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USAID'S BUSINESS ENABLING PROJECT

FINAL REPORT 2012

January 9, 2013

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USAID'S BUSINESS ENABLING PROJECT

FINAL REPORT

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Cardno Emerging Markets USA, Ltd.

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TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	1
2. PROJECT OVERVIEW	1
CURRENT STATUS OF AFFAIRS.....	2
KEY ACHIEVEMENTS TO DATE	2
EXPLANATION ON DEVIATION IN IMPLEMENTATION OF THE WORK PLAN.....	7
3. PERFORMANCE MANAGEMENT	7
4. BUDGET EXECUTION	8
5. ADMINISTRATION AND PROJECT MANAGEMENT	9
ANNEX 1: BEP WORK ORGANIZATION	11
ANNEX 2: LIST OF COUNTERPARTS/BENEFICIARIES	11
ANNEX 3: PROGRESS VERSUS PERFORMANCE MONITORING PLAN	13
ANNEX 4: REPORTS, SUCCESS STORIES AND OTHER RELEVANT DOCUMENTS	25

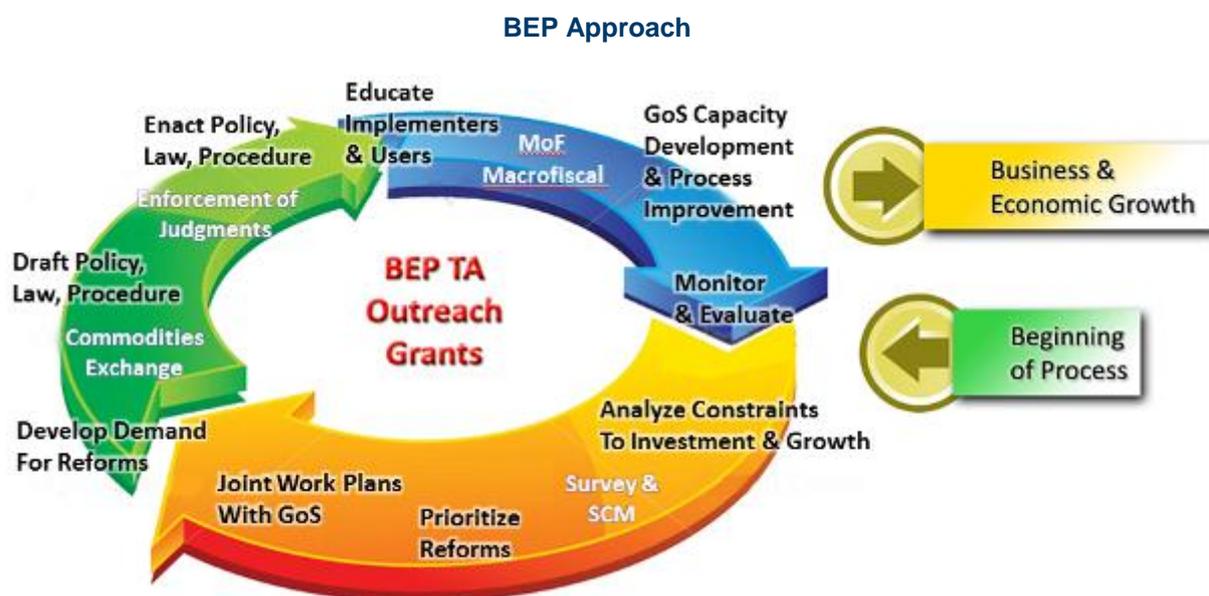
1. EXECUTIVE SUMMARY

BEP has already achieved some significant results. 138 para-fiscal charges were eliminated as a direct result of BEP's work. A Law on Factoring was drafted and is awaiting National Assembly approval. The GoS has committed to implement construction permits reforms, labor law reform, program budgeting, and improved SME access to finance.

BEP is well-placed to accomplish all of the reforms it has begun. In all cases BEP developed a road map for reforms that reflects research, analysis and consultation with the business community and government. BEP has convened groups of interested stakeholders – from both the private sector and within the GoS – to advocate for reforms and help implement them. For example, BEP has assembled groups of public and private sector leaders to push for inspections and labor law reforms.

BEP has already achieved significant results. After the BEP Standard Cost Model analysis and the BEP/NALED "Ask When" television spot on the burdensome regulations relating to maternity leave, the Ministry of Health asked BEP and NALED to help reform the regulations, leading to a reduction of procedures from 11 to four. BEP has helped eliminate most of the contentious issues between labor unions and employers relating to Labor Law reforms. 138 para-fiscal charges were eliminated and public institutions' ability to introduce new para-fiscal charges was limited. The GoS has committed to implement BEP's recommendations in the areas of construction permitting, program budgeting, and SME access to finance.

This success demonstrates the utility of BEP's approach to reforms, which includes intensive analysis and outreach at the outset of each Task, followed by close engagement with government and other stakeholders to plan, implement, and monitor reforms.



BEP is positioned to achieve tremendous results in 2013. The reforms that the GoS has committed to – and which BEP will work on – will be transformational for the business environment.

2. PROJECT OVERVIEW

USAID's Business Enabling Project, implemented by Cardno Emerging Markets USA, is a five-year initiative launched in January 2011. The purpose of the Project is to help the Government of Serbia (GoS) improve the competitiveness of the Serbian economy and its private sector businesses. The Project provides technical assistance, training, and other support to improve the business enabling environment, maintain macroeconomic stability, and further develop financial markets. The Project is

demand driven: all activities are based on the priorities of the private sector and GoS.

The Business Enabling Project (BEP) consists of three major components:

- **Component 1, Business Regulation and Economic Governance**, will streamline laws, regulations, and institutions; improve regulators' capacity to implement laws; and improve analysis and public-private dialogue.
- **Component 2, Macroeconomic Policy and Public Financial Management**, will help the Government implement new budget and fiscal responsibility laws, improve budgeting, increase public disclosure and transparency, strengthen public debt management, and improve economic analysis and forecasting.
- **Component 3, Financial Market Development**, will improve regulatory frameworks for non-bank institutions, develop capacity to strengthen and expand capital markets, and improve conditions for debt market development.

The project's approach to achieving reforms is to help the GoS work closely with the private sector and outside experts to make reforms that improve business competitiveness. The reforms will reduce the time and money spent by Serbian businesses to comply with laws and regulations and will help the GoS to be more efficient. The reforms will also enable businesses to attract necessary investment at an appropriate cost. As result, Serbian businesses will have a better chance to be competitive in the global economy, leading to export-led economic growth and increased employment.

BEP uses an 18 person staff (16 Serbians, two expatriates), substantial Serbian and expatriate short term advisors, and a grants fund to provide technical assistance to GoS and other counterparts.

The Project's Second Year Work Plan was approved by USAID on March 27, 2012.

Current Status of Affairs

The Project has excellent cooperation with its business association partners, experts, and most government partners. All partners greatly appreciate BEP's approach to identify priority reforms and specific solutions through diligent research and public private dialogue, as well as BEP's ability to tailor solutions to the needs and circumstances of each particular government partner. BEP's emphasis on outreach and transparency also is having a great impact; for example, inspections reform which was moribund for 10 years, has become a GoS priority after BEP's major outreach campaign and roundtables throughout Serbia. BEP has become known as the most reliable and trusted source for expertise, information, and analysis in the technical areas it is covering.

The project is using the media as a platform to communicate and advocate for reforms. The media is increasingly finding BEP to be a desired source for information and comment on a variety of reforms. COP Joe Lowther and Component 1 Lead Dusan Vasijlevic in particular are frequently asked by the media to make comments or provide interviews on a variety of issues.

The biggest potential obstacle to BEP's success is poor management in our GoS partner institutions. This poor management causes our partners to be unable to timely complete tasks. Most ministries are behind schedule on developing bylaws and undertaking other tasks necessary to implement laws. BEP is focusing on training and consulting to improve management in our GoS partners, and we have begun a holistic leadership and management training and consulting program for our GoS partners.

BEP has found the Grant fund to be quite effective in providing assistance and conducting project activities in a cost-effective manner, while supporting and developing local organizations. Unfortunately, due to budget restrictions USAID cut the amount of the Grant Fund from \$2.2 million to less than \$1.7 million in 2012, and only about \$600,000 remains available during the last three years of the project.

Key Achievements to Date

- **Collaboration with Local Partners:** BEP held a retreat with counterparts to develop its Second Year Work Plan. During the two-day retreat in Arandjelovac, BEP and 26 partners from the Government of Serbia (GoS), busines associations and expert think tanks discussed the goals and

activities in the Draft Work Plan. BEP and its partners agreed on joint activities and the most efficient way to cooperate and achieve results.

The Project continued outreach to the business community, including regular meetings with business representatives in Belgrade and throughout Serbia to discuss various project activities. BEP organized and is facilitating business association working groups in labor law and inspections reforms. BEP worked with business associations on several other activities, including roundtables on access to finance, construction permits, and para-fiscal charges. BEP continued its practice of quarterly meetings with individual business associations to discuss their priorities and BEP's performance. This outreach ensures that all activities will have significant impact on business competitiveness and businesses and their representatives know of and understand project activities.

BEP continued to work closely with GoS partners, providing extensive training and technical assistance to the Ministries of Finance, Economy, Labor, Trade, and Construction, and the Securities Commission and Public Debt Administration. Much of the assistance was provided on site at the GoS offices. For each GoS partner, BEP prepared a detailed overview of the areas we are working in and the reforms needed, detailed analysis of the problems, our suggested solutions, and the assistance that BEP can provide. BEP worked with the GoS partners to finalize action plans.

In each of the areas we are working in we have developed a coalition of public and private sector stakeholders that will maintain pressure on the GoS leadership to implement the necessary reforms. For example, BEP has led an Inspections Reform Leadership Group made up of heads of inspectorates, other GoS representatives, business associations, and trade unions. This Leadership Group is working with us to develop a strategy for inspections reform and an outline of a new Law on Inspections that we will present to the new government. In addition, we have trained media representatives on our reform areas and have developed excellent relations with them. This has led to the media covering our issues in detail, informing policymakers, stakeholders, and the public of what needs to be done, and putting more pressure on the GoS leadership to implement the reforms.

- **Outreach Activities:** BEP prepared carefully for the new Government that took office in July 2012. BEP had studies and roadmaps ready for all technical areas we work in and conducted substantial outreach and advocacy to create pressure for reform and build the new Government's interest in the reforms. This preparation has paid off, as the GoS has requested BEP assistance in nearly all Task areas of the project, and in most areas the Government has asked BEP to take a leadership role. For example, the GoS has asked BEP to lead public-private dialogue and legislative drafting in construction permits, labor law, and access to finance. BEP is co-leading several legal and institutional reforms with the GoS, including program budgeting, public debt management, inspections, and public-private partnerships.

BEP has helped with, and in some cases led, establishment of reform coalitions that continue to constructively push for reforms. For example, the Inspections Leadership Group organized by BEP has agreed on a strategy on inspections reform and a draft law. BEP is working actively with coalitions of business associations in almost every BEP Task.

The Project continued outreach to the business community, including meetings with business representatives in Belgrade and throughout Serbia to discuss various project activities, including roundtables on access to finance, regulatory reform, and inspections. This outreach ensures that all activities will have significant impact on business competitiveness and businesses and their representatives know of and understand project activities. During these meetings the project and our business association partners confirmed mutual willingness to cooperate in efforts to implement reforms aimed to improve economic policy and the business environment.

As a result of this outreach and advocacy, the Government of Serbia has adopted many of BEP's recommendations for business environment and economic policy reforms. For example, in his keynote address on the program of the new Government to the National Assembly of the Republic of Serbia, Prime Minister Ivica Dacic announced the adoption of an action plan for reducing the

budget deficit by the end of September, after consultations with businesses, trade unions and experts. Mr. Dacic also announced radical measures to streamline bureaucracy and administrative burdens.

- **Collaboration with Other Donors:** A priority for BEP implementation is collaboration with other donors, both to avoid duplication and to achieve the scale of activities required for systemic impact. A series of meetings was initiated with other donors and GoS ministries, in order fully to map all projects current and planned that are related to BEP priorities.
- **BEP Led Development of a Strategy on Inspections:** BEP and the Inspections Reform Leadership Group and heads of inspectorates developed a draft Law on Inspections based on input from the heads of inspectorates. The Inspections Reform Leadership Group is comprised of 19 high level representatives of the inspectorates and the key national business associations, plus the two major trade union confederations which were recently added. The Strategy and draft Law would move inspections toward preventive work, risk-based control, appropriate databases, combatting informal economy, planning and coordination of inspection visits, examinations and professional development for inspectors, and proper enforcement of inspection resolutions. The Draft incorporates best international regulations and practice and lessons learned in a way that is consistent with the Serbian legal framework. BEP is also preparing a pilot e-Inspections system for the three inspections controlling application of the Law on Chemicals and Biocides. BEP also organized a study tour to London, UK, to provide key Serbian policymakers with the understanding they need to develop inspections reforms. The participants attended the International Conference “Inspection Reform – The Change That Matters.”
- **BEP Helped Reduce Para-fiscal Charges:** BEP completed a study that demonstrated the need to streamline more than 200 quasi-fiscal charges on businesses and to review both the legitimacy of the charges and the way they are being spent. The study was presented at a press conference followed by an interactive panel discussion and questions and answers from the 70 participants from the private sector, donors and academic community. The Study identified a total of 370 non-tax charges payable by businesses, among them at least 179 para-fiscal charges that create a financial and/or administrative burden to businesses, while not conferring any or adequate rights or services in return. Only 77 para-fiscal charges pass through the Treasury system, and the total amount collected in 2011 under those charges was in excess of €730 million. As a result of BEP’s study and intensive outreach campaign, the Parliament of Serbia adopted a set of amendments to several laws, eliminating 138 para-fiscal charges. This legislation not only eliminates an unprecedented number of para-fiscal charges, it ensures that new charges cannot be introduced without the approval of the Ministry of Finance and Economy. Additionally, the package of laws adopted ensures that all revenues of independent agencies will be accounted for in the treasury system, and that all charges not designated for abolishment may no longer be collected after March 1, 2013 if the Ministry of Finance does not approve the way they are assessed.
- **BEP Spearheaded Reform of Construction Permitting in Serbia:** BEP’s study and outreach on construction permits led to high-level GoS support for improvements to the efficiency of construction permitting. During the study release event, Velimir Ilić, the Minister of Construction and Urban Planning, announced that the Ministry would amend the Law on Construction and Spatial Planning and simplify construction permit issuance, in line with recommendations from BEP’s Study. The existing construction permitting procedures and practice are complicated and slow, which consequently confuses and discourages investors, stalls economic development and prevents the creation of the new jobs.
- **BEP Assisted in Development of the GoS Strategy on Regulatory Reform 2012-2014.** The Strategy was vetted with the business community and has been cleared by the GoS Legislative Office for adoption by the GoS. The Strategy sets forth the schedule for regulatory reforms and will improve the inclusiveness of legal reforms, increase the level of legal certainty, and institutionalize best international legislative practices.
- **BEP Helped Develop the Fiscal Council’s Capacity:** BEP continued to help the Fiscal Council build capacity to analyze and comment on fiscal planning, accountability, and credibility

regarding public finances in Serbia. BEP provided advisory assistance to the Fiscal Council to prepare two reports: the Assessment of the Proposed Budget for 2013 and the Assessment of the 2013-2015 Fiscal Strategy. The reports outline the risks and shortcomings of the latest budget proposal and mid-term fiscal strategies to curb spending and improve public finances. With BEP's assistance, the Fiscal Council was able to carry out extensive economic analysis of the program for public debt reduction and the effects of corporate income tax law changes, as well as edit both reports for analytical content in their entirety. These reports received extensive media coverage and they are already shaping the course of the Government's actions.

- **BEP Helped the MoF Begin Implementation of Program Budgeting:** BEP trained the Ministry of Finance Budget Department on effective use of performance indicators in planning and budgeting and program budget implementation. BEP delivered five full-day seminars on program budgeting to staff of the Serbian MoF Budget Department and representatives of GoS institutions. The interactive training was conducted by the Head of the Budget Department of the Croatian Ministry of Finance and Deputy Head of the Budget Department of the Slovenian Ministry of Finance. BEP also organized a Study Tour to the Croatian Ministry of Finance (MoF) and Ministry of Maritime Affairs, Transport and Infrastructure (MMATI) for the Budget Department of the Serbian Ministry of Finance. The Serbian Budget Department's staff learned about program budgeting preparation, execution, and reporting processes, procedures, responsibilities, and accountabilities. This training series is the first step in building the capacity of budget users to adopt program budgeting. BEP is helping reignite program budgeting reform (implemented in five pilot ministries in 2005) by assisting the Budget Department to develop best-practice methodology and roll it out to all line ministries along with adequate staff training.
- **BEP Released its White Paper on Financing the Growth of Small and Medium Enterprises (SMEs) in Serbia:** The White Paper is based on a survey, roundtables and focus groups of SMEs and focus groups and interviews with banks, as well as substantial desktop research on supply- and demand-side issues. The key findings and recommendations include the needs to strengthen credit enforcement, increase financing options for SMEs, and improve collaboration between businesses, financial institutions, and the Government. The White Paper and exhaustive study that accompanies it also demonstrate that poor access to finance and its impact on SME growth may have serious implications for Serbian economic recovery and growth. The event to release the White Paper was opened by HE Michael D. Kirby, US Ambassador to Serbia, and Mr Vljeko Senic, State Secretary at the Ministry of Finance and Economy, and was attended by more than 100 invitees from the Government of Serbia and private sector, as well as experts. Subsequently BEP and the MoFE developed a joint strategy to implement the recommendations.
- **BEP Continued to Assist the Public Debt Authority on its Debt Management System and Operations:** The project also provided training on the IT system and on risk management.
- **BEP Helped the Securities Commission Implement the New Capital Markets Legislation:** BEP helped the Securities Commission develop 17 bylaws to implement the Law on Capital Markets. The project also provided the Commission with training on supervision. This assistance will help improve the indicator for Sub-IR 1.4.2 "Financial Market Sophistication." BEP also supported a Conference entitled "Capital Market – Institutions, Investments, Shareholder Protection." The conference introduced the set of new capital markets laws - the Law on Capital Market, the Law on Companies, and the Law on Takeover. The conference attracted over 200 stakeholders from the public and private sectors, and resulted in over 50 media reports. BEP provided the Serbian Securities Commission with training from the US Securities and Exchange Commission (SEC), held at the SEC's Annual International Institute for Securities Market Development in Washington, D.C. The study tour for six Commission members and staff was jointly organized and financed by BEP and the Securities Commission. BEP also worked with the Securities Commission to specify technical requirements for the development of the Commission's information system, including specifications for hardware and software that need to be procured. BEP developed a Joint Action Plan for implementation of the Securities Commission information system.
- **BEP's Second Business Survey Pointed to Needs for Urgent Reforms:** The Survey showed

some important improvements in areas in which BEP has been providing assistance, including:

- Average inspection time cut by more than 50% and average money spent cut by 22%
- Time to obtain construction permit cut by more than 37%
- Positive sentiment towards inspection oversight increased by more than 42%
- More than 27% decrease in respondents claiming that corruption is highly problematic for business.
- This year's findings witnessed a fairly significant decline in business owners' optimism regarding hiring, net income, and new product lines. The Survey also demonstrated the biggest problems that companies in Serbia face:
 - Inflation and exchange rate volatility
 - Poor access to finance
 - Extremely cumbersome construction permit process
 - Ineffective judgment enforcement system
 - Cumbersome and expensive inspection process
 - Limited market access Underutilization of fixed-term employment contracts.
- **BEP Helped Achieve a Reduction of Administrative Requirements for Sick and Pregnancy Leave:** The Ministry of Health and the Republic of Serbia Fund for Health Insurance accepted the initiative of BEP and the National Alliance for Local Economic Development (NALED), to reduce procedures and documents relating to employees' sick and pregnancy leave. The Republic Fund for Health Insurance issued an instruction to its field offices that provides a simplified procedure related to sick leave that exceeds more than 30 days. The instruction cuts the number of documents required from 11 to only four. The new procedure was immediately applied. This instruction stems from BEP's Standard Cost Model Study, which indicates that red tape related to pregnancy leave costs the Serbian economy around 690 million RSD annually. The initiative was backed up with an outreach campaign, including the "Pregnant Women vs. System" video, also supported by BEP as part of the BEP and NALED "Ask When" campaign.
- **BEP Helped the MFE Develop the IPA 2014 Sectoral Fiche for Private Sector Development:** This request for a USAID project to be the leading contributor in conceptualizing an important segment of EU assistance in Serbia is another recognition of BEP's unique expertise in this area. BEP's helped the MFE identify areas that should be addressed under the umbrella of business environment. The focus will be mainly on the areas that are covered by the Doing Business Report, BEP's priorities, and other issues underlined as priority areas in BEP's Business Survey and other analyses. BEP will also provide detailed diagnostics and analysis of the sectors related to business environment improvement in the areas the Project is covering. BEP and the MFE plan to produce a concrete Action Plan/Road Map of the areas that need urgent improvement, together with the concrete recommendations as to how to achieve them. The Ministry will also propose an inter-ministerial mechanism for coordinating this process. This process will result in helping European Union technical assistance for business environment reform being tailored to meet country's real business and developmental needs.
- **BEP Supported NALED's Grey Book.** The Grey Book and Reformers of the Year Awards were presented at an event attended by the Deputy US Ambassador Mr. Litzengerger, World Bank Country Manager Mr. Brefort, and the Chairman of NALED's Managing Board, Vladimir Cupic, as well as senior representatives of central and local governments and business leaders. This edition of its Grey Book – the fifth annual list of proposals for removal of regulatory and administrative impediments for doing business in Serbia – was supported by BEP and contains 76 recommendations, of which 22 are completely new. As it has done in the past, the Grey Book will serve as a roadmap for the Government and other stakeholders in implementing regulatory and administrative reforms aimed at creating a more enabling business environment.
- **BEP Co-Organized a Conference on Business Regulations Reform after the First 100 Days of the New Government's Term.** The key speaker was Prime Minister Ivica Dacic, who was also part of the panel discussion, along with Velimir Ilic, Minister of Construction and Urban Planning, Milica Bisic, Advisor to the Minister of Finance and Economy, and representatives of business associations. The conference focused on the Government's priorities in regulatory

reforms, and the Government officials committed to labor law reform to decrease unemployment and increase competitiveness to be accomplished in 2013; and amendments to the Law on Planning and Construction to make construction permitting more efficient, to be made in the first half of 2013. The Conference represented a unique opportunity for businesses to speak with one voice and obtain commitment from the Government on the three key policy areas. The conference and related activities were conducted under a BEP grant to AmCham aimed at achieving policy and regulatory change in para-fiscal charges, construction permitting, and employment regulations.

- **BEP Continued to Strengthen the Media on Economic Issues:** This included journalist training on economic and business environment reforms that is being conducted under a BEP grant to the Center for Liberal Democratic Studies. Twenty-one journalists from print, broadcast and news agency outlets across Serbia attended the training.
- **BEP provided training to improve Public Administration and implementation of legislation:** In cooperation with the GoS Human Resources Management Service (SUK), BEP organized three two-day training events for a total of over 50 civil servants from a number of GoS ministries and regulatory bodies. BEP's COP Joe Lowther and DCOP Dragana Stanojevic gave presentations and facilitated discussions and exercises on managing implementation of legislation, with case studies, workshops and discussions. The training included the drafting process, consultations with stakeholders, adoption procedure, monitoring and evaluation of legislation. The participants evaluated the training with excellent marks.
- **BEP trained political leaders on economic policy issues:** Under a grant to the Belgrade Fund for Political Excellence (BFPE), BEP supported the Annual Seminar - Session 2: Economic Potentials and Business Development Prospects in Serbia by 2020. The Seminar trained 25 political leaders, civil society organizations (CSO) and media representatives on economic policy and business environment reforms. Joe Lowther, BEP CoP, delivered a presentation entitled "Barriers to Business Competitiveness", while David King, BEP Program Director, gave a presentation on "Access to Finance and Economic Development". Other speakers included: Juri Bajec, Economic Advisor to the Prime Minister of RS; Nebojsa Savic, Professor at the Faculty of Economics, Finances and Administration in Belgrade.

Explanation on Deviation in Implementation of the Work Plan

There were no deviations from the Work Plan. The project is accomplishing all of its planned activities.

3. PERFORMANCE MANAGEMENT

BEP is accomplishing all aspects of its Work Plan. PMP indicators are being met, and the project is accomplishing all of activities. Annex 3 sets forth BEP's progress versus its performance monitoring plan.

Component 4 of the Project was eliminated pursuant to BEP's recommendations and USAID's agreement, and new tasks and activities have been added under the three components of the project.

BEP's Second Year Work Plan includes several additions and deletions of a Component, Objectives, Tasks, and Activities. The additions and rationale are as follows:

- A new Task under Component 1, Objective 1: Reduce the Burden of Employing Workers. This will help reduce the costs and risks that employers face when employing staff and will help increase flexibility in the labor market. BEP's Survey of

BEP's Impact: 2012 vs. 2011

The Annual Survey of Serbian Businesses showed that there were notable improvements in some of the areas in which USAID BEP has been providing assistance:

- Average inspection time cut by more than 50% and average money spent cut by 22%
- Time to obtain construction permit cut by more than 37%
- Positive sentiment towards inspection oversight increased by more than 42%
- More than 27% decrease in respondents claiming that corruption is highly problematic for business
- Respondents claiming it takes more than a year to enforce judgments fell by nearly 12%

Businesses, the Foreign Investors Council’s White Book, and other studies demonstrate that wage taxes and contributions and labor policies are among the major obstacles to private sector competitiveness and employment growth.

- A new Objective: Create Enabling Environment for Public Private Partnerships. A new Law on Public Private Partnerships (PPPs) and Concessions was passed in late 2011, and BEP has been asked to help the Government, local governments, and other stakeholders to implement the new law. The law has the potential to mobilize capital and other resources to solve some of the most important economic and social issues that Serbia faces.
- A new Task under Component 2, Objective 2: Assistance to Improve Debt Management Systems, Analysis and Capacity. The Public Debt Authority (PDA) is under increasing pressure to accelerate reforms because of the growing risks that are associated with GoS financing and the potential adverse impact poor debt management can have on the economy – in terms of increased cost of capital, conflicts with monetary policy, and crowding out private sector financing. USAID BEP has received repeated requests to provide assistance in a number of critical areas, including improving capacity, analysis, debt management skills, and IT systems.
- A new Objective under Component 3: Increasing Access to Finance for SMEs. Although the Contract Scope of Work and Project Work Plan included only minor assistance to increase access to finance for Small and Medium Enterprises (SMEs), BEP’s dialogue with SMEs and its Survey of Businesses demonstrate that the lack of finance for SMEs is a major barrier to firm competitiveness and to economic growth in Serbia. USAID BEP has engaged in a study of barriers to access to finance and is preparing a white paper with recommendations across most of the supply and demand side policies, regulations, procedures and factors that impact access to finance.

BEP is increasing its focus on public sector capacity building. This will support human resource and operations improvements in Components’ counterparts. A lack of capacity in our GoS partner institutions is a major barrier to proper development and implementation of the laws, regulations, and procedures that BEP works on. Management of organizations, implementation projects, and staff is substandard in most partners, and staff is ill-equipped to deal with development and implementation of strategies, legislation and procedures.

Deletions to the Work Plan and rationale include:

- Assistance in competition policy was eliminated due to the counterpart’s lack of interest in our proposed assistance.
- Component 4, Business-Education Partnerships. Pursuant to USAID’s instructions, this Component was not started and will be eliminated.

BEP is in an excellent position to make dramatic progress in each of the Tasks it is engaged in. In each Task area we have momentum from accomplishing parts of the major reforms (e.g. improving accessibility to construction planning documents and beginning the process to implement program budgeting), developing detailed diagnostics and plans, and building coalitions of stakeholders who are advocating for the reforms.

In fact, BEP’s analysis and recommendations were often mentioned during the 2012 election campaign – in some cases with attribution to the project. For example, representatives of various parties argued for elimination of para-fiscal charges on businesses and the BEP survey of para-fiscal charges was often cited. Parties’ representatives also regularly promised to deal with the grey economy, including by reorganization of inspections controls as advocated by BEP. The Fiscal Council’s recommendations, prepared with BEP’s assistance, also greatly influenced discussions during the elections.

4. BUDGET EXECUTION

The following chart shows the billing to date through the end of December, 2012. This includes a projection for December 2012 based on the actual costs we have received from the field for the month of December.

	BILLING TO DATE	TOTAL BUDGET	REMAINING BUDGET	PERCENTAGE COMPLETE
Salaries and Wages	\$1,529,715.28	\$ 3,684,997.42	\$ 2,155,282.14	41.51%
Fringe Benefits	\$ 119,430.19	\$ 261,344.12	\$ 141,913.94	45.70%
Overhead	\$ 901,763.10	\$ 2,168,942.15	\$ 1,267,179.06	41.58%
Travel, Transportation, and Per Diem	\$ 119,372.66	\$ 521,752.74	\$ 402,380.08	22.88%
Allowances	\$ 305,640.59	\$ 664,749.34	\$ 359,108.75	45.98%
Other Direct Costs	\$ 854,793.66	\$ 2,417,168.84	\$ 1,562,375.18	35.36%
Equipment and Supplies	\$ 62,594.22	\$ 97,674.02	\$ 35,079.80	64.08%
Participant Training	\$ 24,907.86	\$ 64,634.18	\$ 39,726.32	38.54%
Subcontracts	\$ 601,097.56	\$ 1,596,493.07	\$ 995,395.51	37.65%
Grants Under Contract	\$ 597,212.00	\$ 1,674,584.21	\$ 1,077,372.21	35.66%
G&A	\$ 519,383.45	\$ 1,318,794.16	\$ 799,410.71	39.38%
TOTAL ESTIMATED COST	\$5,704,530.23	\$14,663,543.99	\$ 8,959,013.76	38.90%
Fixed Fee	\$ 284,260.43	\$ 815,859.91	\$ 531,599.48	34.84%
TOTAL ESTIMATED COST PLUS FIXED FEE	\$5,988,790.66	\$15,479,403.90	\$ 9,490,613.24	38.69%

5. ADMINISTRATION AND PROJECT MANAGEMENT

BEP launched its Project Activities Database (PAD). The PAD is a management tool that tracks costs, stakeholders, events, performance indicators, and qualitative results for all activities that consume project resources. The PAD provides the BEP management team with a variety of standard and customized reports.

BEP's intern program is providing excellent assistance for the project and is training four students. BEP has four interns assisting the project: one working on strategic communications and administration, and the other three each assigned to one of the three components. The interns perform research tasks and PAD database input. They have received training in law making processes, program budgeting, defining problem causes and consequences, writing, consulting skills, advanced Excel, USAID Serbia economic growth programs, and career development. BEP's first set of interns completed their internships and a second set of interns was selected. The project's four interns had very successful internships, including useful research and analysis on important reform issues. The interns completed a BEP training program and participated in external trainings, seminars and workshops. The interns made substantive contributions to BEP's success, including important research and analysis in the areas of labor law reform and access to finance.

BEP developed improvements to its grants procedures and administrative processes during a short-term visit from its Home Office Contracts Manager Arthur Crowder.

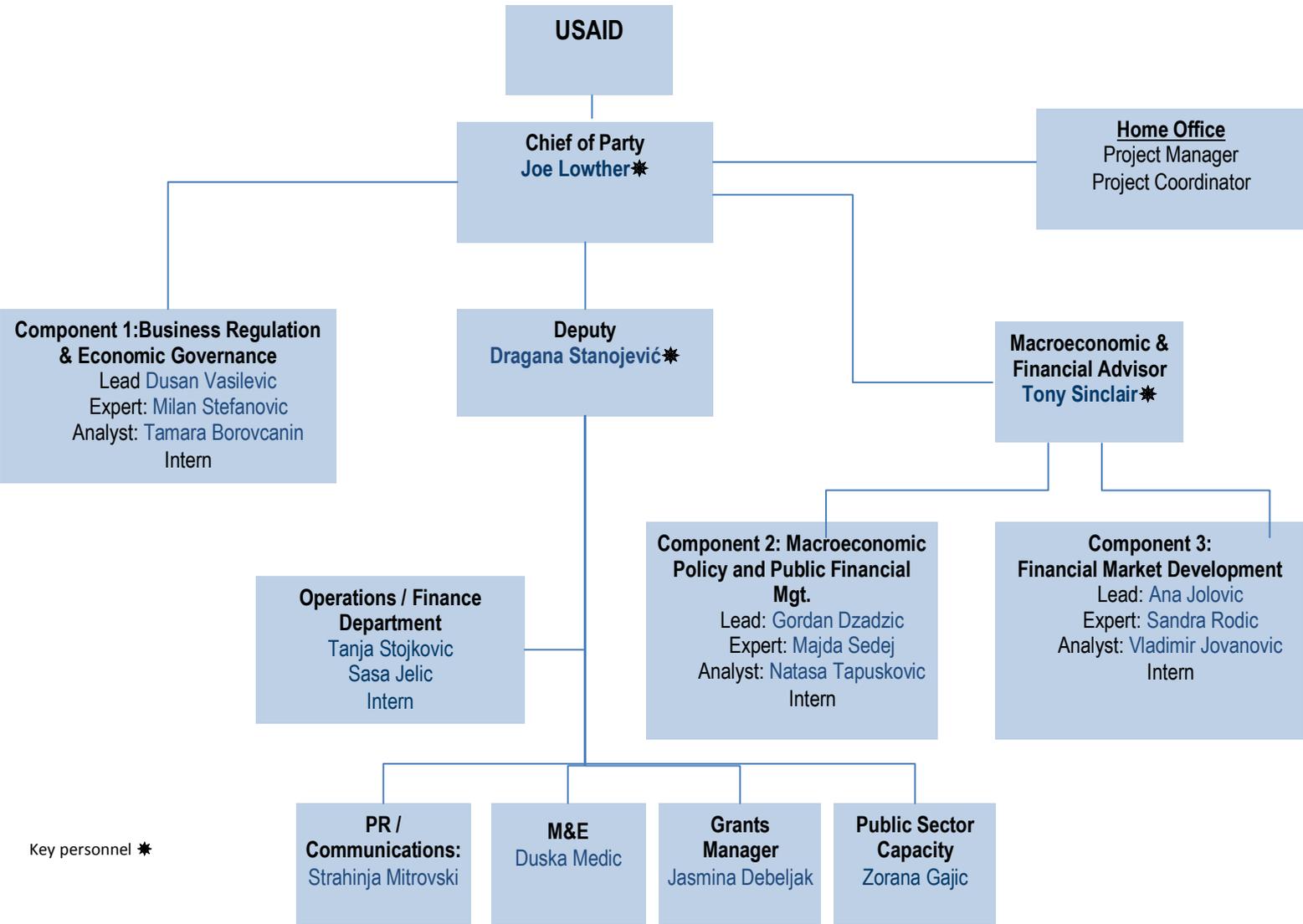
BEP's Contract Modification was approved. The contractor, Cardno Emerging Markets, and BEP's COR were able to develop a Contract Modification that reduced the project budget by almost \$1.2 million, while increasing Level of Effort. This was accomplished by increasing the ratio of Serbian to foreign experts used by the project, reflecting the project's success in leveraging the work of Serbian experts and grantees.

BEP prepared and delivered briefing materials for ministers. These two to four page briefers describe for our GoS partners the current situation, previous BEP efforts, and BEP plans for each of our Task areas.

USAID's Financial Review of BEP was conducted from September 6 to 11 2012.

USAID and BEP Agreed on 2013 Technical Assistance with Minister of Finance and Economy Mladjen Dinkic, At the meeting, held at the Ministry of Finance and Economy (MoFE) on December 18, 2012, Susan Kutor, USAID Serbia Director of Economic Growth, along with BEP and USAID staff, discussed the current and future cooperation with the MoFE with Minister Mladjen Dinkic, and members of his staff. The participants discussed the on-going cooperation with the MoFE (Para-fiscal charges, Late Payment Law, Factoring Law, Program budgeting, SMEs access to finance). BEP presented the areas identified as priorities for future reform efforts, where BEP can offer technical assistance and support in 2013: Program Budgeting; State Aid; Access to Finance for SMEs (in particular NBFIs development, Coordination and Participation in Inter-ministerial Working Group, Collateral and other regulatory framework reform, and Enforcement of Debts Improvement); Construction permits; Para-fiscal Charges, and Inspections Reform. Minister Dinkic underlined the priority areas of future cooperation, as defined by the MoFE: 1) Program budgeting; 2) Finalizing the Para-fiscal charges reform; and 3) Construction Permits Reform; 4) Inspections reform; 5) Enforcement of debts; and 6) Access to finance for SMEs. Minister Dinkic expressed his and the Ministry's satisfaction with the past and present co-operation with BEP, and his willingness to continue joint efforts in improving Serbian business environment.

ANNEX 1: BEP WORK ORGANIZATION



Key personnel *

ANNEX 2: LIST OF COUNTERPARTS/BENEFICIARIES

- General Secretariat of the Government, 0113633481
- Ministry of Agriculture, Trade, Forestry and Water Management, office@minpolj.gov.rs , 0112120493
- Ministry of Construction and Urbanism kabinet@mgsi.gov.rs 011/3619 833
- Ministry of Finance and Economy, kabinet@mfin.gov.rs, 0113613245
- Ministry of Justice and Public Administration, kontakt@mpravde.gov.rs 0113616381
- Office for Regulatory Reform and Regulatory Impact Assessment, 0112855286
- Securities Commission office@sec.gov.rs 0113115118
- Fiscal Council (independent body), kabinet@fiskalnisavet.rs, 0113338205
- National Bank of Serbia, informativni.centar@nbs.rs 0 11 3027-100
- American Chamber of Commerce, pavic@amcham.rs, 011 308 8132
- Association of Consulting Engineers of Serbia, andrea@aces.rs 011 380 88 61
- Association of Serbian Banks, ubs@ubs-asb.com 011 302 0760
- Balkan Center for Regulatory Reform, office@bcrr.org.rs 0113232572
- Balkan Investigative Reporting Network (BIRN), office-at-birn.eu.com 011 6 5555 92
- Center for Liberal-Democratic Studies, office@clds.rs 011324 6666
- Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ), giz-serbien@giz.de
- Foundation for the Advancement of Economics (FREN), office@fren.org.rs 011 302 1069
- Foreign Investors Council (FIC), office@fic.org.rs 011 303 5550
- NALED-National Alliance for local Economic Dev. naled@naled-serbia.org 0113347634
- Regional Chamber of Commerce Novi Sad, 021 4802 072
- Securities Commission, office@sec.gov.rs 011 311 5118
- Serbian Association of Employers, info@poslodavci.org.rs 011 31 60 248
- Serbian Association of Managers- SAM, office@sam.org.rs 011 3087605
- Serbian Chamber of Commerce, kabinet@pks.rs 011 3300 902
- Novi Sad Commodity Exchange, nsberza@eunet.rs 021 443 413
- Economics Institute, ecinst@ecinst.org.rs 011 3613 118
- FEFA, info@fefa.edu.rs 011 2600 600
- CESID, cesid@cesid.rs 011 285 28 86

ANNEX 3: PROGRESS VERSUS PERFORMANCE MONITORING PLAN

Project Results / Objectives	Indicators	Measurement Unit	Data Collection Method	Schedule of Collection	Baseline	Targets Years 1-5	Status Q4
Mission Assistance Objective: Create A More Competitive Market Economy							
IR 1.1: Business Enabling Environment Improved	Decrease in the “Burden of Government Regulations” addressing Government Inefficiency	Numeric Value	WEF GCI Reports	Annual	2011: 2.34	Yr 1: 2.34 Yr 2: 2.34 Yr 3: 2.44 Yr 4: 2.57 Yr 5: 2.71	2.4 by the new WEF GCI published in September 2012
Sub-IR 1.1.1: More Effective Business Regulation	Decrease in costs for businesses to comply with regulatory framework	Numeric Value	Standard Cost Modeling (SCM)	Annual	2011 Total Administrative Cost: RSD 124.6 billion (4.2% of GDP)	Yr3: Total Administrative cost decreased by RSD 4 billion plus inflation (3.2% reduction) Yr5: Total Administrative burden decreased cumulatively by RSD 10 billion plus inflation (8% reduction plus inflation)	None. New data due with a new SCM. Scheduled for year 3.
IR 1.4: Macroeconomic Environment Improved	Increase in Foreign Direct Investment	Numeric Value	National Bank of Serbia (NBS)	Annual	2010: 3.07% GDP	Yr1: FDI at 3.3% of GDP Yr2: FDI at 3.3% of GDP Yr3: FDI at 4% of GDP Yr4: FDI at 5% of GDP Yr 5: FDI at 6% of GDP	Net FDI / GDP for 2011 = 5.8% MoFE Bilten, March 2012

Sub-IR 1.4.1: Improved Fiscal Policy	Improvements in the Open Budget Index (“OBI”) Score as reported by the International Budget Partnership	Numeric Value	OBI Survey	Bi-Annual	2010: 54	Yr 1: N/A Yr 2: N/A Yr 3: OBI score 54 Yr 4: N/A Yr 5: OBI score 57	None. Next OBI Survey results should be published in October 2012, but didn't come out yet.
	Improved Government Budget Balance as percentage of GDP	Numeric Value	MoF	Annual	2010: -4.4 % (actual fiscal deficit)	Yr1: -4.5% of GDP Yr2: -4.5% of GDP Yr3: -3.5% of GDP ¹ Yr4: -1.9% of GDP Yr5: -1.0 % of GDP	By Macro Fiscal Dept. the actual 2011 Fiscal Deficit is at 5.0% of GDP (instead of first original 4.4% and second revised 4.7%); 2012 deficit is -6.7% of GDP
Sub-IR 1.4.2: Financial Markets Developed	Improved score in WEF GCI “Financial Market Development” (formerly ‘Sophistication’) The VIII WEF GCI Pillar	Numeric Value	WEF GCI reports	Annual	2011: 3.74	Yr1: 3.74 Yr2: 3.80 Yr3: 3.84 Yr4: 3.88 Yr5: 3.92	3.7 by the new WEF GCI published in September 2012 (WEF 2012/13)
	Credit to private sector as a percentage of GDP	Numeric Value	National Bank of Serbia (NBS)	Annual	2010: 40%	Yr 5: 60%	2011: 43.7 % 2012: 54%
	Number of person hours of training of journalists from publications that cover business	Numeric Value	Project Report	Annual	N/A	Yr 1: 400 Yr.2: 800 Yr 3: 800 Yr 4: 800 Yr 5: 400	Q1=400 Q2=520 Q3=40 <u>Q4=75</u> 1035
Component 1: Business Regulation and Economic Governance Improved							

¹ Projected deficits by Fiscal council for 2013, 2014, 2015

1. Improve and streamline business regulation lowering the costs to businesses and government from business regulations	Number of commercial laws and regulations simplified and implemented in accordance with international standards as a result of USG assistance	Numeric Value	Project Reports	Annual	2011: 3	2011: 3 2012: 10 2013: 10 2014: 10 2015: 10 2016: 3 ²	Q1=6 Q2=14 Q3=21 Q4=1 ----- 42
	Average time spent by management on working with inspections	Numeric Value	Business Survey ³	Annual	59 hours	Yr. 2: 58 Yr. 3: 55 Yr. 4: 50 Yr. 5: 45	Yr2: 34 hours
	Number of Professional Enforcement Officers trained, passed the exam, and ready to get appointed	Numeric Value	MoJ Data	Annual	N/A	Yr 2: 300	Q1=0 Q2=75 Q3=0 <u>Q4=46</u> 121
	Number of days to enforce a judgment	Numeric Value	World Bank Doing Business Report	Annual	2011: 635	Yr 3: 530 Yr 4: 475 Yr 5: 417	By WB DB Report published in October 2012 Serbian result is 635 days
	Number of days dealing with constructions permits	Numeric Value	World Bank Doing Business Report	Annual	2011: 279	Yr 5: 220	By WB DB Report published in October 2012 Serbian result is 269 days

² Project will end 3 months into the 2016 fiscal year.

³ This refers to the annual USAID BEP Survey of Serbian Businesses.

	Business perception of the burden of laws and regulations improves	Qualitative	Business Survey	Annual	2011: 17% agree that there was improvement	Yr. 2: 18% Yr. 3: 20% Yr. 4: 24% Yr. 5: 28%	Yr2: 26% agree that there was improvement
	Significant progress of realization of new labor legislation recommended by the 2011 White Book by the Foreign Investors Council in Serbia	Qualitative	Foreign Investors Council in Serbia	Annual	N/A	Yr.2: 1 Yr 3: 2 Yr.4: 6 Yr 5: 6	No significant changes to the status of the recommendations in the White Book 2012
	Decrease in percentage of businesses responding that labor law has negative impact on business	Qualitative	Business Survey	Annual	2011: 75%	Yr. 3: 65% Yr. 5: 55%	Yr2: 66%
2.Business effectively partners with Government in developing and implementing regulatory reforms	Increase in business sector participation on laws improving regulatory environment	Qualitative	Business Survey	Annual	2011: 19% of businesses agree that there was improvement	Yr 2 : 21% Yr. 3: 25% Yr. 4: 28% Yr. 5: 32%	Yr2: 25%
	Number of public private dialogue mechanisms/ events on business regulation issues created by the project	Numeric Value	Project Reports	Annual	N/A	Yr1: 3 Yr2: 5 Yr3: 5 Yr4: 5 Yr5: 2	Q1=2 Q2=7 Q3=2 Q4=4 ----- 15

3. Improve and support the regulatory review process and RIA process	Number of substantial RIAs conducted by GoS	Numeric Value	Project Reports/ Office of Regulatory Reform Reports	Quarterly	2010: 8	Yr 1: 10 Yr 2: 15 Yr 3: 20 Yr 4: 25 Yr 5: 30	Q1=11 Q2=1 Q3=0 Q4=15 ----- 27
	Business perception of transparency and predictability increases	Qualitative	Business Survey	Annual	2010: 23% agree that transparency and predictability increased	Yr. 2: 25% Yr. 3: 28% Yr. 4: 32% Yr. 5: 35%	Yr2: 23.5%
5. Improve corporate governance standards, policies and regulations	Improvement in Doing Business Strength of Investor protection Index	Qualitative	World Bank Doing Business	Annual	2011: 5.3	2012: 5.3; 2013: 6; 2014: 6.5; 2015: 7	By WB DB Report published in October 2012 Serbia has a score of 5.3
	Number of Commercial Court judges trained in implementation of the Company Law	Numeric Value	Project Reports	Quarterly	N/A	Yr 1: 20	Q1=0 Q2=31 Q3=13 Q4=0 ----- 44
6. Create enabling environment for PPPs	Number of training hours of representatives of public sector entities and private companies trained in PPP	Numeric Value	Project Reports	Annual	N/A	Yr.2.: 200 Yr 3.: 200	Q1=0 Q2=332.5 Q3=0 <u>Q4=1106</u> 1438.5

	Completion of regulatory framework (bylaws and methodologies) for PPP	Qualitative	Project records	Annual	Nonexistence of complete normative framework (bylaws and methodologies) for PPP	Yr2.: 0 Yr..3: Complete normative framework (bylaws and methodologies) for PPP (specifically 1-Methodological materials in the field of public-private partnerships and concessions; 2-Bylaw on public contracts registry; 3-Bylaw on Supervision over Implementation of Public Contracts	0
Component 2: Macroeconomic Policy and Public Financial Management Enhanced							
1. Improve GoS budgeting, fiscal policy analysis, and financial management efficiency	Improvement in the quality of Medium Term Budgeting and Prioritization	Qualitative	Project Reports	Annual	No effective budgeting framework is in place	Yr 1: Fiscal Strategy Report (FSR) contains estimates of potential GDP Yr2: FSR contains estimates of structural deficit Yr3: FSR contains estimates on tax expenditures Yr 4: Budgets among ministries better reflect their strategic priorities.	"Fiscal Strategy for 2013 with projections for 2014 and 2015" contains: estimates of potential GDP (Year 1 target) as well as estimates of cyclically adjusted fiscal balance (aka structurally adjusted deficit) (Year 2 target).
	PEFA Multi- Year Score perspective in fiscal planning , expenditure policy and budgeting	Qualitative	PEFA Assessment (due Nov 2013)	Annual/ Results published every 3 years	2010: Scored C	Yr 5: Score B	The 2013 PEFA Assessment scheduled for November 2013.
	PEFA Assessment Score on predictability in the availability of funds for government expenditures	Qualitative	PEFA Assessment (due Nov 2013)	Annual/ Results published every 3 years	2010: Scored C+	Yr 5: Score B	The 2013 PEFA Assessment scheduled for November 2013.
	Number of articles published in the area of fiscal policy	Numeric Value	Project Report	Monthly	N/A	Yr 1: 2 Yr 2: 3 Yr 3: 3	Q1=1 Q2=1 Q3=2

	containing research and analysis provided through BEP assistance that support changes in fiscal policy					Yr 4: 2 Yr 5: 2	Q4= 3 total:7 (FREN's " Institutional framework for issuance of corporate bonds in Serbia" and Fiscal Council's "Opinion on Fiscal Strategy for 2013 with Projections for 2014 and 2015", "Assessment of the Draft 2013 Budget Law") Fiscal Consolidation Measures 2012-2016" should be put into Q2 not in Q3 because it was published at the end of May. But Q3 should have added "Assessment of the 2012 Supplementary Budget and draft laws including fiscal effects".
	Number of activities related to macroeconomic and fiscal issues aimed at improving public-private dialogue ⁴	Numeric Value	Project Report	Annual	N/A	Yr 1: 2 Yr 2: 3 Yr 3: 4 Yr 4: 4 Yr 5: 3	Q1=1 Q2 =2 Q3=0 Q4= 4 total: 7 1.National Budget Forum and promotion of "Citizen's Guide to the Budget"; 2."Increasing private domestic saving for Serbia's economic growth" round table; 3.Roundtable "Institutional demand for government securities: constraints and opportunities"; 4.FREN's QM presentation
2. Improve public debt management and conditions for Government	Value of dinar denominated debt	Numeric Value	PDA (Public Debt Administration)	Annual	2010: Value of dinar debt is 14% of total borrowing	Yr 5: Proportion of borrowing increases to 20%	Yr1: 14% Yr2: 18.27% (on November 30, 2012)
	Government initiates a public	Qualitative	PDA (Public Debt Administration) ad	Annual	Baseline end of March 2011	Yr 5: Banks own 75% or less of government debt in dinars	On November 30 th , 2012, banks own

⁴ The new indicator "Number of activities related to macroeconomic and fiscal issues aimed at improving public-private dialogue" replaces the indicator "Quality of public dialogue and debate on macroeconomic and fiscal issues." The new indicator is a more objective and attributable measurement of the project's work to achieve this Objective.

financing	issue of debt to more diversified investor base		hoc report		according to PDA: Banks own 87,1% on 31.03.2011		80.38 %.
	Operational status of debt management system and number of reports developed to manage debt risks and strategy	Numeric Value	PDA (Public Debt Administration) ad hoc report	Annual	N/A	Yr 1: 0 reports (system not functional); Yr 2: 2 reports(system operational); Yr 3: 6 reports; Yr 4: 8 reports; Yr 5: 10 reports.	PDA staff logged a problem per each of the only two reports available from the PDA's Debt Management System. PDA Director also instructed the Software Vendor via email on July 26 th 2012 to make changes to the Debt Stock report according to the Specification that was created by USAID BEP and delivered to the PDA in May 2012 but no changes have been made – possibly due to maintenance contract expiring in August. It is expected that these problems will be solved within 2 months after the new maintenance contract gets signed (but the signing is uncertain due to disagreements between PDA and the Software Vendor and PDA's final decision is expected in January).
	Proportion of key PDA staff trained in debt management, economic and risk analysis	Numeric Value	Project records	Annual	N/A	Yr 1: 10% Yr 3: 50% Yr 5: 75%	None for this quarter. Note that all trainings in 2012 have taken place in Q2, but in Q4 a new Scope of Work was approved and the trainings have begun on January 9, 2013. 35% . Up to now.
3. Improve macroeconomic policy and strategy	Improvements in WEF GCI on "Macroeconomic Environment" addressing Nation's Savings	Numeric value	WEF GCI reports	Annual	2011: 14.8	Yr 5: 18	16.1 by the new WEF GCI published in September 2012

	Rate, as % of GDP						
	Number of published studies and articles containing research and analysis provided through BEP assistance that support changes in macroeconomic policy	Numeric Value	Project Report	Annual	N/A	Yr1: 2 Yr2: 5 Yr3: 8 Yr4: 8 Yr5: 6	Q1=1 Q2=0 Q3=0 Q4= 2 FREN's QM articles "PPP financing options in Serbia" and "Protection of minority shareholders rights in Serbia" Total: 3
	Awareness of Government's Economic Growth Strategy	Qualitative	Business Survey	Annual	2011: 20% of businesses agreed that they have some awareness and understanding of the strategy	Yr. 2: 20% Yr. 3: 25% Yr. 4: 30% Yr. 5: 35%	Yr2: 38%
	Number of person hours of training of GoS staff on macroeconomic policy and public financial management topics	Numeric Value	Project Reports	Annual	N/A	Yr1: 500 Yr2: 1000 Yr3: 1000 Yr4: 750 Yr5: 300	Q1=524 Q2=3310 Q3=50 Q4= 216 Total: 4100
Component 3: Increased Financial Market Development							
1. Increase capital available to business through the	Value of credit financed from NBF's to businesses increases	Numeric	NBS Publications, Stock Market, and Securities Commission Reports	Annual	N/A Or TBD/calculated by C3	Yr.1: 0 Yr.2: 0 Yr.3: 5% Yr.4: 10% Yr.5: 10%	0

creation of a regulatory framework for NBFIs	Status of the legal and market framework for a commodities exchange	Qualitative	Project Report/MoF Report	Annual	Regulatory framework currently not in place	Yr 2: Commodities exchange law and regulatory framework established Yr 3 : Establishment of the commodities exchange	The first draft of the Commodity Exchange Law is developed. MoT took over the effort to set up new regulation. The Ministry is in a process of establishing formal working group to finalize the law.
2. Strengthen integrity of the capital markets by helping the GoS to build capacity to ensure equity issuers and brokers comply with securities laws	Number of intermediaries trained and advised about upcoming securities laws	Quantitative	Securities Commission and Project Report	Annual	Majority of intermediaries trained and advised	Yr 1 to Yr 4: Will depend on the speed of implementation of new law and agreement with Securities Commission and MoF Yr5: 75% of intermediaries trained and advised on changes and benefits brought by new securities laws	Total (Y1+Q1+Q2)= <u>417</u>
3. Improve the GoS' access to finance through the development of long term, liquid debt public market	Value of dinar denominated debt	Numeric Value	Statistics Office	Annual	2010: Value of dinar debt is 14% of total borrowing	Yr 5: Proportion of borrowing increases to 20%	Yr 1: 14% 18.27% (on November 30, 2012)
	Government initiates a public issue of debt to more diversified investor base	Qualitative	PDA (Public Debt Administration) ad hoc report	Annual	Baseline end of March 2011: Banks own 87,1% of debt (3/31/11)	Yr 5: Banks own 75% or less of government debt in dinars	August 2012: 80.6%. November: 80,38%
4. Strengthened	Increased awareness of the	Qualitative	Project Survey	Annual	Around 25% of businesses	Yr 5: 50% increase in awareness	Yr2: 83.9 %

public-private dialogue on the financial sector and its role in economic development	role of the financial sector in economic development		(a.k.a. USAID BEP Business Survey)		expressed a sort of an agreement that there is awareness		
5. Strengthen the disclosure and transparency supporting new investment by assisting the GoS to implement required accounting, audit and disclosure standards	Compliance with IOSCO standards in areas of securities intermediaries and equity issuance improves	Qualitative/ Numeric Value	Project and IOSCO Reports	Bi-Annual	50%	Yr 5: Compliance improves to 60% or better	New Capital Market Law Regulations is expected to raise compliance level above 60% . Next IOSCO assessment TBD.
6. Improved access to finance for SMEs	Improved access to finance	Qualitative	Business Survey	Annual	2011: 25% of businesses agree that access to finance has improved	Yr. 3: 30% Yr. 5: 35%	Yr2: 23.2%

	Increase in average value of loan size and borrowing by SME's ⁵	Qualitative/ numeric	Project Survey (USAID BEP Business Survey)	Annual	2011: 89,475 EUR	Yr.2.: 0 % points increase from baseline Yr.3.: 10 % point increase Yr.4.: 15 % point increase Yr.5.: 20 % point increase	2012: 57,927 EUR
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ANNEX 4: REPORTS, SUCCESS STORIES AND OTHER RELEVANT DOCUMENTS

(Electronic version has already been sent to USAID)