administrative procedures resulting from (a) deregulation that imply a shift in the relation between public and private spheres or (b) optimisation of selected procedures without redefinition of public interest and decreasing the role of public authority. In other words, procedural aspects should prevail, since the same level of public benefit protection is achieved while the substantive changes thereof are lower.

RAB is in this respect measured in several different ways, politically, economically and administratively conditioned (cf. EC, OECD, Radaelli and de Francesco (2007)). The focus on the above-emphasised procedural dimension is explicitly evident in the broadly acknowledged WB ranking of *Doing Business*. The WB evaluates several fields, among which there are three that are directly linked to administrative authorities on the national level (others address, for example, judicial procedures, acquiring investment credits from banks, entry to public infrastructure networks, enabling international business, etc.). The methodology is also developing in order to gain feedback that is more objective. Hence, the WB takes into account the number of authorities that an entrepreneur needs to deal with when acquiring some right or permit, the interconnection of these authorities, number of different procedures for one's life situation, duration of procedures (in days), cost required,

¹⁶ See TUC (2006, pp. 2, 9), Avberšek (2011), Kovač (2012), Kalaš and Bačlija (2015, pp. 4, 7). The latter found out when surveying entrepreneurs that many understand all burdens as unnecessary ones, hence do not differentiate burdens from barriers, while a majority reasonably considers the difference. For example, if a company is required to submit its trucks to regular review for public safety, we speak of a burden, but if this company is obliged to submit additional paperwork based on these checks to other authorities, there is clearly a barrier to be removed (OECD (2017, p. 163)). There are administrative burdens and barriers that apply for citizens and/or administrative agencies only or additionally to burdens and barriers for business.

etc. These indicators are weighted since entrepreneurs especially find most disturbing loss of time that is most often a consequence of unclear and too frequently amended legislation (Kalaš and Bačlija (2015, p. 11)).

The WB (2016) therefore puts forward the following procedures as particularly relevant for entrepreneurs:

- * registration of a company and entry to the market, category of *Starting a Business* (in Slovenia and Croatia that usually means the establishment of a certain company, often related to the EU or national regulated professions);
- * construction permitting, since it represents typical investments; and
- * tax collection when taxpayers are entrepreneurs.

Regarding 2016 ranking, the results for Slovenia and Croatia out of 189 countries and 2017 out of 190 countries in total are as indicated in Table 1. If these results are compared to ranks in previous years, there are some vicissitudes (see for a comparison between 2016 and 2017 in Table 1 with arrows), but mainly both countries have been assessed until 2016 as being better over time. Contrary to this, it is worrying that the latest, methodologically further developed (see WB (2016, report for 2017, p. 116)),¹⁷ evaluations show more back stepping than progress according to all the measures taken. Another issue noted is, once again, that Slovenia ranks significantly higher compared to Croatia in all categories considered. We believe these results to be in direct linkage to longer EU membership and EC pressure on national governments rather than internal policies.

Table 1: Doing Business ranks for Slovenia and Croatia 2016 and 2017

| WB Report | In sum | | Starting a business | | Construction permitting | | Paying tax | |
|-----------|--------|------|---------------------|------|-------------------------|-------|------------|------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Slovenia | 29 | 30 ↓ | 18 | 49 ↓ | 71 | 80 ↓ | 35 | 24 ↑ |
| Croatia | 39 | 43 ↓ | 99 | 95 ↑ | 126 | 128 ↓ | 23 | 49 ↓ |

Source: WB (2016)

Despite some systemic consideration related to these measurements, one can conclude that the same methodology is applied for all countries included, hence at least the comparative value of ranking is sufficiently objective. In addition, they reflect trends in a certain country and the tangible effect of national policies and legal amendments. In this dimension, the most questionable issue seems to be in both countries relatively low administrative capacity. These findings are compliant whether we look not only at WB or EC assessments but also national studies (Gov RS (2015), Gov RC (2014)). Low capacity is especially reflected in Slovenia in excessive length of respective administrative procedures and even systemically in Croatia regarding its fragmented administration.¹⁸

¹⁷ See critical considerations on methodological elements in Kalaš and Bačlija (2015, p. 12); for construction permitting by Sever, Đulabić and Kovač (2016, p. 165). Compare »myths« on burdens in the UK by TUC (2006). For instance, often data is gathered based on subjective opinions of entrepreneurs or regarding timing of procedures, the legally prescribed maximum timing is taken into account instead of the real average one.

¹⁸ For Slovenia, see EC (2016, p. 2): »Slovenia's business environment is hindered by a high level of administrative

IV. Analysis of Administrative Procedural Novelties in Recent Practice in Slovenia and Croatia

In order to verify the above stated grounds for only partially effective RAB programs in selected countries, an analysis of the relevant national laws has been conducted. These laws are (1) selected sector-specific laws that relate to most prominent administrative procedures by WB and EC; and (2) general law on administrative procedures; both for the recent mandate of 2014 to 2016 (last three years). Through such a methodology, we anticipate to establish that field laws amendments are not sufficient in a systemic RAB program, while there is a lot of potential open for GAPA-driven measures¹⁹ and further non-legislative supporting activities.

Under group (1), the relevant statutes, which procedural amendments we have elaborated for Slovenia, are:

- * Companies Act (CompA), changed once in respective period;²⁰
- * Tax Procedure Act (TPA), changed three times in last three years;²¹
- * Construction Act (ConstrA), with one respective amendment.²²

For Croatia, the laws are chosen to cover the same areas, namely:

- * Companies Act (CompA), amended in 2015;²³
- * General Tax Act (GTA), amended RAB related in 2015;²⁴
- * Construction Act, within new package of 2014 reform.²⁵

burden, which poses an obstacle to the inflow of productive investment. Barriers to doing business are mainly linked to the inefficiencies of the public administration and lengthy administrative procedures». For Croatia, EC (2016a, p. 3): »Investment started to recover in 2015, but bottlenecks to private investment persist mostly in the shape of administrative barriers to business activity, burdensome, complex and often changing regulation, and weaknesses in public administration«.; and: »A weak and fragmented public administration weighs on service delivery and penalises business, while inefficiencies in state-owned enterprises slow down the adjustment process. The high fragmentation of public administration translates into a multiplication of functions and public bodies«.

¹⁹ Cf. Ziller (2008, p. 8). See also examples in OECD (2012), EC (2014), Hofmann, Schneider and Ziller (2014).

²⁰ *Zakon o gospodarskih družbah*, ZGD-1, OG of the RS, No. 42/06, with last amendment adopted in 2015, OG of the RS, No. 55/15, and further ZGD-1J, OG of the RS, No. 15/17. Regarding RAB-related articles, see provision on entrepreneurs in parts II. and III. of the law (articles 71 to 75 and 471 to 526).

²¹ *Zakon o davčnem postopku*, ZDavP-2, OG of the RS, No. 117/06. Last changes implemented by ZDavP-H, OG of the RS, No. 90/14, ZDavP-2I, OG of the RS, No. 91/15, and ZDavP-2J, OG of the RS, No. 63/16. See also changes based on Financial Administration Act, *Zakon o finančni upravi*, ZFU, OG of the RS, No. 25/14, and Inspection Act, *Zakon o inšpekcijskem nadzoru*, ZIN-B, OG of the RS, No. 40/14.

²² *Zakon o graditvi objektov*, ZGO-1, OG of the RS, No. 102/04, with last amendment ZGO-1F, OG of the RS, No. 19/15. There are additional changes in legislation that address environmental planning. A new Construction Act was adopted in 2017, *Gradbeni zakon*, OG of the RS, No. 61/17, 66/17-Constitutional Court Decision), and will come into force in June 2018. See Sever, Đulabić & Kovač (2016).

²³ *Zakon o trgovačkim društvima*, ZTD, OG of the RC, No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15.

²⁴ *Opći porezni zakon*, OPZ, OG of the RC, No. 147/08, 18/11, 78/12, 136/12, 73/13, 26/15, 44/16.

²⁵ *Zakon o gradnji*, OG of the RC, No. 153/13. See also Construction Products Act, *Zakon o građevnim proizvodima*, OG of the RC, No. 76/13, 30/14), Act on Procedure with the Illegally Built Constructions, *Zakon o postupanju s nezakonito izgrađenim građevinama*, OG of the RC, No. 86/12, 143/13, and other legal acts and secondary legislation adopted based on that legislation. For more details see <http://www.mgipu.hr/default.aspx?id=3715>. When it comes to spatial planning, the main piece of legislation is the Spatial Planning Act, *Zakon o prostornom planiranju*, OG of the RC, No. 153/13.

At first glance, the analysis reveals some basic conclusions. We can see that, despite a mid-term period of three years, complementing major RAB policies in respective countries, only a few legal amendments have been adopted. These laws are changed within amendments studied purely in individual elements, as fine-tuning changes or tackling several selected provisions or even adding new obligations (cf. EC (2016a, p. 3)), which is in direct conflict with RAB goals.

Table 2: Analysis of RAB novelties in the Slovene Companies Act 2014–2016

| Legal institute and relevant articles | Content of the changes |
|--|--|
| Registration of entrepreneur, 72, 74 | Entry to a business register, additional requirements on certificates, and a removal of a necessary special business account (compliant to TPA, 37) |
| Changes and termination of entrepreneurship, 75, 521 | Data submission via e-portal, fewer requirements and broader grounds regarding termination (such as non-activity for 6 months), easier transformations from single entrepreneur to limited liability company |
| Business shares in a limited liability company, 482 | No evidence procedure required if entry in a register not disputed |
| Convening general assembly, 509 | Based on a formal entry in register |

Source: own

As regards the registration of enterprises, Slovenia had committed several steps before the period considered regarding the one-stop-shop project. This initiative, with 45 minutes required e-registration for single entrepreneurs, without costs and physical contact and forms, was introduced in 2008 and won the United Nations Public Service award in 2009, with a proven reduction of registration from the prior 60 to only 3 days on average.²⁶ One-stop-shop definitely represents one of the key achievements of the Slovene RAB program. However, scholars and the EC acknowledge that the success can be attributed to a strategic approach. Such is based on the following sequence of steps. First, a careful analysis and an inventory of all the procedures required to start a business has to be carried out. Second, the establishment of coordinating all the institutions and optimisation of processes, without lowering public interest requirements is desirable. Third, legal changes should follow, and, fourth, the development of an information system and trainings of officials is required. Finally, the measurement of customer satisfaction, evaluation and continuous improvement process needs to be introduced. It seems that in this field no further changes are felt to be required regarding the RAB program with direct implication to the CompA in recent period. Nevertheless, some changes from 2015 state more obligations for entrepreneurs (as additional activities required in the registration of entrepreneurship or convening an assembly).

²⁶ More in Kovač and Virant (2011, pp. 43, 255). The estimated savings of one-stop-shop are almost EUR 11 million annually, i.e. 75% reduction of costs, if all entrepreneurs were to choose this option.

Table 3: Analysis of RAB novelties in the Croatian Companies Act 2012–2016

| Legal institute and relevant articles | Content of the changes |
|---|---|
| Simplified limited liability company, 390 a | A new form of limited liability company, requiring very low capital and easy registration procedures |
| e-Business ²⁷ | Registration and data submission via e-portal from any public notary’s or HITRO.HR office, less requirements and quicker processing |

Source: own

In Croatia, the situation is very similar, with no actual recent RAB amendments in the Companies Act but prior one-stop-shop activities. The Croatian one-stop-shop regarding the registration of companies, called HITRO.HR, was first put into place in May 2005. It allowed citizens to register their company in just one place in a shorter period. Prior to launching this webpage, the process of registration lasted at least 40 days and nine institutions were included (data from FIAS study, WB (2002)), which means that the measure decreased the whole process to just 24 hours and three relevant institutions, fully electronically connected.

A new step was the diversification of communication channels (online, mobile, phone and face-to-face) supported by the government network HITRONET, and B2G e-services. The service e-Business (in Croatian e-Tvrtka), introduced in 2012, allows entrepreneurs to found a new limited liability company and register it in any commercial court in the country, electronically from any public notary’s or HITRO.HR office, 24 hours a day, 7 days per week. In these offices, the business owner can also register into the Register of Business Entities, held by the Croatian Bureau of Statistics, another administrative requirement that he was previously obliged to do at another institution. HITRO.HR also provides other e-services that are available from office or home, 24 hours a day. Using FINA e-card and digital signature, clients have access to different services relevant for business operations, such as e-Regos, e-Cadastre, e-Pension, e-Craft and e-Health.

Another important RAB measure in the area of company law in Croatia was the introduction of a new type of legal entity, i.e. a simplified limited liability company in October 2012.²⁸ The main purpose of its introduction was to enable the easier registration of legal entities, especially for start-up companies, since it requires low minimum capital and simplified incorporation procedures compared to other types of companies.

It seems that the RAB amendments introduced in the field were very successful, since in 2013, a total of 6,626 enterprises were founded via the service HITRO.hr, out of which 278 were registered as a craft, 1,706 as a limited liability company (LLC) and 4,642 as a simple limited liability company (simple LLC). This trend continued in the year 2014, with 231 enterprises registered as a craft, 1,773 as a LLC and 4,064 as a simple LLC and in the year 2015 in which 6,100 newly founded enterprises were expected to be registered (FINA, 2014). Out of a total of 12,896 enterprises registered in 2015, 7,128 were founded in the

²⁷ See Rules on registration at the commercial court, *Pravilnik o načinu upisa u sudski registar*, OG of the RC, No. 22/12.

²⁸ Changes were made to the Companies Act (ZTD, OG of the RC, No.111/12).

form of simple LLC, which is 55.3% out of the total number of newly founded companies. The effectiveness of the measures was confirmed by numerous international recognitions, and awards such as “Top performer”, World Bank 2008, “Top performer” WCI (World Class Indicators) Report 2009, “Good Practice Label”, European Commission awarded in 2009.

Table 4: Analysis of RAB novelties in the Slovene Tax Procedure Act 2014–2016

| Legal institute and relevant articles | Content of the changes |
|---|---|
| Interpretation of tax legislation, 13, 14.–14.g | No obligatory instructions, introduction of advanced pricing agreements |
| Income tax collection, 28, 289, 313 | Fewer commitments for application submitted by taxpayers (in principle an exception), clearer and slightly extended deadlines |
| Refund, settlement, instalments, enforcement, 50, 58, 97, 102, 103, 105, 142, 212a, 243a, 248, 253.b, 255.a.–255h | Extended options of (automatic) settlement and refunds, no procedures for very low amounts (not exceeding EUR 10 or 20), broadened options of payment in instalments, additional enforcement measures and exchange of information, partly simplify the resolution procedures auctions, etc. |
| Simplified tax control, 127–141 | Less formalised procedures, even though some lead to fewer taxpayer rights |
| E-documents and delivery, 84.a, 85, 85a | E-production and e-signatures on all documents, e-notification as a principle, especially for legal entities via portal e-Taxes, which includes forms, automatic controls, easier data transactions, etc. |
| Automatic exchange of data and reporting, 255.i–l, 284.a–b, 316.a–č, 340.a, 353.a, etc. | Less formalised exchange and control beyond national borders, simplified reporting of international taxpayers, agriculture, social (with prefilled account) and other fields |

Source: own

Tax-related RAB changes were already introduced to Slovenia prior to 2014, likewise in the field of business registration. For example, TPA introduced advance rulings, self-reporting, increased opportunities of deferral and payment in instalments, and in particular pre-filled personal income tax declarations since 2008 (cf. EC (2014, p. 39), OECD (2010)).²⁹ The majority of the institutes in TPA modernisation in 2006 have had measurable effects in practice, so realize the set goals, i.e. simplified procedures for taxpayers and tax authorities. Even more important is the realisation that the data employed is not the only relevant one for a cumulative evaluation, as individual regulatory rules produce complex combined effects working in the same or opposed directions, either so that their projected positive effects may even synergically intensify each other or they cancel each other out (Kovač (2012, p. 415)). This is important, since in the last period, the law was amended only twice, with

²⁹ See in depth in Kovač (2012, pp. 395–416), with pros at cons and saving calculations in EUR of the individual measures introduced, especially by new law, in force since January 2007. More broadly by OECD (2010).

obvious inconsistency. Namely, TPA novelties have eliminated some prior RAB measures such as instrument of obligatory instruction, which aimed to provide more predictable legal environment for entrepreneurs. The same goes for provisions on delivery or participation of taxpayers in the procedure (Art. 13, 85, 138, etc.). Other measures seem to bring more costs in the long run compared to the short-term benefits, such as e-delivery fictions and later disputable enforcement procedures. Not surprisingly, the European Commission is also not satisfied with Slovene efforts in this field (EC (2016) p. 30)), since procedures last much longer than the EU average, i.e. for a medium sized enterprise 245 hours vs. the EU average of 185 hours. The problem is usually not even the complexity of the tax system, but too frequent changes in legislation, and excessive handling of complaints and lawsuits, which make investments an uncertain venture. By contrast, the question arises as to whether some changes are not too liberal (as advance pricing agreements). In sum, in the tax area in Slovenia, the normative level is already seen as a problem of unbalanced measures, lack of coordination and too frequent changes in a short period.

Table 5: Analysis of RAB novelties in the Croatian General Tax Act 2014–2016

| Legal institute and relevant articles | Content of the change |
|--|---|
| e-Tax Administration, 57, 63 | E-Payment facilitates payment of taxes online, helping taxpayers to meet their tax obligations in a timely and cost-effective manner. |
| Electronic delivery of tax acts and VAT declarations, 51, 63 | Since January 2016 mandatory delivery to businesses, even without prior approval or demand from the taxpayer; all VAT-taxable persons are required to submit forms PDV, ZP, and PDV-S in electronic form only via the e-system. All medium and large taxpayers also need to submit their tax return electronically. |
| Advance tax rulings, 9.a | Available since July 2015, advance tax rulings permit the taxpayer to ask for and binding position of the tax administration. |
| Tax settlement, 91.e | With respect to the tax liabilities determined in the tax audit procedure. Settlement may relate to the determined tax liability in the proceedings in which the tax base is determined by assessment, to the payment deadlines, decrease of default interest and waiver of the offence charges by the Tax Authority (if in line with the Offence Law). Precondition for an administrative settlement is the taxpayer's waiver of the legal remedies. |

Source: own

The majority of tax-related changes in Croatia since 2015 follow more recent changes adopted in Slovene legislation since 2007. Evidently, this is a direct impact of EU membership and its tax harmonisation. Furthermore, amendments from 2015 mostly concern the introduction of e-services. A multitude of tax forms can be downloaded deposited online, through a secure internet connection. The number of services provided online has

increased from 25 in 2014 to 35 in 2016 and the aim is to have 40 of them in 2018. This can at least partially explain the decline in non-compliance of SMSE taxpayers (the ones who have not filed or filed their tax return too late) from 3.61% in 2014 to 2.8% in 2016.³⁰ Some reforms in Croatia, similarly to Slovenia, although aiming to RAB, have in fact led in practice to the opposite effect and caused additional burdening of businesses. For instance, various reporting forms of receipts, income tax, surtax and contributions for compulsory insurance were abolished and replaced by a single form – the JOPPD form – in January 2014. However, the form proved to be more burdensome than expected, due to its complicated codes and very short submission deadlines (cf. Lonza and Srhoj (2016)). Regarding construction permitting, Slovenia is constantly declaratory on the move towards RAB. Contrary to this, even normative analysis of the main law, the Slovene Construction Act, reveals that the last amendment adopted originates from 2013 and is highly questionable regarding protection of public interest and rule of law. Namely, the law (ZGO-1E) stipulated the suspension of inspection (Art. 156.a), i.e. prolongation of deadlines to enforce inspection measures in cases of illegal construction from three to five years. The same goes for other amendments, critically assessed in different sources.³¹ Generally, the respective procedures seem to be regulated with the primary goals of the efficiency of selected stakeholders, hence mixing public and particular corporativistic interests based on an unclear division of state and municipalities tasks. At the end of the day, such non-resolution of basic conflicts leads to failure on all levels and a decreasing comparable position. Or, as emphasised by EC (2016, p. 25): *»however, regulatory bottlenecks, such as lengthy procedures in spatial planning, continue to dampen investment appetite«*. In Slovenia, approximately 25,000 permits have been issued annually in recent years (12 per 1,000 citizens), which is an indicator of an active investment field despite regulatory difficulties. Yet this number indeed shows the real need for further debureacratization, also comparatively. However, according to Ziller (2008, p. 8), there is mostly no need to rush into changing the rules, but to act within the framework of general principles and further internal guidelines to officials. Especially, when the actual problem regarding lengthy procedures is not a normative one but results out of a lack of resources and non-developed service-mindedness within authorities (such as the Slovene Environmental Agency) to resolve an investor's life situation within legislation given proactively. Nevertheless, the new Construction Law is proposed by the sector ministry for adoption in 2017 and might bridge some problems by the introduction of merged procedures (welcomed also by the EC (2016, p. 27)), guaranty act, clearer status of parties and shorter deadlines, etc. When it comes to changes in the construction law in Croatia, it has to be stated that Croatia relatively recently adopted a completely new package of building legislation which is in force since January 2014, with the Construction Act and Spatial Planning Act as the key ones. Traditionally, building law in Croatia consisted of two parts, namely construction and spatial planning. These two administrative areas, until the adoption of new legislation in

³⁰ Visits to the Tax Administration website have also increased since 2014 from 8,717,000 to 11,000,000 in 2016.

³¹ See Sever Đulabić and Kovač (2016, p. 169), and also Constitutional Court of RS Decision, no. U-I-165/09-34, issued in 2011. This decision has annulled the law regarding several *»simplifications«*, when excluding neighbours as parties in the procedures.

this administrative field, have been regulated in a single piece of legislation, but not clearly and consistently. During 2015, several new laws have been adopted, creating an integrated system of legal regulation in these administrative areas, such as Chamber of Architects and Civil Engineers chambers and the Spatial Planning Act.³² Rather surprisingly, despite the fact that Croatia enacted new building legislation only recently, it seems that there has been no huge influence on boosting the building sector. The number of issued constructing permits is still in decline in comparison with previous years. In 2015, there were 6,328 issued construction permits, which is 4% less than the 6,589 permits issued in 2014. Despite that, the planned worth of investment in 2015 was 3.2% higher than in 2014, which was probably more because of the economic crisis and not administrative obstacles in construction permitting.

Contrary to the registration of business or tax payments, the building field seems to be recently much more RAB-oriented in Croatia compared to Slovenia (despite overall lower Croatian ranks by the WB (2016), indicating status and less direction of trends). Several approaches are similar in both countries, but Croatia seems to face more severe difficulties, so its legislation adopted in 2013 radically changed the notion and roles in construction permitting procedures. In this respect, (longer or shorter) full membership in the EU also does not appear to be a factor of changes. However, regulatory amendments or even radical changes are not sufficient. It is necessary to systematically develop the administrative capacity of all stakeholders in these procedures.³³

Finally, let us compare GAPA novelties in both countries regarding RAB-oriented institutes and goals. One would assume based on international experiences that general law has significantly broader impact in relation to sector-specific ones.³⁴ Particularly, general law has developmental potential in a systemic sense.³⁵ A state governed by the rule of law, mostly guaranteed by constitutional and general administrative procedural law, is a value cherished by business and (post)capitalism too, since it provides equality, predictability, certainty and the protection of weaker market players. That is the case if there is a balance between need in reality and stability of legal regulation. This is proven, for instance, by the Slovene project on data exchange in all public records as an official burden through GAPA novelty in 2004 (articles 66 and 139) and accompanied measures in administrative structures, special training and database informatisation that earned Slovenia second-best position in the EU in 2007 regarding e-services).³⁶

The Slovene GAPA was adopted in 1999. The law has not been changed since 2013, with only minor novelties in-between. Despite necessary modernisation in this respect on

³² *Zakon o komori arhitekata i komorama inženjera u graditeljstvu i prostornom uređenju*, OG of the RC, No. 153/1378/15), Moreover, Works and Activities of Physical Planning and Construction Act, *Zakon o poslovinama i djelatnostima prostornog uređenja i gradnje*, OG of the RC, No.153/13, 78/15, and Assessment of the Value of the Property Act, *Zakon o procjeni vrijednosti nekretnina*, OG of the RC, No.153/13, 78/15).

³³ Radaelli and de Francesco (2007, p. 29), Rose-Ackerman and Lindseth (2010, p. 337).

³⁴ Cf. Croatian and other modernised laws. See Koprić and Đulabić (2009), Rusch (2014, p. 191, etc.), Hofmann, Schneider and Ziller (2014), Kovač (2015, pp. 27, 71), Koprić, Kovač, Đulabić and Đinić (2016).

³⁵ See Ziller (2008, pp. 4–7). Cf. Androjna and Kerševan (2006, pp. 74, 85), Rusch (2014), Kovač (2015, pp. 15, 31).

³⁶ See for this and other changes, Kovač and Virant (2011, pp. 197–225, 251, etc.).

systemic level (also by Gov RS (2015, p. 95)), there was only one amendment proposed in 2015 (ZUP-I). This amendment aimed to simplify delivery and reduce formality in applications and administrative acts comparable to other EU MS regulation (mainly German model). In general, there is a need in Slovenia to prepare the law that will pursue public policies that are more efficient. Simultaneously, the law should enable parties to protect their fundamental defence rights. But not even minor novelty in 2015 has been adopted due to a lack of political understanding of and commitment to the GAPA's role and dominance of particular interests (e.g. the National Post Office, now earning millions of EUR annually with formalised delivery).

The GAPA in Croatia was as a new law adopted in 2009. That law was a step towards the simplification of general administrative procedure. The main points of reform were the reduction of the length of laws, introduction and regulation of new legal institutes (e.g. administrative contract), enabling the use of electronic communication in administrative procedure, simplification of legal remedies and introduction of new ones (e.g. complaint). Despite many novelties, the new GAPA represents a combination of tradition and modernisation with the prevailing elements of tradition. Nevertheless, the special administrative procedures that exist in Croatia are still a huge source of unnecessary administrative burdens for citizens and the economy. There are more than 100 special laws that contain procedural provisions, so it might be reasonable to consider the limited prevalence of special law over the GAPA. The new Croatian GAPA has been assessed as a law that represents the combination of modernisation and tradition with prevailing elements of tradition. Although modernisation efforts have been undertaken within the law itself, it seems that the wider modernisation effects have not been achieved. This is particularly seen in the perception of civil servants who state that their everyday work has not changed despite the fact that the new law has been adopted (Đulabić (2014, p. 192)). The same research also showed that implementation challenges greatly lie outside the legal text itself. They should predominantly be sought in prevailing administrative culture, commitment to public administration reforms and awareness building. All these dimensions should enable civil servants to properly implement the new law, as well as citizens to use the new institutes envisaged in the new GAPA.

V. Discussion

Based on the findings of the analyses, there are some key issues to be underlined when discussing systemic RAB policies on a national or broader level. If politicians and administrators aim for optimal effects, they should primarily put more emphasis on systemic approach in planning RAB measures, legislative amendments and coordinated or reduced implementation, on both national and EU levels. As established by the case studies of Slovenia and Croatia, other methods, even though incorporating novelties of important administrative laws (such as tax or construction acts), do not suffice or even have counterproductive impacts for entrepreneurs and administration itself. RAB will be effective if the government takes over accountability and does not disperse it among ministries. Governmental policy on administrative reforms of that calibre as RAB cannot be just a sum of sectoral measures and ministries proposals, as is often the case, especially if certain

policies are mostly externally driven (e.g. by the EC). Instead, it should be strategically managed based on the prior definition of national interests in the region.

However, for Slovenia and Croatia, the EU apparently represents an inevitable external incentive and key grounds for developing respective national programs. Under the European conditionality doctrine (see Buckley (2016, p. 130)), this is especially so when certain approaches shall be met if cohesion fund resources are deployed. Therefore, both countries emphasise RAB as cross-sectoral measures within their national strategies of PAR, at least declaratory. As a result, it is not surprising that countries with longer EU membership introduce broader and more in-depth-oriented sets of RAB measures.

Moreover, good governance and the contemporary development of administrative relations demand more interdisciplinary administrative methods as traditional judicial and normative measures (more by Barnes in Rose-Ackerman and Lindseth (2010, pp. 336–356)). In the RAB field, consequently classically dominating economic view does not suffice. If primarily selected interests of stakeholders are considered (e.g. of investors in construction permitting) and not balanced proportionally to others and public interest (cf. OECD (2007, p. 25)), such (legal) solutions would be disputed, annulled or omitted. A negative example, again based in Slovenia and Croatia, is given by strategies on public administration development. Namely, in Slovenia, the Ministry of PA is simply denying its accountability for the environmental and construction area even though the ministry is cross-sectoral by definition and respective field constantly assesses as a critical one by EC, WB and national chambers of commerce. In Croatia, the respective strategy is not even acknowledged to be in force due to recent internal political instability and still awaits any action plan. In sum, when RAB is concerned, declaratory policy papers and dead letters in the law cannot lead to sustainable development. Citizens and entrepreneurs expect and deserve more tangible and faster response from public administration unless they take advantage of a globalised world and over the years leave a non-stimulating environment.

In sum, progress in Slovenia and Croatia is too slow and not sufficiently intensive, both on national and comparable scales. The significant implementation gap regarding RAB measures, even the most important ones (see EC (2014, p. 33)), is the result of several suboptimal approaches. Firstly, it is obvious that both countries have main problems where partial measures are taken and not systemic ones. Secondly, usually the first and often the only step taken is an amendment to a sector-specific law. Hence, there are no systemic effects across the field addresses, as lacking unavoidable interconnection of social and tax measures. Thirdly, due to formal(istic) administrative tradition, it is underrated that a normative component is necessary but not sufficient. To raise overall capacity, it needs to be accompanied by organisational, managerial, e-government related and other activities to provide systemic progress. Finally, any changes, legislative as well, should be part of a regulatory feedback loop,³⁷ with *ex post* assessments that is in respective countries not so far incorporated in a regulatory system. Additionally, there is a need to distinguish RAB sectors according to the priorities set for a specific field or beneficiaries. This is the case

³⁷ Normative component must be considered, especially in more formally-oriented administrative environments. See Rusch (2014). On the importance of IT support in RAB, see OECD (2012, p. 4). On regulatory feedback loop, see Kovač (2009, 2015) and EC (2014, p. 45).

since Slovenia and Croatia both seem to have such strategies as required by the WB or known comparatively. Above all, apparently SMSE should be taken into account (see TUC (2016), under the title of *»Think Small First«*, cf. EC (2014), WB report (2016; p. 3)). Tax procedure in this respect indeed plays a significant role in enabling more effective administrative efficiency and business productivity (Kovač (2012, p. 413)).

Further, an open question arises as to what extent the legislator takes into account traditional principles of smart regulation.³⁸ Above all, it is questionable as to whether ministries as policy makers understand the principle of the necessity of regulating social affairs. Based on the results of our analyses, some tend to regulate all details regardless of its level of importance by law, and the other extreme do not change even a law in place practically the same for 90 years (as the Slovene GAPA). There is also an important dilemma of distinguishing substantive issues to be (de)regulated as opposed to procedural simplifications, often neglected or misunderstood. The principles of necessary legal regulation impose on the draft legislator (i.e. regulating administrative authority) firstly the necessity of an in-depth analysis of the policy (which is initiated or amended and supplemented) giving rise to questions that need to be regulated, causes of problems, precise objectives, and methods of regulation. It requires self-restraint and proportionality by proposing to parliament comprehensible regulation, without unnecessary burdens but simultaneously expressed awareness of public benefit to be protected in exposed areas. The study of Slovenia and Croatia reveals that results are the lowest when evaluating national competitiveness, especially in those fields lacking such an approach regardless of formally modernised laws (like ConstrA and even the GAPA in Croatia as the most obvious cases in this study).

Another systemic aspect relates to the combined need for simplifications and therefore substitute mechanisms of measures respectively. In other words, if the level of formalities and even conditions for a business activity is reduced, it has to be clear who takes over the accountability for a possible gap in public interest in the field, such as an endangered environment or lower amount of taxes collected. Particularly, when simplifying any administrative relation, self-regulation and state control have to be strengthened. The state cannot only avoid its own responsibility for public governance.³⁹ Deregulation and simplification, respectively. RAB also necessarily leads to an increased responsibility of entrepreneurs to the society as a whole.

The GAPA is generally considered an important instrument of administrative technology (Koprić and Đulabić (2009)). That is the reason why it should be approached as an important tool for wider administrative reform, especially when it comes to activities connected with RAB. It should not just be seen as a law, which regulates procedural aspects of authoritative, unilateral decision-making about rights, obligations and legal interests of participants in administrative procedure. From that point of view, the GAPA could be an important enabler of the RAB, but also a significant obstacle if it regulates procedure in too formalistic and bureaucratic a manner. There should be a balance between creating legal preconditions for simple and citizen-oriented public administration and respecting

³⁸ See Radaelli and de Francesco (2007, p. 32) or Slovene Resolution (2009) or Croatian law on RIA (2011).

³⁹ Cf. Avberšek (2011, p. 113), WB (2016, pp. 62–63).

basic rule-of-law principles, at the same time. The Croatian experience shows that, despite significant modernisation of the GAPA, that taken as an isolated effort will not result in significant administrative reform nor RAB that would have stronger impact on improvement of the business environment. *Doing Business* ranking and other indicators show that, despite the modernisation of legal texts, there are several meta law activities that should be undertaken in order to achieve a wider positive effect.

VI. Conclusion

In this analysis, we have shown RAB as being essential in procedural terms, since respective simplifications preserve the level of public interest on the individual administrative area, but ease business activity. It is therefore not surprising that we detect the most efficient changes on this level, particularly if pursued by general procedural law and upgraded along the same line by sector-specific acts. Moreover, one must incorporate any legal novelties into the broader cycle of the regulatory process, requiring complex administrative measures and regular evaluations. In future, more attention should therefore be put to the reconciliation of interest in the society. Good public governance means overlapping and not exclusive concepts regarding lawfulness and efficiency, in general and for entrepreneurs in particular. Therefore, for RAB to be an effective policy in terms of balanced protection of the public interest and increasing economic competitiveness, all stakeholders must hold shared accountability.

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