

# **LAW**

## **ON RECONSTRUCTION FOLLOWING NATURAL AND OTHER HAZARDS**

### **I BASIC PROVISIONS**

#### **Scope of the Law**

##### **Article 1**

This Law shall regulate the procedure of reconstruction and aid allocation to the citizens and business entities who have sustained pecuniary damages due to natural and other hazards (hereinafter referred to as: the aid).

##### **Article 2**

The right to receive the aid under the same conditions as in case of the citizens of the Republic of Serbia shall be extended to the foreign citizens and stateless persons who have been approved temporary or habitual residence in the Republic of Serbia.

Business entities, in accordance with the terms of this Law, shall be the companies, entrepreneurs and registered farms performing their activity using the resources the majority of which is in private or cooperative ownership.

Pecuniary damages, in accordance with the terms of this Law, shall include physical damage or destruction of immovable or movable assets at the territory of the Republic of Serbia owned by the citizens or a business entity, resulting as a direct consequence of a natural and other hazard.

#### **State aid and reconstruction**

##### **programmes Article 3**

State aid and reconstruction programmes shall establish the measures and criteria for aid allocation, i.e. the measures, criteria and procedure for reconstruction and rehabilitation following a natural or other hazard.

State aid and reconstruction programmes shall be adopted by the Office Government, at the proposal of the for Public Investment Management (hereinafter referred to as: the Office).

#### **State aid and reconstruction programme**

##### **content Article 4**

A state aid and reconstruction programme shall include particularly:

- 1) The area and the territory where the measures are being implemented;
- 2) Analysis of the state of reference and the resulting damage and detailed consideration of possible further adverse consequences;
- 3) Measures to be undertaken;
- 4) Method and scope of measure implementation, as well as the criteria for measure implementation;
- 5) Measure implementation sequence;
- 6) Measure implementation deadlines;
- 7) Public administration bodies in charge of coordination, i.e. parties implementing specific measures and activities;

- 8) Assessment of the required funds and funding sources;
- 9) Use of state commodity reserves;
- 10) Other required elements.

## **Natural and other hazard**

### **Article 5**

Natural and other hazard, in accordance with the terms of this Law, shall be an event caused by the impact of natural forces or human activity, disrupting normal living to the extent which exceeds the regular capability of individuals and local community to recover without the assistance of the state, and resulting in pecuniary damage which exceeds 10% of the gross domestic product in a local self-government unit and an event declared as such by the Government.

Exceptionally, the Government may declare a natural or other hazard and decide to allocate state aid even though the damage inflicted amounts to less than 10% of the budget of a local self-government unit, when there are special legitimate reasons to do so.

Following cessation of a natural and other hazard's direct impact, the Government shall declare the end of the natural and other hazard.

### **Principle of citizen equality in exercising the right to receive the aid**

### **Article 6**

Every citizen shall be entitled to receive the aid in case of a natural and other hazard under the conditions and in line with the procedure laid down by this Law, with the same rights and conditions as other citizens and without any discrimination whatsoever.

Implementation of measures laid down by the Law in order to protect highly vulnerable groups and citizens shall not be considered an act of discrimination.

### **Principle of gender equality**

### **Article 7**

In performing the duties regulated by this Law, the competent authorities shall especially ensure observance of the principle of gender equality, and particularly take care that no decision, measure or action should encourage or result in adverse position of women.

### **Special protection of vulnerable groups**

### **Article 8**

When responding to applications and allocating aid, the precedence shall be given to disabled citizens, i.e. the citizens who have a disabled or a seriously ill person in their family households, single parents, citizens with one or two children in their family households, beneficiaries of social assistance, retired persons, women and the unemployed.

### **Principle of publicity**

### **Article 9**

All information related to the type and amount of damage, aid allocation procedures, beneficiaries, amount and type of aid, donations, budget funding, humanitarian aid and other issues related to state aid allocation to citizens following a natural hazard shall be available to the public in line with the Law.

## **Principle of building back better**

### **Article 10**

The authorities participating in the preparation and implementation of reconstruction shall strive to ensure that the reconstruction process implicitly includes construction of a better system which would improve the society's and infrastructure's resilience to natural and other hazard.

## **II AID ELIGIBILITY REQUIREMENTS AND PROCEDURE**

### **Aid eligibility requirements**

#### **Article 11**

Aid eligibility requirements shall be the following:

- 1) The damage sustained is a direct consequence of a natural or other hazard;
- 2) The damage has been reported in accordance with the Law;
- 3) The damage has been sustained by the person referred to in Article 1 hereof;
- 4) The asset damaged or destroyed is of the type that serves or is required for subsistence purposes and was thus in daily or regular use;
- 5) The asset was duly protected and all required measures were undertaken to reduce the risk of the natural and other hazard;
- 6) All other requirements in line with the Law have been met. The above requirements shall be fulfilled cumulatively.

#### **Article 12**

In addition to the elements referred to in Article 4 hereof, state aid and reconstruction programmes shall establish the type of aid, as well as the criteria and standards for establishing the amount of the aid.

Aid may be in the form of payment of a specific amount of money or provision of specific material goods, non-repayable or repayable, or in the form of services.

In case of repayable aid, the Government shall establish, within the state reconstruction programme, the deadlines, requirements and method for asset repayment.

### **Office for Public Investment Management**

#### **Article 13**

The Office shall align the activities laid down by this Law, undertake measures and actions with a view to providing assistance and implementing reconstruction, conduct required procurement of goods and services, take part in aligning and directing of the work of other bodies and organisations participating in assistance provision and reconstruction, organize needs assessment following a natural and other hazard and perform other duties in order to ensure efficient and cost-effective assistance and reconstruction, in line with the Law and Memorandum of Association.

## **Funding sources**

### **Article 14**

Funds for aid allocation following natural and other hazards shall be provided from:

- 1) The budget of the Republic of Serbia;
- 2) Donations
- 3) Contributions and gifts;
- 4) Debt receipts;
- 5) Financial asset sale receipts;
- 6) Assets of public companies and other forms of organisation whose founder is the Republic of Serbia;
- 7) Other sources in accordance with the Law.

Applications, actions and issuing of documentation required in order to be eligible to receive aid in line with this Law shall be exempt from administrative fees or any other fees for the services and actions of the national, provincial and local self-government bodies.

Donations of money to the budget of the Republic of Serbia, Autonomous Province or a local self-government unit shall be exempt from commissions or any other fee payable to financial institutions for financial transactions and other services required in order to implement the donations.

## **Damage reporting**

### **Article 15**

Without delay and no later than within 15 days following the declaration of the cessation of a natural and other hazard, a local self-government unit shall invite the citizens to report the damage sustained within the period of minimum 15 to maximum 60 days following the invitation announcement.

Exclusively, if prevented, a citizen may report the damage within 15 days following the ending of the obstruction, and no later than 6 months following the invitation announcement.

The procedure for aid allocation shall commence with the damage reporting.

The procedure to establish aid eligibility shall be managed in line with the provisions of the General Administrative Procedure Law, unless otherwise stipulated by this Law.

## **Damage assessment**

### **Article 16**

A local self-government unit shall establish, without delay, the required number of committees to assess the damage caused to citizens' assets following a natural and other hazard, in line with the act on a single methodology for assessing damage from a natural and other hazard, passed by the Government.

A local self-government unit shall ensure uniform and coordinated implementation of the act on a single methodology for assessing damage from a natural and other hazard.

## **Damage assessment verification**

### **Article 17**

The Office shall verify damage assessments conducted by the committees set up by a local self-government unit.

Verification shall represent an expert procedure including confirmation of the validity and accuracy of a damage assessment conducted, on the basis of the act on a single methodology for natural and other hazard damage assessment, conducted by the committees set up by a local self-government unit.

Director of the Office shall organize the procedure of damage assessment verification and determine its scope.

Should any irregularity be established in the verification procedure, the Office shall notify the local self-government unit thereof, providing instructions for correction of the deficiencies.

In case of large- scale deficiencies, the Office shall take over the organisation of damage assessment at the expense of the local self-government unit.

### **Article 18**

Upon damage reporting, establishing, assessment and verification, the body of the local self-government unit shall resume the procedure to establish state aid eligibility, by inviting the party to make a statement regarding the verified protocol of damage assessment and other circumstances relevant to establish state aid eligibility.

Should a duly invited party fail to respond to the invitation, without providing the reason thereof, it shall be deemed that the party has accepted the verified protocol.

### **Article 19**

The procedure shall be implemented for every damage reported.

First instance decision on state aid eligibility, following the procedure implementation, applying the criteria and standards specified in the state reconstruction programme, shall be passed by the competent body of the local self-government unit, as a conferred task, and submitted to the applicant.

Furthermore, the local self-government unit shall submit the decision to the Office, and also to the body competent for legal protection of property rights and interests of the Republic of Serbia, in an electronic form, with all documents referring to the specific file.

In handling electronic documents referred to in paragraph 3 hereof, provisions of the act on electronic office management in public administration bodies shall apply.

### **Article 20**

A complaint may be filed against the first instance decision to the Government's Natural Hazard Damage Assessment Committee passing the final decision.

Administrative proceedings may be brought against the final decision.

Request for reconsideration of judgement may be filed with the Supreme Court of Cassation against the judgement of the Administrative Court.

## **Implementation of all administrative actions at one place**

### **Article 21**

In order to ensure easier exercising of citizens' right to the aid, a local self-government unit shall establish a single organisational unit within the municipal or city administration where the citizens would submit all their reports, applications and other pleadings or make inquiries related to the rights and legal interests stipulated by this Law.

Institution of an organisational unit within the municipal or city administration the citizens may address in order to exercise the right to state aid following a natural and other hazards, shall not affect the actual and territorial jurisdiction of the bodies stipulated by this Law, nor the right of the party to directly address the competent body.

The body receiving a report, application or other pleading at the place referred to in paragraph 1 hereof, acting in official capacity and without delay, shall forward such a report, application or other pleading to the bodies competent for passing decisions, i.e. acting upon such a report, application or other pleading.

Deadline for deciding, i.e. acting upon a report, application or other pleading submitted at the place referred to in paragraph 1 hereof, shall start as of the date of the report, application or other pleading submission.

## **Protection of property rights and interests of the Republic of Serbia**

### **Article 22**

The body competent for the protection of property rights and interests of the Republic of Serbia shall be authorized to file a complaint or initiate administrative proceedings against the decision confirming the regulation in favour of a party and to the detriment of public interest.

## **Notification of the public about state aid**

### **Article 23**

A local self-government unit shall publish all information related to state aid on a separate web page of the local self-government.

Local self-government unit shall publish first and second instance decisions, following their submission to the party, on the notice board and the web page.

The Office shall make available all information about donor funds received, donors, disbursements and beneficiaries of aid in money, goods and services, through its Internet presentation.

When publishing the data, special attention shall be given to the protection of personal data so that no personal data which is not required in order to notify the public about state aid would be published.

## **Reporting**

### **Article 24**

The Office shall submit to the Government quarterly reports about the progress in state aid allocation procedure, number of beneficiaries and damage assessments, and also the final report following the completion of the state aid allocation procedure.

The reports shall be published on the website of the Office.

## **Records**

### **Article 25**

A local self-government unit shall keep separate records of all protocols, applications and files for state aid allocation, in accordance with the regulations on office management.

The content and keeping method of the records shall be stipulated by the Minister in charge of local self-government affairs.

### **File keeping**

### **Article 26**

Files about aid allocations shall be kept permanently, in accordance with the regulations governing the area of documents and archives.

### **Assistance to business entities**

### **Article 27**

The Government may decide to allocate aid to the business entities which have sustained pecuniary damage due to a natural hazard, under the conditions laid down by this Law.

### **Article 28**

Aid allocation requirements shall be the following:

- 1) The pecuniary damage includes physical damage to or destruction of immovable or movable assets owned by the business entity;
- 2) The damage resulted from a natural hazard;
- 3) The damage has been reported in accordance with the Law;
- 4) The business entity undertook all required and stipulated protective measures in order to reduce the risk of the natural hazard;
- 5) The damage is of such a type and scope that it threatens further survival of the business entity;
- 6) The damage resulted from the risk which is not insured with property insurance companies;
- 7) All other requirements in line with the Law have been met.

The requirements in paragraph 1 hereof shall be fulfilled cumulatively.

### **Article 29**

The provisions of this Law regulating state aid allocated to citizens shall accordingly apply to the aid allocated to business entities and registered farms.

### **Aid from the budget of the Autonomous Province and local self-government unit**

### **Article 30**

If the aid is allocated to citizens and business entities from the budget of the Autonomous Province or a local self-government unit, the procedure shall be regulated by the provisions of this Law.

### **III TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 31**

The regulation referred to in Article 25 shall be adopted within 60 days following the effective date of this Law.

#### **Article 32**

The procedures for state aid allocation initiated under the provisions of the Law on Post-Flood Rehabilitation in the Republic of Serbia (Official Gazette of RS, No. 75/14, 64/15 and 68/15), shall be completed according to the provisions of that Law.

#### **Article 33**

On the effective date of this Law, the Office shall take over from the Office for Reconstruction and Flood Relief the employees and appointed persons, as well as the rights and obligations, files, equipment and the archive.

#### **Article 34**

Upon entry into force of this Law, the Decree on establishing the Office for Reconstruction and Flood Relief (Official Gazette of RS, No. 55/14, 110/14 and 136/14) shall cease to be valid.

#### **Article 35**

Upon entry into force of this Law, the Law on Using Resources for Rehabilitation and Protection against Natural Hazards (Official Gazette of RS, No.50/92) shall cease to be valid.

#### **Article 36**

Until the act referred to in Article 16 paragraph 1 hereof is adopted, natural hazard damage assessment shall be conducted in line with the Instructions on a Single Methodology for Natural Hazard Damage Assessment (Official Gazette of SFRY, No. 27/87).

#### **Article 37**

This Law shall become effective as of the date following the date of its publication in the Official Gazette of the Republic of Serbia.

## **EXPLANATION**

### **I LEGAL GROUNDS FOR THE LAW ENACTMENT**

Constitutional grounds for the enactment of the Law are contained in the provision of Article 69 paragraph 1 of the Constitution stipulating that the citizens and families requiring social assistance for the purpose of overcoming social and existential difficulties and creating conditions to provide subsistence shall be entitled to social protection the provision of which is based on the principles of social justice, humanity and respect of human dignity, and the provisions of Article 97 paragraph 1 of the Constitution, stipulating that the Republic of Serbia shall regulate the forms of social security and the system of social protection and other relations of interest for the Republic of Serbia, in line with the Constitution.

### **II RATIONALE FOR THE LAW ENACTMENT**

In the last two decades, the Republic of Serbia encountered several natural hazards including casualties and considerable pecuniary damage. Following each of these natural hazards, the Government would undertake measures to recover devastated areas and provide assistance for the citizens who had sustained damage. However, in the course of such reconstruction, numerous issues would occur due to the lack of clear aid allocation requirements, criteria and measures, known and stipulated beforehand, and also the procedure to establish citizens' state aid eligibility, the body to coordinate reconstruction activities, reconstruction inefficiency, lack of transparency in resource spending, change of rules in the course of reconstruction and aid allocation, etc. In order to avoid such situations in future, the proposed legislation stipulates the basic principles, requirements and procedure of reconstruction and aid allocation to citizens following natural and other hazards, and also the role of different parties in the procedure of reconstruction and aid allocation to citizens.

### **III EXPLANATION OF BASIC LEGAL INSTITUTIONS AND INDIVIDUAL SOLUTIONS**

The Basic Provisions (Art. 1-10) establish the scope of the Law (Art. 1); equate local and foreign citizens, and also stateless persons who have been approved, in line with the Law, temporary or habitual residence in the Republic of Serbia, define business entities as potential beneficiaries and establish the term of damage (Article 2); establish the purpose and content of state reconstruction programmes (Art. 3 and 4) and define natural and other hazard, its declaration and cessation (Article 5), as well as the principles of aid allocation (Art. 6-10) – principle of equality of citizens in exercising the right to state aid; principle of gender equality; special protection of vulnerable groups; principle of publicity and principle of building back better.

Art. 1- 34 of the proposed legislation contain provisions regarding: requirements that need to be met in order to receive aid, and also the criteria, measures and methods for aid allocation (Art. 11 and 12); tasks of the Office for Public Investment Management (Art. 13); funding sources, as well as exemptions from taxes, allowances, fees (Article 14); procedural sequence (Art. 15 - 21); authorities of the State Attorney's Office (Article 22); notification of the public and reporting to the Government (Art. 23 and 24); records and file keeping (Art. 25 and 26); aid to business entities (Art. 27 - 29) and, in line with the application of the provisions of the subject Law to the procedures of aid allocation to citizens and business entities by the Autonomous Province and local self-government units (Article 30).

Art. 31 – 37 of the proposed legislation contain transitional and final provisions.

#### **IV ASSESSMENT OF FUNDS FOR THE ENFORCEMENT OF THE LAW**

Enforcement of this Law does not require any additional funds within the budget of the Republic of Serbia.

#### **V RATIONALE FOR PASSING THE LAW BY URGENT PROCEDURE**

Given the fact that the Law on Post-Flood Rehabilitation in the Republic of Serbia shall cease to be valid as of 31 December 2015 and that the state reconstruction programmes have not been implemented, nor will they have been implemented until the above date, it is necessary to establish an efficient system and ensure further implementation of the adopted state reconstruction programmes.

#### **VI RATIONALE FOR COMING INTO FORCE ON THE DAY FOLLOWING THE DATE OF PUBLICATION IN THE OFFICIAL GAZETTE OF THE REPUBLIC OF SERBIA**

The Law on Post-Flood Reconstruction in the Republic of Serbia shall cease to be valid on 31 December 2015, and it is, therefore, necessary that the proposed legislation become effective prior to the specified date, since a number of files are already being processed, in order to ensure that the procedures are not interrupted and continue unhindered work to complete the files.

## LAW EFFECT ANALYSIS

### 1. Specification of the problems the law should resolve

The applicable legal regulation governing this area is the Law on Post-Flood Rehabilitation in the Republic of Serbia (Official Gazette of RS, No. 75/14, 64/15 and 68/15) which came into force on 22 July 2014.

This Law regulates rehabilitation at flood-affected areas in the Republic of Serbia following the floods or landslides which occurred in May 2014. A flood-affected area, in accordance with the terms of this Law, shall include flooded and landslide-affected parts of the territory of the Republic of Serbia, municipalities, towns and the city of Belgrade, city municipalities which report the damage to the Natural Hazard Damage Assessment Committee, within the period stipulated by this Law. The list of municipalities, towns and city municipalities of the city of Belgrade where post-flood and landslide rehabilitation will be conducted in line with this Law shall be compiled by the Government at the proposal of the Natural Hazard Damage Assessment Committee. Furthermore, Article 46 hereof stipulates that this Law shall cease to be valid one year following the effective date, whereas its validity has been extended by the above amendments until 31 December 2015, which means that the Law shall cease to be valid on 31 December 2015.

There are several issues regarding the cited provisions of the current Law:

1. The Law came into force on 22 July 2014 and it regulates the area of rehabilitation after the flooding in May 2014, indicating that it was passed after the event it regulates. This leads to the unequivocal conclusion that the rights and obligations of the parties the Law refers to have been determined subsequently, following the event which occurred. In terms of legal security, it is more expedient if the rights and obligations of the parties are determined in advance, before the occurrence of an action, situation or event, so that all parties would know their rights and obligations beforehand. The consequences of the flooding were indisputably of such an extent that the response in the form of this type of Law which started regulating the matter at hand subsequently was urgently and immediately required, as there was no time to prepare a law which would regulate the area in a comprehensive way. Passing of the proposed legislation would resolve the issue since there would be a clearly defined standard stipulating participation of all parties in future.

2. The Law is terminable, i.e. it shall cease to be valid on 31 December 2015. Upon expiration of the Law, it shall cease to be enforceable. Furthermore, enforcement of the Law is limited to the rehabilitation following the flooding in May 2014, which means that the Law has not been applied in case of other natural hazard or other subsequent events which have occurred after May 2014.

3. The Law is, certainly, valid for the whole territory of the Republic of Serbia; however, it identifies the area affected by the flooding which occurred in May 2014, namely, under Article 1 paragraph 3 stipulating that the list of municipalities, towns and city municipalities of the City of Belgrade, where post-flood and landslide rehabilitation will be conducted, shall be compiled by the Government at the proposal of the Natural Hazard Damage Assessment

Committee, thus limiting its enforcement only to that specific area.

The purpose of enactment and enforcement of this Law has absolutely been justified and accomplished, since a large number of citizens of the Republic of Serbia received aid, based on this Law, to reconstruct damaged housing units, a number of citizens whose housing units were destroyed got completely new housing units constructed pursuant to this Law, economic activity has been restored, and other areas of public life have also been revived.

The necessity to enact the proposed legislation is reflected in the fact that the current Law shall cease to be valid, that its enforcement has been limited both in time and space, since it referred to the area affected by the flooding in May 2014, and that the future law should regulate the area of state aid allocation and reconstruction following a natural and other hazard (not only flooding) so as to clearly determine in advance the rights and obligations of all parties the law refers to.

## **2. Law enactment objective**

The objective of the proposed legislation is to ensure comprehensive regulation of the legal and institutional framework in the area of reconstruction and aid allocation to the citizens and business entities who have sustained pecuniary damage due to natural and other hazards.

The authorities participating in the preparation and implementation of reconstruction shall make efforts to ensure that the reconstruction process implicitly includes construction of a better system which would improve the resilience to natural and other hazards of the structures, infrastructure and the society in general.

## **3. Analysis of key proposals**

The proposed legislation shall regulate the procedure of reconstruction and aid allocation to the citizens and business entities who have sustained pecuniary damage due to natural and other hazards. It is important to note at this stage that the Republic of Serbia shall not compensate for the damage following a natural and other hazard but provide the citizens and business entities who meet specific requirements with the aid. (This note is important since there have been cases in the enforcement of the Law so far of citizens and other parties requesting that the Republic of Serbia compensate for the damage, which falls outside the scope of the Law.)

The proposed legislation shall determine the parties entitled to receive the aid, requirements, procedure and method to exercise the right to receive the aid. Furthermore, it shall regulate state aid and reconstruction programmes which establish the measures and criteria for aid allocation, i.e. the measures, criteria and procedure for reconstruction and rehabilitation following natural and other hazards. State aid and reconstruction programmes shall be adopted by the Government, at the proposal of the Office for Public Investment Management, determining the content of the state aid and reconstruction programmes.

In addition to other legally stipulated aid eligibility requirements referred to in Article 14 of the proposed legislation, an important requirement shall be that the damaged or destroyed asset serves or is necessary for subsistence, and was thus used either on a daily basis or regularly. This primarily refers to the fact that the aid would be allocated to citizens solely for the structures where they live, and not for subsidiary buildings, garages, basements or holiday homes, etc. in case of immovable property, and in case of movable property, the criterion shall be the same, which is, that the damaged or destroyed asset serves or is necessary for subsistence (stove, fridge, household furnishings, etc., but not TV sets, audio and

video systems or cars, etc.).

Furthermore, one of the important requirements shall be that the damaged or destroyed asset was duly kept and all required measures were undertaken to reduce the risk of the natural or other hazard. This implies that everybody shall undertake the measures to eliminate or mitigate the consequences of a natural or other disaster.

The proposed legislation stipulates damage assessment verification conducted by the Office for Public Investment Management, including the procedure and the method of its implementation.

Compared to the current Law, the proposed legislation partially amends the procedure of state aid allocation, by explicitly stating that the body in charge of protection of proprietary rights and interests of the Republic of Serbia shall be authorized to file a complaint, i.e. initiate administrative proceedings against the decision confirming the regulation in favour of a party and to the detriment of public interest, which has not been stipulated as such so far.

#### **4. Is the intervention justified**

The proposed legislation shall not impose any new, unnecessary administrative expenses neither on the citizens, nor on the business entities.

Enactment of the new law shall increase the level of legal security since the rights and obligations of all parties the law refers to shall be stipulated in advance, without regulating the matter subsequently, after the event and consequences occur.

This would sustain the balance between the private and the public interest, in accordance with the principle of solidarity.

The Law is enforceable since the appropriate capacities required for its institutional application are already in place, while its enforcement does not require nor provide for any additional resources.

The Law shall enable that the state, i.e. competent public authorities, intervene only when necessary, and in that case, that they use the most efficient method to achieve the purpose in the public interest at minimum cost.

#### **5. Have other options been considered to resolve the problem, apart from the new act**

The Law on Post-Flood Rehabilitation in the Republic of Serbia shall cease to be valid on 31 December 2015, and it is, therefore, necessary to pass a new law. Furthermore, it should be noted that the current Law has regulated post-flood and landslide rehabilitation at the area affected by the flooding in May 2014 and that it was not possible to apply it to other natural hazards, both the natural and other hazards which have occurred since May 2014 and those which are yet to occur. By nature and purpose of the current Law, the matter cannot be regulated by amendments or otherwise except by passing a new law.

Some provisions have been defined using the experience of the Office for Reconstruction and Flood Relief, simultaneously incorporating and keeping the current adequate solutions within the new law.

Regulatory framework has been streamlined to the maximum so as to ensure that state aid arrives where necessary as soon as possible, which is the essence of this Law, since an important aspect of state aid provision is precisely the readiness of public authorities, following a natural or other hazard, to urgently respond and allocate state aid. Otherwise, in case of long-term state aid allocation procedure, i.e. if state aid is not allocated at the right time, it loses both the sense and the necessity to exist. On the other hand, the above regulatory framework still maintains the appropriate procedural level to prevent or eliminate irregularities which may occur either unintentionally or through misuse.

**6. What are the difficulties the enforcement of the new Law would cause for the citizens and economy, and especially for small and medium-sized enterprises**

The proposed legislation will not create any difficulties for the citizens and the economy, on the contrary, the citizens and business entities, in certain cases stipulated by the Law, may be beneficiaries within the state aid and reconstruction programmes.

On the other hand, enforcement of the Law may impose financial obligations on the Republic of Serbia, but only in certain cases, stipulated by the Law, and only based on the Government decision. State aid and reconstruction programmes, adopted by the Government of the Republic of Serbia, shall establish the measures and criteria for aid allocation, i.e. the measures, criteria and procedure for reconstruction and rehabilitation following natural and other hazards, as well as the criteria and measures to determine the amount of the aid. Based on the above, it may be concluded that the Government, within the means of the Republic of Serbia, shall decide on the amount and the type of aid which may take the form of payment of a certain amount of money or provision of specific material goods, either non-repayable or repayable, or in the form of services, anyway in line with the proclaimed principle of solidarity. In case of repayable aid, the Government shall establish the deadlines, requirements and method for asset repayment within the state reconstruction programme. It follows from the above that the financial obligation of the Republic of Serbia is not instituted by operation of law, following a natural or other disaster, but only after the resulting damage has been considered and assessed, and based on the Government decision, by adopting state aid and reconstruction programmes, in any case, within the means of the Republic of Serbia.

**7. Do the consequences of the law enactment justify the expenses it would incur**

The assistance citizens and business entities received through state aid and reconstruction programmes, by enforcement of the Law on Post-Flood Rehabilitation, has been significant, and for some citizens invaluable, especially when we take into account the fact that the citizens received the aid for subsistence purposes when their very lives were at stake. For some citizens, this was the only source of funds they required to re-establish normal living following devastating consequences of the flooding, and especially for those whose housing units were destroyed, but who got newly constructed housing units based on this Law. It should be noted that a large portion of state aid was paid from the funds received by donors and from the financial assistance of the European Union.

It is certain that the law effect analysis would ensure better consideration and understanding of actual effects of the regulations by quantifying costs and benefits, though the quantification cannot be made with precision due to the very nature of the matter the Law regulates. Namely, enforcement of the Law can be regarded from two different perspectives, that is, in terms of two different circumstances, when there is no natural or other hazard, and when a natural or other hazard occurs. In case when there is no natural or other hazard, the Law shall have no effect, nor impose any right or obligation. Only when a natural or other hazard occurs would the mechanism for state aid allocation and reconstruction be activated, and in that case only based on the Government decision. It is, certainly, impossible to forecast when a natural or other hazard would occur, or to estimate its scope and type, or the consequences it might produce in terms of cost analysis.

## **8. Have all stakeholders had the opportunity to express their view on the proposed legislation**

The proposed legislation on reconstruction following a natural or other hazard has been uploaded to the website of the Office for Reconstruction and Flood Relief since 21 October 2015 together with the instructions on how to download the latest version of the Bill, as well as the instructions on how to make proposals, objections and suggestions regarding the proposed legislation.

The Office for Reconstruction and Flood Relief organized presentation of the Bill on reconstruction following a natural or other hazard for the representatives of local self-governments, in Vrdnik, on 3 November 2015, while on 4 November 2015, the Bill was presented, also in Vrdnik, to the representatives of Ministries and other public authorities.

## **9. Enforcement of regulations**

Furthermore, the proposed law stipulates absolute transparency, which has also been one of the important properties of the current Law on Post-Flood Rehabilitation in the Republic of Serbia. State aid allocated on the basis of this Law is completely transparent and readily available at any moment to any party for inspection of the allocation of funds spent to this end. Comprehensive data have been presented duly, applying the necessary personal data protection measures, on the website of the Office for Reconstruction and Flood Relief.

Previous experience in the Republic of Serbia, taking into account the last decade only, indicate that natural and other hazards occur with serious consequences for the lives and health of people, environment, material, cultural and other goods. Judging by the experience of other countries, including the developed ones, natural and other hazards hit all countries, regardless of their economic strength and level of development, and also their properties.

Enactment of the Law is justified by the certainty of natural and other hazards, with the only uncertainty being the time when they would occur, and also by the fact that the Republic of Serbia should have legally stipulated mechanisms prepared beforehand to be activated in that case.

**STATEMENT OF COMPLIANCE**  
**WITH THE EUROPEAN UNION REGULATIONS**

1. Authorized regulation reviewer: Government

Developer: Ministry of Construction, Transport and Infrastructure

2. Regulation

Bill on Reconstruction following Natural and Other Hazards

3. Compliance of the regulation with the provisions of the Stabilization and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Serbia, of the other part (Official Gazette of RS, number 83/08) (hereinafter referred to as: the Agreement), i.e. the provisions of the Interim Agreement on Trade and Trade-Related Matters between the European Community, of the one part, and the Republic of Serbia, of the other part (Official Gazette of RS, number 83/08) (hereinafter referred to as: the Interim Agreement):

a) Provision of the Agreement and the Interim Agreement referring to the normative content of the regulation

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b) Interim period for the alignment of the legislation with the provisions of the Agreement and the Interim Agreement

/

c) Assessment of fulfilment of the obligations arising out of the specified provision of the Agreement and the Interim Agreement

/

d) Reasons for partial fulfilment, i.e. non-fulfilment of the obligations arising out of the specified provision of the Agreement and the Interim Agreement

/

e) Reference to the National Programme for the Adoption of the *Acquis Communautaire* of the European Union

/

4. Compliance of the regulations with the regulations of the European Union:

a) Specification of the provisions of primary sources of the European Union law and assessment of the compliance

/

b) Specification of secondary sources of the European Union law and assessment of the compliance

/

c) Specification of other sources of the European Union law and assessment of the compliance

/

d) Reasons for partial compliance, i.e. non-compliance

/

e) Deadline stipulated for the achievement of full compliance of the regulations with the regulations of the European Union

/

5. If there is no adequate competence of the European Union in the matter governed by the regulation, and/or there are no appropriate secondary sources of the European Union law the regulation should comply with, it is necessary to provide the explanation for the fact. In this case, it is necessary to fill out the Regulation Compliance Table. The Compliance Table need not be filled out if the local regulation does not transfer provisions of the secondary sources of the European Union law, but solely applies or implements a requirement arising out of the provision of the secondary source of the law (e.g. Draft decision on preparing strategic impact assessment shall implement the obligation referred to in Article 4 of the Directive 2001/42/EC, without transferring the provision of the Directive).

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6. Have the above specified sources of the European Union law been translated into Serbian?

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7. Has the regulation been translated into any of the official languages of the European Union?

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8. Participation of consultants in the preparation of the regulations and their opinion regarding the compliance