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USAID'S BUSINESS ENABLING PROJECT

QUARTERLY REPORT: FIRST QUARTER 2013

April 10, 2013

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TABLE OF CONTENTS

1. PROJECT OVERVIEW	1
2. HIGHLIGHTS DURING THE REPORTING PERIOD.....	1
REVIEW OF PROJECT PROGRESS	3
ADMINISTRATIVE AND GENERAL ACTIVITIES	4
COMPONENT 1	5
COMPONENT 2	11
COMPONENT 3	14
OUTREACH.....	18
GRANTS.....	20
FINANCIAL REVIEW	24
PROGRESS VERSUS WORKPLAN.....	24
PROGRESS VERSUS PMP	24
CHALLENGES ENCOUNTERED AND ACTIONS TAKEN TO RESOLVE THEM	24
OBSERVATIONS REGARDING IMPLEMENTATION	25
ACTIVITIES PLANNED FOR NEXT QUARTER.....	25
ADMINISTRATIVE AND GENERAL ACTIVITIES	25
COMPONENT 1	25
ATTACHMENT 1: BEP WORK ORGANIZATION	27
ATTACHMENT 2: LIST OF MEDIA PUBLICATIONS	28
ATTACHMENT 3: PROGRESS VERSUS WORKPLAN	33
COMPONENT 1: BUSINESS REGULATION AND ECONOMIC GOVERNANCE	33
COMPONENT 2: MACROECONOMIC POLICY AND PUBLIC FINANCIAL MANAGEMENT	39
COMPONENT 3: FINANCIAL MARKET DEVELOPMENT	43
ATTACHMENT 4: PROGRESS VERSUS PERFORMANCE MONITORING PLAN.....	50
ATTACHMENT 5: BEP GRANTS UPDATE	61

1. 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 reduce the time and money spent by Serbian businesses to comply with laws and regulations and help the GoS to be more efficient. The reforms also enable businesses to attract necessary investment at an appropriate cost. As result, Serbian businesses 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 Third Year Work Plan was approved by USAID on March 19, 2013.

GoS Partners

BEP entered into Joint Work Plans with the following GoS institutions:

- General Secretariat of the Government
- Ministry of Agriculture, Forestry and Water Management
- Ministry of Construction and Urbanism
- Ministry of Finance and Economy
- Ministry of Labor, Employment and Social Policy
- Ministry of Justice and Public Administration
- Office for Regulatory Reform and Regulatory Impact Assessment
- Securities Commission
- Fiscal Council (independent body)

2. HIGHLIGHTS DURING THE REPORTING PERIOD

This report covers the eighth quarter of BEP's operation – January 1 to March 31, 2013. Noteworthy activities during the period were:

- The Government of Serbia implemented more of BEP's recommendations for eliminating or reducing para-fiscal fees and charges. One of key recommendations in BEP's Report on Para-fiscal Charges was for the Government to adopt a transparent methodology for calculating the amount of fees charged for administrative and other services to businesses. With BEP's technical support, the Ministry of Finance and Economy enacted the Rulebook on Methodology for Determining Costs of Provision of Public Services on February 13. The Methodology sets the amounts of public fees on objective grounds. Key principles that this Methodology introduces are that amounts of fees should be based on actual costs of public bodies in providing services, and that all inputs used for calculation of fees need to be verifiable. The Government also developed a new draft Law on Charges for the Use of Public Resources which follows the Methodology and

is based on another BEP recommendation.

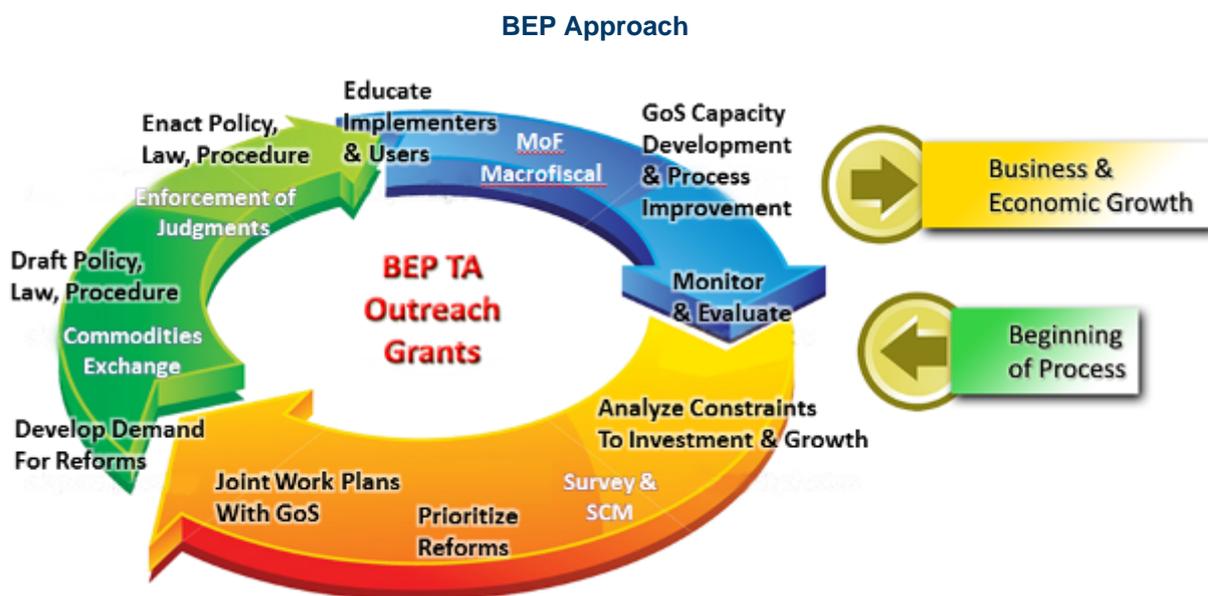
- BEP responded to the GoS request to develop the first draft of new legislation on construction permits by putting together a team to draft a concept and the legislation. The team includes expatriate consultant Andrew Minturn, BEP grantee law firm MP & Associates (including construction law experts, engineers and planners), and Serbian consultants who are well known construction law experts. The team will begin development of the legislation in early April. In addition, USAID organized a donors meeting during which the World Bank, European Union, and GIZ pledged to implement pieces of BEP's Roadmap to Construction Permitting Reform.
- BEP organized and facilitated a series of thematic public-private discussions related to labor law reform. During this quarter the discussions were: "Improving Institutions to Improve the Employment Conditions," the status of special categories of employees, such as pregnant women and trade union representatives, severance payment, workforce redundancy and unnecessary administrative obstacles ("red tape"), and types of labor contracts and other means to increase labor flexibility. The discussions gathered representatives of the state, employers and employees to focus on the current state of affairs and legal and institutional solutions to spur employment and increase firms' competitiveness. The meetings have led to substantial progress on these issues, and BEP and other participants provided draft Labor Law articles reflecting agreement of the participants.
- BEP commenced intensive assistance to the MoFE and line ministries to implement program budgeting. BEP has an expert on site at the MoFE Budget Department to help manage the process of implementing program budgeting and to ensure that proper technical assistance is provided by BEP to the Budget Department whenever necessary. During this quarter BEP supported the Budget Department in redesigning the procedure for determining priority areas of financing and spending limits of budget users – budget users are required to link their proposed expenditures to strategic goals and policy measures through programs and projects. BEP and the Budget Department consulted with representatives from 15 line ministries responsible for budget preparation and strategic planning and provides instructions on how to develop program classifications. BEP also held consultations with 35 extra-ministerial budget users on program budgeting. The series of consultations, set-up by BEP, was the first direct effort the Government has made to help budget users adopt performance-oriented budgeting.
- BEP continued its assistance to the National Assembly Committee on Finance, State Budget and Control of Public Spending (Finance Committee), as well as the National Assembly's Support Staff. In February, BEP organized a regulatory impact assessment seminar for members of Finance Committee and Support Service Staff. In March, BEP delivered training on public finance sustainability to the MPs of the Finance Committee, its Support Service department staff, and the staff of the Research Department of the National Assembly. The training covered two sessions: "Public Finances Sustainability Factors in the Medium Term" and "The Analysis of the Budget and Its Specific Categories."
- BEP finalized and released a groundbreaking study on the shadow economy in Serbia. BEP developed the study, "Shadow Economy in Serbia: New Findings and Recommendations for Reform," in order to increase awareness among the general public of the risks and costs to society linked to undeclared work; positive effects of full payment of taxes and the insurance nature of social security contributions, as well as the need for political support for urgent reforms to combat the shadow economy. This was the first study dealing with this topic in the last fifteen years. The study was based on the analyses of the key stakeholders, combined macroeconomic and microeconomic statistical data, as well as on the geographical and sectorial analyses based on a survey of 1251 business entities. It presents a landmark for combatting the shadow economy in Serbia, focusing on specific issues and recommendations, including the sectoral analysis. It was discussed during a panel at the Kapoanik Business Forum and at a conference in Belgrade organized by BEP that received substantial media coverage.
- BEP is a member of the Working Group that is developing a new Law on Commodities Exchanges. The Government of Serbia included the Commodity Law as one of the priorities in its 2013 legislative action plan. The Commodity Exchange Working Group visited the Produktna

Berza Novi Sad, completed a detailed assessment of the current practice and experiences in commodity trading in Serbia, developed a concept paper to be used as a starting point in law drafting, and made significant process in drafting this new law. The Working Group will meet the deadline set by the Ministry to finalize the first draft of the Commodities Exchange Law and initiate public consultation in May 2013.

REVIEW OF PROJECT PROGRESS

BEP is in its third year and accomplished all aspects of its Work Plans in the first two years, with all planned activities accomplished. PMP indicators are being met or exceeded. In the first quarter of 2013, BEP again accomplished all planned activities. BEP has momentum in all Tasks and is a leader in reforms in the areas of business regulation and economic governance, public financial management, and financial market development. BEP's role in reform efforts includes facilitation, technical assistance, publicizing and communicating, and monitoring.

BEP's approach continues to be quite effective. The project's studies and analysis provide the basis for several major reform efforts. The project has been very successful in mobilizing coalitions of business associations and government officials and staff. The project's communications and outreach have been very effective in motivating Government leaders to embark on reform efforts and gaining support for the reforms from within the Government, in the business community, and among the public. As a result, 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 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. A new Law on Factoring has been developed with BEP's assistance. The GoS has committed to implement BEP's recommendations in the areas of construction permitting, program budgeting, and SME access to finance.

Administrative and General Activities

BEP's second set of interns begin work on the project in January 2013. The project has four interns providing research and logistical support. Interns also participate in a training program.

BEP developed annual plans with business associations. In February, BEP met with the Serbian Chamber of Commerce (SCC), AmCham, FIC, NALED, Association of Employers and SAM to discuss the status of project activities and implementation of the Project's 2013 Workplan. BEP and the associations discussed the main joint activities and all associations committed to continue their involvement and cooperation in the project's activities. Construction permits reforms are priorities of BEP and the SCC, FIC and AmCham; labor law reform is a priority in cooperation with AmCham, FIC, SAM and Association of Employers; and inspections are the focus of the project's work with the SCC, FIC and NALED. Access to finance improvements are high on the list of reforms for the SCC and Association of Employers. BEP agreed with each of the associations on the concrete steps and follow-ups, starting with a forum of business associations planned for the end of March 2013.

BEP launched its program for GoS internships. With its grantee the Belgrade Open School (BOS), BEP launched the "Better Public Administration through Internship" program, which will provide 15 interns to its GoS partners for a period of six months. The program is placing young professionals in GoS offices and ministries' departments that partner with BEP on reforms. This grant will increase BEP's GoS partners' capacity by providing skilled junior staff, and will enable young graduates to improve their knowledge and gain first-hand work experience in public administration. During meetings with BEP's counterparts there was great demand for internship positions – at least 20 positions were requested, while the current grant will provide only 15 internships. The following GoS bodies will participate in the project: Ministry of Finance and Economy (Budget Department, Macroeconomic and Fiscal Department, Sector for SMEs, Financial System Department, and Public Debt Administration); Ministry of Labor (Sector for Labor and Labor Inspectorate); Ministry of Trade and Telecommunications (Trade Legislation Sector); Office for Regulatory Reform and RIA; Securities Commission; and the National Assembly (Committee on Finance, State Budget and Control of Public Spending). Over 1,100 applications for the 15 internships were received and over 150 candidates were tested in the second round of selection. In cooperation with BEP counterparts, BOS and BEP will select 15 interns by the end of April, and interns will start with their engagement in early May 2013.

BEP completed the needs assessment for the Management Training Program for GoS. BEP's grantee, the Serbian Management Center (SMC) completed the training needs assessment (TNA) phase of the project "Management Training Program for GoS counterparts". A tailor made management training program was discussed and accepted by the following BEP counterparts: Ministry of Finance and Economy (Budget Department, Sector for SMEs, Financial System Department, and Public Debt Administration); Ministry of Labor (Sector for Labor); Ministry of Trade and Telecommunications (Trade Legislation Sector); Office for Regulatory Reform and RIA; and the National Assembly (Committee on Finance, State Budget and Control of Public Spending). The program will gather approximately 25 mid-level public administrators and 8-10 senior managers (GoS offices' directors, state secretaries and assistant ministers). SMC and BEP have scheduled the launching event for the program on April 23, 2013, in the National Assembly's small hall.

BEP began transferring its SUK management training program to GIZ. BEP's Chief of Party and Deputy Chief of Party conducted three pilot training programs through the GoS Human Resources Office (SUK). These successful trainings provided modules, methodologies, agendas, exercises and materials that the GIZ Legal Reform Project will use in its new program with SUK, which BEP helped the GIZ and SUK develop. The transfer to the new GIZ trainers will take place during a series of meetings and workshops in April.

BEP presented its program and achievements at the regional conference on "Inter-municipal Partnership for Future Cooperation." During the conference, held on March 29, in Leskovac, BEP presented its activities and achievements in the first two years of implementation. The conference was organized by Proactiv, a Nis-based NGO, and the USAID Sustainable Local Development Project, which invited civil and public sector representatives from the municipalities of Nis,

Leskovac, Merosina, Doljevac and Gadzin Han in order to strengthen their cooperation. The participants showed great interest in the research and studies published by BEP over the last two years, as well as in the status of reforms that BEP is involved in, and the future steps in these reforms. They were also particularly interested in being more involved and regularly updated on progress.

BEP Conducted Roundtables with Businesses on Key Business Environment Reforms – BEP conducted roundtables throughout Serbia to advise businesses of ongoing reform efforts and hear from businesses on their main issues in the areas covered by the project. These roundtables, led by BEP's Chief of Party Joe Lowther, provide businesses with an update on the issues that they complained about in roundtables conducted by BEP in 2011 and 2012. They also provide BEP and



the Government of Serbia with feedback on the reforms, and point to areas that need particular attention. The roundtables are an opportunity to gain support and advocacy for reforms from businesses around Serbia. In March the project organized roundtables in Valjevo, Novi Sad, Subotica, and Nis. Minister of Regional Development and Local Self-Government Verica Kalanovic joined the roundtable in Nis, and then hosted a second roundtable with large investors, which Mr. Lowther also participated in. In April the project will hold roundtables in Novi Pazar, Kragujevac, and Vranje.

BEP's Chief of Party led a roundtable on business environment and economic policy reforms with political parties. BEP's Chief of Party gave a presentation and led a discussion at the Belgrade Fund for Political Excellence's annual conference "Socio-Economic Perspectives of Serbia – Opportunities and Challenges." Mr. Lowther and the 41 leaders from Serbian political parties discussed business environment and economic policy reforms in Serbia and how to accomplish them. This roundtable will help improve decision-makers' understanding about, and consensus on, the key reforms that BEP and the Government of Serbia are working on.

Component 1

BEP undertook activities that cover multiple Component 1 Tasks:

BEP developed the Regulatory Index of Serbia (RIS) for comprehensive monitoring of Serbia's business environment. The RIS, developed under a grant to the National Alliance for Local Economic Development (NALED), measures the performance of the Government of Serbia and individual ministries that deal with business environment issues. RIS has six components: Regulatory Reform, Law Implementation Promptness, Quality and Thoroughness in Law Making, Publicity of Law Making, Regulatory Burden, and Information Availability. These six components contain fifteen indicators, including: implementation of regulatory recommendations, adoption of by-laws, quality of Regulatory Impact Assessment, public discussions and consultations, administrative costs, share of para-fiscal charges in budgetary incomes, and promptness in reaction of public institutions to inquiry made by business entity. The RIS was released in January and was very well-received by the Government, media and civil society, with Radio Belgrade saying: "The state of the regulatory environment for doing business in Serbia has got its mathematic expression". Civil society organizations that promote public transparency and accountability praised the RIS and used social media to spread the word on it. The Government of Serbia's score on the RIS is 31.7 (1-100 scale). The Government got the best mark for availability of public information on web-sites and the worst mark for adoption of bylaws. Scores for individual ministries were not revealed since current ministers were appointed only in the second half of 2012, but BEP and NALED sent tailored reports to ministers which indicate areas where their ministries need to focus their efforts and to improve the performance. The Ministry of Finance and Economy's representatives were particularly appreciative of the RIS, stating that findings would help that Ministry improve its operations and better

accommodate the needs of businesses in the future.

BEP continued to discuss key reforms with the National Council for Economic Recovery of Serbia. Most recently, BEP met with Branislav Grujic, the Vice President of the Council, to discuss reforms and priorities for 2013. This year the Council is focusing on reforms of construction permits and labor law. In addition, Mr. Grujic stated that inspection reform should be the next item on the GoS agenda. The Council is chaired by Prime Minister Dacic, and has 21 members, including prominent businesspeople, bankers and economists.

Under **Objective 1, Task 1, "Improve Inspections Operations and Organization,"** BEP and USAID met with Ministry of Justice and Public Administration State Secretary Gordana Stamenic and Assistant Minister Vladana Jovic to discuss inspections reform.

Ms. Stamenic and Ms. Jovic said that the Ministry is quite busy on completing the Strategy for Public Administration Reform and Draft Law on General Administration Procedure, but they would form the Working Group for the Law on Inspections by March 15 (requests to ministries to designate Working Group members were sent out in late March). Ms. Jovic believes that the Law can be completed by the end of 2013.

BEP's Regulatory Reform Team Leader Dusan Vasiljevic was interviewed on inspections reform by NIN, Serbia's most influential weekly magazine. Mr. Vasiljevic discussed the general state of inspections in Serbia, current situation of inspections reform, USAID support, models for inspection reform, and regional experiences. NIN's inspections feature is a timely prelude to the forthcoming Serbian Association of Managers' Forum on Inspections that is directly supported by USAID and the GIZ-organized forum on Regulatory Framework for the System of Inspection Control.

Under **Objective 1, Task 2, "Remove or reduce quasi fiscal burdens to businesses,"** the GoS continued to implement BEP's recommendations to streamline para-fiscal fees and charges. One of key recommendation of BEP's Report on Para-fiscal Charges was for the Government to adopt a transparent methodology for calculating amount of fees charged for administrative and other services to businesses. With BEP's technical support, the Ministry of Finance and Economy enacted the Rulebook on Methodology for Determining Costs of Provision of Public Services on February 13. The Methodology is probably first attempt in the history of public administration in Serbia to set the amounts of public fees on objective grounds, and stop charging them based on assumptions about businesses' ability to pay. Key principles that this Methodology introduces include: amounts of fees should be based on actual costs of public bodies in providing services, the principle of availability of public services and the principle that all inputs used for calculation of fees need to be verifiable.

In addition, the Ministry of Finance and Economy developed a Draft Law on Charges for the Use of Public Resources, following another of BEP's recommendations. BEP, NALED, and the Ministry organized the first in a series of public discussions on the Draft Law on Charges for the Use of Public Resources. Milica Bisic, Special Advisor to the Minister of Finance and Economy, presented the Draft Law and explained how it would help create a more transparent and predictable business environment. Ms. Bisic also presented the successes thus far in controlling para-fiscal charges, stressing that around 20 attempts by various regulatory bodies to introduce new charges had been prevented by the Ministry of Finance, thanks to the recently amended Budget System Law. With regards to the Draft Law on Charges, businesses were mostly concerned about the possibility of some charges being raised, while local governments were worried about losing a portion of their revenues and about ratios of revenue-sharing between central and local governments. All participants praised the concept of the law, but emphasized that the amounts of fees should be carefully determined to avoid discouraging potential investors from entering the market. One of the novelties introduced by this draft is allowing companies to complain to the Ministry of Finance and Economy about the amount of a charge assessed, as well as the possibility to appeal to the Ministry about administrative

**USAID Business Enabling Project's
Activities Prominently Featured at
Kopaonik Business Forum**

During the Kopaonik Business Forum, the Prime Minister and the Minister of Finance and Economy focused on reforms of the Law on Planning and Construction and the Labor Law. Prime Minister Dacic said that the Law on Planning and Construction and the Labor Law need to be amended by the end of the year, while Minister Dinkic reiterated the need for reforming these two laws. These statements demonstrate that the legislative reforms that BEP is currently working on are likely to be adopted.

bodies not assessing the amounts of charges in due time.

Under **Objective 1, Task 3, "Assist Implementation of the Law on Enforcement,"** BEP provided further training for enforcement officers. The training was organized in cooperation with the Chamber of Enforcement Officers and the GIZ Legal Reform Project, and covered practical aspects of the enforcement officer profession. The trainers and lecturers were prominent local and international experts and practitioners from the public and private sectors, including judges, representatives of the National Bank of Serbia and the Pension and Disability Insurance Fund, and enforcement officers from Bulgaria, Netherland and Macedonia. The trainers provided practical advice and guidelines to enforcement officers on how to successfully carry out enforcement in different situations and against different assets. The training methodology included case study, practical advice, role playing, and interactive workshops. Topics included: communication with debtors and creditors, foreclosure on movable and immovable assets (inventory and auction), enforcement officers' fees, enforcement officers' office management, tax and accounting, and reporting and oversight. This training was very well-received by the enforcement officers, who stated that it will increase their ability to effectively enforce judgments and manage their office. In addition, the training will increase the capacities of the Chamber of Enforcement Officers in overseeing enforcement officers and in improving the standards of this new profession.

During the training, enforcement officers were trained to use the new e-filing application. The effort to enable the electronic filing of orders by enforcement officers with certified electronic signatures, which began in mid-2012 under the auspices of the National Bank of Serbia (NBS), is now complete. The web-based e-filing application was put into operation on March 11, 2013. The aim of these activities is to modernize the filing of the enforcement officers' orders, with the ultimate goal of facilitating faster, more accurate and more efficient debt collection.

BEP is handing off all assistance in enforcement of judgments to a new EU-funded project that will be implemented by GIZ, hopefully beginning in the summer of 2013. BEP and the new project will co-organize trainings for judges and enforcement officers, and will provide the new project with all of BEP and predecessor project USAID BES' reports, training modules and materials, communications materials, and other deliverables and methodologies.

Under **Objective 1, Task 4, "Streamline Construction Permitting,"** BEP responded to the GoS request to develop the first draft of new legislation on construction permits by putting together a team to draft a Concept and the legislation. The team includes expatriate consultant Andrew Minturn, grantee law firm MP & Associates (including construction law experts, engineers and planners), and Serbian consultants who are well known construction law experts. The team will begin development of the legislation in early April.

USAID Serbia Mission Director Susan Fritz organized a second meeting of donors to discuss construction permits reform and each donor's potential role in the reform effort. The meeting with attendees from the World Bank, European Union, German Embassy, Swiss Development Corporation, and Organization for Security and Cooperation in Europe. Ms. Fritz, along with USAID Serbia Economic Growth Director Susan Kutor, explained BEP's efforts so far and pointed out areas in which the other donors could help. Joe Lowther and Dusan Vasiljevic of BEP provided details on activities needed to implement the reforms and where donors might participate. Loup Brefort of the World Bank announced a large new program that will provide substantial resources for implementation of the legal and institutional reforms, particularly at the municipal level. The German Embassy representative explained the work of a project GIZ is implementing on planning reforms. The EU representative explained that a new IPA program, which BEP is helping to design, will likely provide some resources for construction permits reform.

Under **Objective 1, Task 5, "Reduce the Employing Workers Burden,"** BEP organized and facilitated a series of thematic public-private discussions related to labor reform. During this quarter the discussions were: "Improving Institutions to Improve the Employment Conditions," the status of special categories of employees, such as pregnant women and trade union representatives, severance payment, workforce redundancy and unnecessary administrative obstacles ("red tape"), and types of labor contracts and other means to increase labor flexibility. The discussions gathered representatives

of the state, employers and employees to focus on the current state of affairs and legal and institutional solutions to spur employment and increase firms' competitiveness. The meetings have led to substantial progress on these issues, and BEP and other participants provided draft Labor Law articles reflecting agreement of the participants.

- In the third discussion the participants reached a general consensus that the severance obligation should be limited to years spent with the last employer, and that all administrative constraints need to be removed. The discussion was additionally encouraged by presentation of Viktor Gotovac, a labor law professor and consultant from Croatia, who introduced the Croatian labor regulation as well as regional practice in this field.



- In the fourth stakeholders' discussion the stakeholders from the GoS, trade unions, and business associations concluded: 1) the operation of private employment agencies should be regulated by the Labor Law; 2) it is necessary and unavoidable to change the existing, rigid legislative framework regulating labor and labor-related contracts in Serbia; and 3) in deciding on the future fixed-term contracts regime, the focus should not only be on the duration of the fixed-term contract but should include other important considerations. Participants discussed whether the duration of fixed-term contract should be two or three years vs. the current limit of one year, but also discussed the reasons for entering into them, the number of consecutive agreements allowed with the same employer, and other aspects of such contracts that should provide greater flexibility for employment and fewer incentives and possibilities for abuse. Ms. Snezana Bogdanovic, the representative of the Ministry of Labor and Social Policy (MoLSP), discussed the MoLSP's determination to improve the labor legislative framework and potential means to increase flexibility.

Professor Gotovac also held a series of discussions with the social partners – the Ministry of Labor and Social Policy, trade unions, and the employers' and business associations – to help them develop their positions on labor law reforms and envision a consensus labor law reform that would benefit all parties.

A working group for Labor Law amendments (made up of Ministry, employers, and trade union representatives) will commence work in February, and BEP will provide technical assistance to the working group.

BEP has also been facilitating meetings of business associations that have developed consensus and joint activities on labor policy reforms. On February 28, BEP organized and chaired the Labor Policy Reform Group's (LPRG) sixth meeting. Representatives of the leading business associations in Serbia have been participating in the meetings: the Employers' Association, Serbian Association of Managers, National Alliance for Local Economic Development, American Chamber of Commerce in Serbia and Serbian Chamber of Commerce. They agreed on coordinated advocacy and communications measures with regard to amending the Labor Law. Representatives of the Employers' Association – the sole business representative in the GoS Labor Law amendment drafting group – presented the status of the amendments and the drafting group's work plan, underlining that the Employers' Association would strongly advocate for priorities of the LPRG.

Objective 2, Task 1, "Improve Public Private Dialogue" was furthered by several important discussions organized by the project that involved the public and private sectors, including:

- Focus group -Citizens guide to the budget, January 15, 2013

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- Focus group -Citizens guide to the budget, January 16, 2013
 - Second Thematic Discussion on Labor Law reform: "Improving Institutions to Improve the Employment Conditions," January 22, 2013
 - Business Environment in Serbia, Regulatory Index of Serbia (RIS) and Business Opinion Survey, January 23, 2013
 - Public discussion on the Draft Value-for-Money Methodology, January 28, 2013
 - PPPs in Serbia-legislation and practice, February 13, 2013
 - Roundtable entitled "Improving Real Estate Appraisal in Serbia", which was held at the NBS on February 21, 2013
 - Second Thematic Discussion on Labor Law reform: "Protection of the maternity and the rights of the Trade Union representatives in the Labor Law," February 22, 2013
 - PPP-the key to sustainable development, February 25, 2013, with NALED at Samsung
 - PPP-the key to sustainable development, February 28, 2013, Nis
 - Public discussion –Draft Law on fees for common pool resources, February 28, 2013
 - Roundtable in Valjevo Regional Chamber of Commerce –"Business Environment in Serbia-Status of Reforms and Business Priorities, March 12, 2013
 - Panel on Kopaonik Business Forum on "Shadow economy in Serbia: its impact on the economy," March 12, 2013
 - Roundtable in Novi Sad Regional Chamber of Commerce –"Business Environment in Serbia-Status of Reforms and Business Priorities, March 14, 2013
 - Third Thematic Discussion on Labor Law reform dealing with the issues of severance payment, workforce redundancy and unnecessary administrative obstacles ("red tape"), March 19, 2013
 - Conference on "Shadow economy in Serbia: New Findings and Recommendations for Reform", March 20, 2013
 - Roundtable in Subotica Regional Chamber of Commerce –"Business Environment in Serbia-Status of Reforms and Business Priorities, March 25, 2013
 - Roundtable in Nis Regional Chamber of Commerce –"Business Environment in Serbia- Status of Reforms and Business Priorities, March 27, 2013
 - PPP-the key to sustainable development, March 28, 2013, Kanjiza
 - Fourth Thematic Discussion on Labor Law reform dealing with Labor Contracts and Flexibility with the Stakeholders Participating in Labor Law Reform, March 29, 2013.

Under **Objective 3, Task 1, "Improve Quality and Quantity of Legislative and Regulatory Reforms,"** new GoS Rules of Procedure, developed with BEP's support and input, were enacted. On March 28, the GoS adopted the new Rules, which include some of the improvements that BEP propounded. The new rules provide for the possibility of public discussions in the case of bylaws, and an assumption that public discussion for all new laws is obligatory, unless the line committee of the GoS decides otherwise. The public discussion starts with mandatory publishing of the draft on the web page of the line ministry and on the GoS e-Uprava web site (which means that all active drafts could be accessed in one place). Information on the composition of the Working Group that has prepared the Draft needs to be disclosed in the same manner. Ministries must publish the report on the results of the public discussion. The Office for Regulatory Reform and RIA needs to provide its opinion for all draft laws – either on the RIA prepared or on the ministry's assessment that RIA is not needed for the law in question. Prior to the enactment of the new Rules of Procedure, BEP participated in a discussion organized by the Serbian NGO Coalition "The Law is Ours," to comment on the Draft GoS Rules of Procedure prepared by the General Secretariat of the Government of Serbia. It was clear at that meeting, and confirmed by the enactment of the new Rules, that the General Secretariat of the Government of Serbia, instead of endorsing the draft developed by USAID's BEP, has opted for two stage amendments of the Rules of procedures, making only minor changes now and leaving most substantive improvements for after the amending to the Law on State Administration.

Under **Objective 4, Task 1, "Finalize Legal Framework for PPPs,"** BEP is participating in a series of training events. This quarter the trainings included:

- On February 25, the USAID Sustainable Local Development Project (SLDP) and the National Alliance for Local Economic Development (NALED) presented a joint project entitled "Public-private partnership – key to sustainable development". At this event, a BEP expert delivered a presentation to the participating local authorities and companies on the VfMM and related issues.
- On February 28, a BEP expert participated in training on PPP delivered to local government representatives and other stakeholders from the south Serbia region. The training event was organized in the city of Niš in cooperation with the Standing Conference of Towns and Municipalities (SCTM). The BEP expert presented the content and importance of the Draft Value-for-Money Methodology (VfMM) to the assembled representatives of local authorities, public institutions, public enterprises, financial institutions and law firms. The presentation included practical examples of how the PPP model brings about savings in comparison to the traditional construction model ("classic" public procurement) and how risks related to a PPP project may be distributed. BEP's expert also answered questions about the VfMM and PPP framework and practice.
- On March 27, at the Kanjiža municipality, the Standing Conference of Towns and Municipalities (SCTM) organized a training event that included a training session led by BEP expert Milan Stefanovic. The training session included presentation of the Manual on Implementation of PPPs and the Serbian and international PPP frameworks and practices. Mr. Stefanovic presented the background, economic and legal context, content and importance of the Draft Value-for-Money Methodology (VfMM) to the representatives of local authorities, public institutions, public enterprises, private investors, and financial and legal practitioners

Under **Objective 4, Task 2, "Build Interest and Capacities of Public and Private Partners to Engage in PPPs,"** BEP finished the Draft Value for Money Methodology (VfMM) and facilitated public discussion of the VfMM. On January 28, BEP, in cooperation with the PPP Commission, facilitated public discussion on the Draft Value for Money Methodology (VfMM), which was developed by BEP. Participants included the PPP Commission President, Vice-president and members, representatives of ministries, local authorities, business associations, and international development institutions, as well as financial and legal experts. The Managing Director of the Croatian PPP Agency attended the public consultation session and shared Croatian experiences involving PPPs. VfMM is the most important methodological document stemming from the Law on PPPs and Concessions.

BEP also assisted in the development of the PPP Commission web site (www.ppp.gov.rs), another important tool in creating a conducive institutional framework for PPPs in Serbia. The web site, developed with BEP's assistance, will contain models of documents and official opinions of the PPP Commission. It will help raise the visibility of the PPP Commission, develop and streamline PPP projects, and improve quality of public infrastructure and services of general interest.

The American Chamber of Commerce (AmCham), in cooperation with BEP, held a "Briefing Session on PPPs in Serbia" on February 13. This event gathered over fifty attendees from private companies, law firms, financial institutions, business associations, and academic institutions. The first part of the event introduced the legal framework for PPPs and concessions in Serbia. During the second part, a BEP expert presented the Draft of the Value-for-Money Methodology (VfMM) and the public sector comparator, two critical tools for assessing PPP initiatives. The attendees engaged in a sophisticated discussion of PPPs, and topics included internal rate of return, methods of determination of prices of service provided, and competition issues. This indicates that the technical expertise of both the public and the private sector in Serbia is approaching the advanced level needed for development and administration of successful PPPs. Educating the business community will significantly help the launch of a second wave of PPP projects that include private financing of public infrastructure, as opposed to PPPs in the utilities sector that have been prevalent to date. BEP is also educating national and local government entities on how to develop PPPs.

Objective 5, Task 1, "Support implementation of the new Company Law," was completed in

Year 2 of the project, but BEP continues to provide some support to partners to ensure sustainability of the improvements in corporate governance. On March 21, the Serbian Association of Managers (SAM), supported by BEP, organized a Working Breakfast in order to present and discuss the implementation of the new Codex of Corporate Governance ("the Codex") developed with financial and technical support of BEP. The presentations were conducted by vice-president of the Serbian Chamber of Commerce and Industry and the consulting company PricewaterhouseCoopers (PwC). The event gathered over forty representatives of the business community from different industries, representatives of the public sector, BEP, experts and practitioners. The presentations and accompanying questions and answers included overview of the Codex and its role in economic and legal system, and other important issues in respect to corporate governance, predominantly related to governance, operations, perspectives and succession of small and medium family businesses.

Component 2

BEP's activities under Objective 1, Task 1, "Capacity building assistance to the Fiscal Council and Improvements to fiscal responsibility," included commencing work with the Fiscal Council on development of fiscal multipliers. This will provide the Council with a model that will allow it to better respond to and guide the government's business growth policy. This model will provide for testing dependencies of government revenues and expenses to economic activity and evaluation of policy measures from the business growth perspective. The World Bank, IMF, and many other countries use this type of analysis to assess the policy adequacy, increase the quality of public and expert debate, and focus on efficiency.

Pursuant to **Objective 1, Task 2, "Improvements to MoF Fiscal Analysis and Strategy,"** BEP agreed on co-funding development of a general equilibrium model (the Dynamic Stochastic General Equilibrium Model or "DSGE"). The general equilibrium model is a medium term forecasting model that helps the government assess the impact of different fiscal and monetary policies on the health of the economy over a say a period of three years on. It will enhance the MoFE's economic planning and policy setting will help focus the Government's attention on policies that will produce longer term results, not just year on year results. BEP intends to award a grant for the third phase of model development, implementation, while the World Bank will fund the assessment and development phases.

BEP's assistance was cited by the MoFE as a means to help improve Serbia's "Open Budget Index" Ratings. In response to the latest OBI ratings, which were published by Transparency International in January, officials from the MoFE pointed to ongoing work on a Citizen's Guide to the Budget as one of the steps they are taking to strengthen transparency and public involvement in budgeting and planning. BEP introduced the Citizen's Guide idea to the MoFE last year and provided assistance for its completion ahead of the next budget cycle. BEP Expert, Majda Sedej, gave an interview to RTS Television about the guide and other ongoing reforms to support the MoFE's declarations. Unfortunately there have been repeated delays by the MoFE in approving the Citizen's Guide due to staff turnover, and as yet the Guide has not been approved.

Pursuant to **Objective 1, Task 3 "Assistance to the GoS and Parliament to Improving Budget Coordination and Performance Management,"** BEP continued its assistance to the National Assembly Committee on Finance, State Budget and Control of Public Spending (Finance Committee), as well as the National Assembly's Support Staff. In February, BEP organized a regulatory impact



assessment seminar at the National Assembly. Members of Finance Committee and Support Service Staff participated in the seminar, pictured at right. The Office for Regulatory Reform and Regulatory Impact Assessment held a presentation for attendees on the process and practice of Regulatory Impact Assessment (RIA), the specific steps involved in this assessment, and the benefits of the RIA. This well-attended and interactive seminar helped MPs to better analyze the financial effects and quality of new legislation and

contributed to improving the quality of policy decisions. The training marked the beginning of a training series aimed at strengthening the capacities of the National Assembly and its working bodies.

In March, BEP delivered training on public finance sustainability to the MPs of the Finance Committee, its Support Service department staff, and the staff of the Research Department of the National Assembly. The training covered two sessions: "Public Finances Sustainability Factors in the Medium Term" and "The Analysis of the Budget and Its Specific Categories." The Head of the Macro-Fiscal Department (MFD) at the Ministry of Finance and Economy (MoFE), Marinko Bosnjak, gave an overview of the public finance sustainability goals (fiscal and macroeconomic stability, and reduction in unemployment, fiscal deficit and public debt) and strategies to achieve those goals (fiscal consolidation, reindustrialization, and structural reforms). BEP's fiscal policy expert and Assistant Professor at the Faculty of Economics, Sasa Randjelovic, explained public finance sustainability factors, the structure of the public sector in Serbia, public debt sustainability parameters, and the causes of structural fiscal deficit – pointing how Government's discretionary measures since 2006 led to a significant increase in Serbia's public debt. The Head of the Budget Department at the MoFE, Nada Mirkovic, offered insights on the tripartite nature of the Budget Law and explained the specifics of its sections: General Budget, Specific Budget, and Budget Execution. The Finance Committee members inquired about the obstacles related to the switch from the current line budget to program budgeting that should be implemented by 2015 as foreseen by the Budget System Law. The objective of BEP's assistance to the Finance Committee is to strengthen the role of the National Assembly in budget and economic policy decision making. During this year BEP will continue to support the Finance Committee and the Support Service in building capacity for budget and economic policy evaluations, and in improving communication and collaboration with the Fiscal Council.

BEP commenced intensive assistance to the MoFE and line ministries to implement program budgeting under **Objective 1, Task 4, "Assist the MoFE Budget Department to Develop Capacity for Improved Transparency and Program Budgeting."** Based on a request from the Ministry of Finance and Economy, which expressed the need for longer-term on-site support for implementation of program budgeting, BEP placed its Public Finance Management Expert, Majda Sedej, on site in the MoFE Budget Department for 25 to 30 hours per week to help manage the process of implementing program budgeting and to ensure that proper technical assistance is provided by BEP to the Budget Department whenever necessary.

BEP supported the Budget Department in redesigning the procedure for determining priority areas of financing and spending limits of budget users – budget users are required to link their proposed expenditures to strategic goals and policy measures through programs and projects. BEP helped restructure the Instructions for Priority Areas of Financing, a document used by the Ministry to collect financing proposals from budget users. Based on the submissions of the budget users, the Government decides on priority expenditure areas and spending limits of budget users. In this year's budget cycle, starting with sending out the Instructions, the Ministry is making a shift towards program and performance-oriented budget: budget users are now required to link their proposed expenditures to strategic goals and policy measures through programs and projects. This will allow the Government to make better-informed decisions on priority spending areas and limits of budget users, based on costs of policy measures proposed by the budget users and their relevance to the implementation of national strategic goals.

BEP held consultations with 15 ministerial budget users on program budgeting. BEP teamed up with officials from the Budget Department to consult with representatives from 15 line ministries responsible for budget preparation and strategic planning and provides instructions on how to develop program classifications. To facilitate the workshops, BEP engaged Ms Ivana Jakir Bajo, Head of the Budget Department in the Ministry of Finance in Croatia, who has extensive hands-on experience in introducing program budgeting and performance indicators. The series of consultations, set-up by BEP, was the first direct effort the Government has made to help budget users adopt performance-oriented budgeting.

BEP also held consultations with 35 extra-ministerial budget users on program budgeting. BEP

teamed up with officials from the Budget Department to conduct one-on-one and group consultations over the course of five days in March. BEP and the Budget Department provided instructions on how to develop program classifications and prepare next year's budget in line with program budgeting rules. Among the 35 beneficiaries were the Fiscal Council, The Anti-Corruption Agency, The Ombudsman of Republic of Serbia, and the Environmental Protection Agency.

Under **Objective 1, Task 5, "Improvements to Fiscal Policy, Strategy and Analysis,"** work on the grant to review and analyze state aid programs was terminated, based on the lack of cooperation from the MoFE. The MoFE needed to provide the grantee with data on the state aid programs being reviewed, but it is clear that the Ministry is unwilling to provide the detail. Thus BEP will provide the methodology to the MoFE to internally review the programs. In addition, BEP plans to prepare a policy note on the need to reorganize state aid programs from legal framework, economic, and transparency perspectives.

Under **Objective 2, Task 1, "Improving conditions for public investment in and trading of government debt,"** BEP discussed the issue with the PDA Director and his Deputy and began assistance to the PDA in designing a retail government debt program. Adequate retail debt instruments and distribution channels will build demand from households and citizens achieving a more diversified issuance of government debt. In addition, we are exploring the possibilities for a study tour.

Under **Objective 2, Task 2, "Assistance to Improve Debt Management Systems, Analysis and Capacity,"** BEP completed its two-month 10-session public debt risk management training. The training developed the capacity of the PDA's Middle Office staff to calculate and interpret various public debt portfolio risk indicators, forecast crucial macroeconomic parameters, and utilize those forecasts in a tailor-made probabilistic DSA model to project public-debt-to-GDP levels in the medium-term. In order to institutionalize the PDA's capacity to conduct, for the first time ever, a sound debt sustainability analysis, BEP delivered to the PDA a documented set of instructions on the DSA methodology and the Excel/VBA model, with guidelines on economic data retrieval and usage of econometric analysis software (JMULTi). In training evaluations, participants gave very high marks for the series of trainings.

BEP helped the PDA to: 1) analyze cost/benefit aspects of its current debt management system, enabling it to 2) refuse an inadequate offer from the current software vendor, and 3) request resolution of all outstanding debt system issues. Due to the large size of the grant provided by the European Commission to develop, procure, and implement the current debt system (from 2006 to 2008) additional time and the last chance has been provided to the software vendor to try to resolve outstanding debt system issues (deadline is May 7th 2013). In the meantime, the PDA made a strategic decision to test the suitability of one or two well-established off-the-shelf public debt management systems (UNCTAD's DMFAS or CS' DRMS). Per PDA's request, BEP will assist with the assessment of the potential new debt systems in the second quarter 2013.

BEP also discussed with the World Bank its possible support to the PDA for the procurement of a new debt system.

Under **Objective 3, "Technical Assistance to Advance the GoS Macroeconomic Strategy,"** BEP with grantee FREN, an economic think tank, conducted a study on the shadow economy in Serbia. BEP developed the study, "Shadow Economy in Serbia: New Findings and Recommendations for Reform," in order to increase awareness among the general public of the risks and costs to society linked to undeclared work; positive effects of full payment of taxes and the insurance nature of social security contributions, as well as the need for political support for urgent reforms to combat the shadow economy. This was the first study dealing with this topic in the last fifteen years. The study was based on the analyses of the key stakeholders, combined macroeconomic and microeconomic statistical data, as well as on the geographical and sectorial analyses based on a survey of 1251 business entities. It presents a landmark for combatting the shadow economy in Serbia, focusing on specific issues and recommendations, including the sectoral analysis.

BEP first presented some findings of the study at the Kapaonik Business Forum. BEP hosted a panel

discussion on “Shadow Economy in Serbia and its Impact on the Economy.” The panelists were three business representatives, speaking about their day-to-day problems and experiences with the shadow economy, and Professors Branko Radulovic and Mihail Arandarenko, who presented some of the key findings and recommendations of the study. All panelists agreed that the extent of the shadow economy could be decreased by reducing the financial attractiveness of undeclared work through better design of tax systems, administrative reform and simplification, further improvement of labor law and strengthening the surveillance and sanction mechanisms, with the involvement of labor inspectorates, tax offices and other relevant state institutions. The panel attracted about 150 attendees, including government officials, prominent Serbian private sector representatives, international economists, and journalists.

For the official release of the full study, BEP organized a Conference On "Shadow economy in Serbia: New Findings and Recommendations for Reform," pictured at right. Professor Gorana Krstic presented the study and divided the causes of the shadow economy in Serbia, estimated at 30.1% of GDP in 2010, into those arising from: the tax system (high burden on labor; complicated tax procedures; inadequately organized, trained, and equipped Tax Administration), labor market institutions (high fiscal burden on lower wage levels; high minimum wage; certain rules under the employment protection legislation) financial sector (high share of cash transactions in total transactions; informal sources of financing; unregistered remittances from abroad), and other institutional and economic causes (low productivity; economic crisis; high illiquidity and corruption; inefficient market exit system; high administrative burden on businesses).

Professor Friedrich Schneider, the most recognized expert in this field who was also engaged in the development of the study, presented an international comparison of the estimated levels of shadow economy in other European countries, pointing that only Bulgaria had a larger informal economy than Serbia. In a panel discussion on "The Impact of Labor Laws, Tax Policy, and Business Regulation," Milica Busic, tax policy advisor at the Ministry of Finance and Economy (MoFE) supported the findings stating that the Tax Authority will implement a number of outlined recommendations. Dragoljub Rajic, Director of Employers Union, offered the business perspective on the solutions to decrease shadow economic activity. The Conference was opened by Lee Litzenberger, Deputy Chief of Mission at the US Embassy and attended by more than 130 representatives from the private and public sector, international donors and credit institutions, academia, and media attended the conference. Over forty media reports from the event emphasize the importance of the study.



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Component 3

BEP undertook activities that cover multiple Component 3 Tasks:

BEP took part in a meeting on the Belgrade Initiative, a banking forum that was held on March 8. The meeting, hosted by the National Bank of Serbia (NBS) and jointly sponsored by the International Monetary Fund (IMF), brought together the largest banks operating in Serbia, their parent banking groups, home country regulators from Austria, France, Greece and Italy, and the Serbian authorities. Representatives of the IMF, World Bank, European Bank for Reconstruction and Development, European Investment Bank, European Banking Agency, European Systemic Risk Board, European Central Bank, European Commission and of the chairman of the Vienna Initiative also participated. The participants in this high-level financial sector meeting discussed prospects for the Serbian

economy and financial system, parent bank strategies in local markets, and the part played by the Serbian subsidiaries in operations of the banking groups. The main issues discussed were non-performing loans (NPLs) that are an increasing impediment to the growth of the Serbian economy, and the development of the local capital market and actions needed to strengthen the role of the dinar ("dinarization") in the economy.

Under **Objective 1, Task 1, "Assistance to Build Supervision Capacity of Securities Commission,"** no activities were conducted. Pursuant to BEP's Year 3 Work Plan, activities are to commence in June.

Under **Objective 1 Task 2, "Improve Disclosure of Information in Compliance with the Legal Requirements and the best International Practice,"** BEP finalized the procurement for software that will, among other things, enable establishment of Official Register of Information.

Under **Objective 1 Task 3, "Improve Capital Market Legislation,"** BEP is participating in a Joint Working Group on Harmonization of Securities Regulation, per MOFE's Request. The Working Group involves representatives of all relevant government entities, industry, market participants and the donor community. More than 20 Laws are identified in the area of the capital markets and securities industry. Most of them were developed individually, and are inconsistent with each other. Thus the Ministry decided to establish five sub-groups to deal with assuring the compliance of the laws and foster the development of capital markets in Serbia. BEP will provide technical assistance regarding the key Laws affecting the market: Capital Market Law, Takeover Law, Investment Fund Law and Company Law. BEP will also review other changes of the capital market regulatory framework in order to ensure that the changes are in a line with the best EU and international practice. The working group shall finish its work by summer 2013, in order for all proposed amendments to be adopted in the fall.

Under **Objective 2 Task 1, "Assistance in Development of Legal Framework for Commodity Exchange,"** BEP is an active participant in the Working Group for Commodity Exchange Law. The Ministry of Foreign and Internal Trade and Telecommunications (MoTT) appointed BEP as a member of the newly established Working Group for reviewing and finalizing the draft Commodity Exchange Law. The Government of Serbia included the Commodity Law as one of the priorities in its 2013 legislative action plan. The Commodity Exchange Working Group commenced its work with a visit to the Produktna Berza Novi Sad and a detailed assessment of the current practice and experiences in commodity trading in Serbia. This assessment was undertaken to ensure that the new law will be implementable. During the visit, members of the working group analyzed the current state of spot and forward commodity trading, clearing and control. In addition, the Ministry of Internal and External Trade and Telecommunication introduced the working group members with the procedures and steps in drafting and adopting the laws in order to ensure a well informed and efficient drafting. After the visit, the working group met and developed a concept paper to be used as a starting point in law drafting. The working group had two more meetings in March and made significant process in drafting this new law. The Working Group will meet the deadline set by the Ministry to finalize the first draft of the Commodities Exchange Law and initiate public consultation in May 2013.

Under **Objective 3, Task 1, "Assistance to Identify and Develop the key Regulatory Criteria for Developing a Government Debt Market,"** BEP is providing assistance to the Public Debt Administration in designing a retail government debt program. The PDA requested BEP's assistance on designing adequate retail debt instruments and distribution channels. The PDA would like to build demand from households and citizens in order to offer individuals secure and diverse investments with low fees on the one side, and to provide the government with additional source of funding at the lowest possible cost on the other side. BEP will provide assistance in comparative analysis of government debt programs available to retail investors in relevant countries and will present to PDA viable options for further program design.

Under **Objective 4, Task 1, "Assistance in Development and Implementation of Access to Finance related Laws,"** BEP helped liberalize VAT payments for SMEs. In its *White Paper on SMEs Finance*, BEP recommended a set of reforms targeted at improving the liquidity of Serbian

businesses through the liberalization of VAT payment for SMEs, including the introduction of cash-based payment rules and the reduction of waiting times for tax refunds. In September 2012 the MoFE initiated reforms of VAT by introducing cash-based payment for firms with turnovers of between RSD 8 million and RSD 50 million; the Serbian Parliament subsequently adopted these amendments. This week, in addition to cash-based payment for smaller firms, the MoFE announced a reduction in waiting times for tax refunds. The VAT refund period will be reduced from 45 to 30 days, and, for exporters, from 15 to 10 days (<http://mfp.gov.rs/newsitem.php?h=1&id=8100>). The definition of “exporter” has also been improved: a company is considered to be an exporter where more than 50 percent of its output is exported, compared to the previous threshold of 70 percent. Improving liquidity and access to finance for SMEs is one of the main preconditions for Serbian economic growth.

BEP also helped improve the legal environment for factoring. The Factoring Law working group, supported by BEP, finalized the draft law. In advance of the new law being sent to Parliament, BEP organized training on factoring for the National Assembly’s Finance Committee. During the training session, held as a part of series of trainings that BEP conducts with the Parliament. Mr. Ognjen Terzic, Director of the Factoring Department at the Export Credit and Insurance Agency (AOFI), presented the key features of factoring, the benefits of using this instrument for small and medium enterprises, and the reasons for introducing the Factoring Law. In the course of the ensuing discussion, Mr. Terzic answered multiple questions on how factoring could support the growth of the Serbian economy and what the long-term benefits of creating a functional factoring environment were.

Under **Objective 4, Task 2, "Strengthen the Government's Capacity, Approach, and Coordination for Improving Access to Finance,"** BEP played a key role in the MoFE's efforts to develop means to spur more finance to SMEs. BEP helped the MoFE design a pilot grant scheme on equipment financing. In order to improve access to finance and support SMEs growth, the MoFE created a pilot grant scheme that will promote and ease equipment financing for SMEs. The main goal of this pilot project is to increase the demand for investment loans, while enabling easier long term lending without requests for heavy, real estate collateral. BEP helped the MoFE to design a transparent and feasible program and to increase the cooperation between the state and the banking sector. The MoFE has tendered the program for bank participation and the pilot is expected to be launched in first half of 2013.

BEP is also working with the Ministry to establish a new SME Council that needs to play a pro-active role in improving the financial and regulatory environments for SMEs, and must operate efficiently and consistently. The setting of its organizational structure and drafting of necessary bylaws and action plan are in progress. The SME Council will be established in April 2013. The MoFE will join BEP in a series of seven roundtables throughout Serbia aimed to promote recommendations outlined in the White Paper and gathering relevant feedback from the private sector that will help inform our work in helping the MoFE develop a new SME Development Strategy. The first roundtable will be held in Sabac on April 16.

BEP White Paper Recognized as an Important Guideline for Improving Access to Finance

The GoS and Serbian business community continue to demonstrate their reliance on BEP's White Paper on SMEs Access to Finance as a guide to reform in access to finance, incorporating our recommendations into their action plans. In addition to the Ministry of Finance and Economy's use of the White Paper in developing the new SMEs Development Strategy 2014 to 2020, the business community intensively promotes and discusses the White Paper's recommendations. The Serbian Association of Employers posted the Access to Finance White Paper on their home page emphasizing BEP's analysis on challenges faced by the women owned SMEs and inviting all members to read it and react. As a result of members' reactions initiated by the White Paper recommendations, the Association of Employers provided two proposals to be further discussed and developed (<http://www.poslodavci.org.rs/vesti/privredi-potrebni-jeftiniji-izvori-finansiranja?id=165>). The first one considers the idea of forming of a credit cooperative owned by SMEs, and the second idea promotes strategic partnerships and risk sharing with large insurance companies or banks. In addition, the Regional Chambers of Sombor and Zajecar, as well as the National Association of Valuers of Serbia (NAVS) quoted and posted the Main Study and the White Paper on their websites. The NAVS emphasized the recommendations related to improving the collateral valuation process.

Under **Objective 4, Task 3, "Improve Information Collection and Dissemination of SMEs Financing Data,"** there were no activities. Pursuant to BEP's Year 3 Workplan, activities will commence in June.

Under **Objective 4, Task 4, "Improve Effectiveness of State Financing Support,"** as detailed above (Objective 4, Task 2), BEP helped the MoFE design a pilot grant scheme on equipment financing and the MoFE is in the process of publishing invitation letter for the banks and BEP will support them in evaluation process.

Under **Objective 4, Task 5, "Streamline Financial Regulations that Affect the Cost and Flexibility of SMEs Lending,"** BEP developed the scope of work and is in the process of hiring STTA to conduct standard cost model analysis on selected credit regulations.

Under **Objective 4, Task 6, "Strengthen Professional Services Supporting Access to Finance,"** BEP and National Bank of Serbia (NBS) organized a Roundtable on Improving Real Estate Appraisal in Serbia. BEP's White Paper on access to finance recommends improving collateral valuation in order to decrease overcollateralization in Serbia and enable businesses to access more capital. As a part of the implementation of this recommendation, BEP provided the NBS with consulting assistance and an expert report that included a baseline assessment of Serbian appraisal practices, as well as regional and EU best practice. As a follow-up, BEP organized a roundtable entitled "Improving Real Estate Appraisal in Serbia," which was held at the NBS on February 21. Among some 40 attendees were staff of the NBS, officers of the National Appraisers' Association and the Banks' Associations, a representative of the World Bank, high level bankers, and officers of audit and appraiser companies. The Vice Governor of the NBS, Ms. Diana Dragutinovic, and USAID Mission Director Susan Fritz opened the roundtable; their opening addresses were followed by two expert presentations. In a lively discussion that followed, the participants used the opportunity to voice their opinions, suggest possible solutions for improving real estate appraisal services and standardize appraisers' profession, and highlighted the need to continue with this important initiative. All inputs received will be used by the NBS to decide on the adequate models for aligning current appraisal regulation and practice with best international standards of real estate valuation.

Under **Objective 4, Task 7, "Strengthen the Capacity and Market Position of SME's,"** BEP participated in the third SME Council Meeting of National Alliance for Local Economic Development (NALED). As a part of the BEP's initiative to increase cooperation between business associations in improving access to finance for SMEs, BEP made a presentation to NALED's SMEs Council on the main recommendations from the BEP Access to Finance White Paper. The project summarized its findings, and led a discussion on possible models of joint activities with SMEs business associations. NALED's SMEs Council has already started various activities devoted to improving business conditions, mainly dealing with regulatory issues (legislative and administrative constraints regarding tax and health insurance, accounting and auditing issues, etc.). Its members are very much interested in advocating improvements in the financing of SMEs and in exploring how to be more proactive in this area. In the following weeks, BEP will address similar issues together with NALED's roundtable

of Local Economic Development Offices, as well as with the NALED's Banking and Finance Committee. By the end of April 2013, BEP will have covered most SME-related business and professional associations, and will establish strong national advocacy on the need to improve SMEs financing.

Under **Objective 4, Task 8, "Strengthen Credit Enforcement (in and out of Court),"** BEP conducted training of Professional Enforcement Officers. This activity is discussed in detail above (Component 1, Objective 1, Task 3).

Under **Objective 4, Task 9, "Outreach and Awareness Building on Access to Finance,"** BEP and its partners continued to use BEP's White Paper on Access to Finance to advocate for reforms that will increase financing for SMEs. The White Paper was included in GoS Report on Small and Medium-sized Enterprises and Entrepreneurship. The Ministry of Finance and Economy, Ministry of Regional Development and Local Self-Government and National Agency for Regional Development published a "Report on Small and Medium-sized Enterprises and Entrepreneurship 2011." During the preparation of the Report the authors worked closely with BEP and used the project's detailed analysis of SMEs access to finance. The Report's chapter VI - "Analysis of key problems and barriers to SME development and recommendations for future improvements of SME support measures" presents BEP's analysis of the critical issues and its recommendations that were published in "Financing the Growth of SMEs – White Paper for the Government of Serbia". State Secretary Ljubic, in his introductory note, pointed out the significant contribution of BEP and other donors in preparing a reliable and comprehensive policy report. The Report is published on the National Agency for Regional Development's web page http://narr.gov.rs/index.php/narr_en/Documents/Research-and-Analysis.

BEP's recommendations to improve SME access to finance were featured in the national business magazine NIN. NIN Magazine published an article written by BEP Financial Markets Advisor, Anthony Sinclair, discussing the importance of improving access to finance for SME's. Mr. Sinclair listed and discussed top priorities for the Government, including improving implementation of enforcement of debts, streamlining regulatory framework and improving the use of state support. The article also talked about the importance of SMEs for economic recovery and long-term development. NIN is one of the top two business magazines in the country with an estimated circulation exceeding 20,000 readers.

Outreach

During the quarter BEP generated 121 media reports, all with a positive or neutral tone. BEP's outreach activities reached nearly 2 million people.

In this period, BEP launched the Study "Shadow Economy in Serbia - New Findings and Implications for Economic Growth." The launch of the first comprehensive study related to the shadow economy attracted huge interest of the media representatives resulting in over 20 journalists covering the story which finally resulted in over 40 positive media reports. The National Television of Serbia (RTS) dedicated very popular economic talk show "OKO magazin" to the findings of the Study <http://www.youtube.com/watch?v=PGPZNgLSJ60>. The findings of the Study were released on March 20 in Belgrade and were discussed at the Kopaonik Business Forum, where BEP organized discussion on the negative impact of the shadow economy on the economic growth of the country.

BEP started a series of seven roundtables throughout Serbia to ensure that local institutions and businesses are well informed on the progress the Project has made. This follows up on roundtables conducted two years ago, when USAID gathered businesses' and communities'



priorities for business environment reforms. The roundtables have received substantial local media attention, and have even garnered attention from the national media. On March 27 on the roundtable organized in Nis, Verica Kalanovic, Minister of of Regional Development and Local Self-Government asked USAID BEP to speak on the roundtable and give additional credibility to the promotion of the results. That roundtable resulted in more than 20 positive media reports.

BEP's "Konkretno" campaign on Social Media continued to reach a large amount of citizens and businesses. The online campaign is now primarily focused on Access to Finance related topics. BEP uses four social networks Facebook, Twitter, Youtube and LinkedIn. BEP's Facebook fan page [facebook.com/konkretnosrbija](https://www.facebook.com/konkretnosrbija) reached a steady number of more than 3,000 followers, with 134 different posts. The most popular stories on BEP's Facebook fan page are:

- Video with SMB representatives ([FB POST LINK](#))
 - Reach – 609,963 users
 - Engagement – 4,757 users
 - Talking about this – 1,135 users
- Link to the Konkretno website ([FB POST LINK](#))
 - Reach – 542,697 users
 - Engagement – 2,611 users
 - Talking about this – 670 users
- Video testimonial for Labor Law ([FB POST LINK](#))
 - Reach – 391,015 users
 - Engagement – 3,752 users
 - Talking about this – 1.313 users

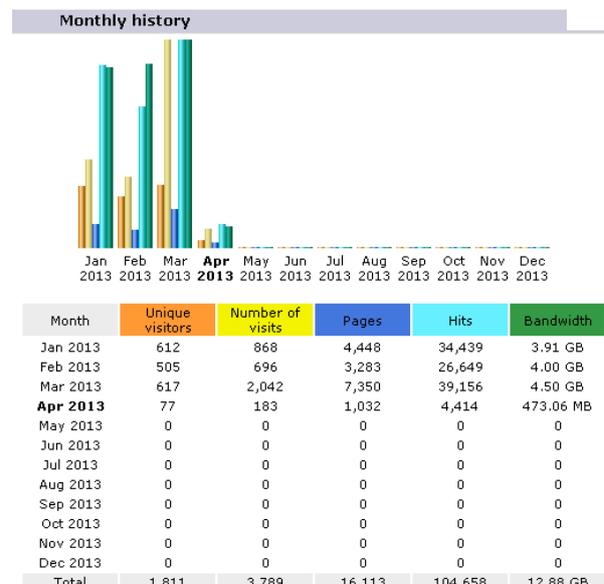
BEP's twitter account www.twitter.com/konkretnosrbija has 190 followers, mainly from the media, government, and experts (Change: +46) with more than 130 published tweets.

BEP's YouTube channel [youtube.com/konkretnosrbija](https://www.youtube.com/konkretnosrbija) has a total of 10,914 video views. BEP's LinkedIn account www.linkedin.com/groups?gid=4635673 has 31 group members. This number is achieved by directly inviting other users with 128 published stories.

BEP's interactive website, www.policycafe.rs, provides a means for dissemination of research and analysis on issues related to BEP's three components allowing users to provide input and feedback.

Based on our web analytics, visits to the website have reached a steady and constant number of total visitors with approximately 600 unique visitors on monthly basis (see chart).

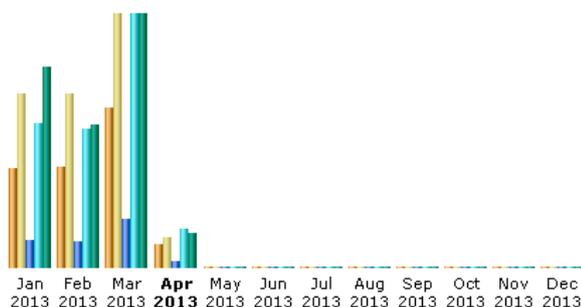
So far the policy café has more than thousand different articles, publications, policy notes, useful links and information with content updated on regular basis, being a solid ground for further expansion of its popularity.



In the future period BEP will focus on further publicizing and expansion of its popularity, making the visual concept more modern and attractive to visitors, with an emphasis on relevant, brief, clear and

easy-to-access information.

The BEP website, www.bep.rs, continued to have a large number of visitors, as shown by the adjacent chart. The BEP website contains information about the project, grant solicitations, media appearances, and partners. The BEP website (bep.rs) has continued to show an increase in number of visits with a steady average of 68 unique visits per day (March 2013).



Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
Jan 2013	837	1,470	5,927	31,453	1.32 GB
Feb 2013	850	1,471	5,582	30,093	968.08 MB
Mar 2013	1,345	2,136	10,411	54,984	1.68 GB
Apr 2013	192	250	1,509	8,309	235.80 MB
May 2013	0	0	0	0	0
Jun 2013	0	0	0	0	0
Jul 2013	0	0	0	0	0
Aug 2013	0	0	0	0	0
Sep 2013	0	0	0	0	0
Oct 2013	0	0	0	0	0
Nov 2013	0	0	0	0	0
Dec 2013	0	0	0	0	0
Total	3,224	5,327	23,429	124,839	4.17 GB

Grants

BEP will launch the third **Annual Program Statement (APS-2013-01)** on April 2, 2013 following the official approval of the Year 3 Workplan 2. Through this solicitation BEP will seek Expressions of Interest (EOIs) and applications from eligible organizations that present creative technical approaches and methodologies for advancing the BEP's objectives and generating results in support of those objectives.

To date, the grants awarded by BEP were mostly dedicated for the analyses, research, surveys and studies, as well as for round tables and conferences. These activities were aimed at promoting new policies and good implementation of existing policies that support private sector development. During 2013, the focus of the BEP's grant program will be on activities in support of implementation of reforms that will improve business conditions throughout the country, and that are in line with recommendations identified in the conducted researches and studies. This could include: facilitation of reforms in many key business environment and economic policy areas, identified as priorities by the business community, with a significant economic impact, and that have been agreed to by the Government of Serbia (GoS); advocacy for policy change; and further support to capacity building with BEP's counterparts in GoS and business associations. Some outreach activities, mostly carefully designed conferences and topic-based round tables, may also be supported through the grant program.

Under the APS, BEP will award grants in the range of USD 5,000 to 40,000 for a maximum implementation period do for one year. The deadline for submissions is December 2, 2013.

CONTRACT SIGNING

In the first quarter, BEP decided to award the grant RFA-2012-07 and contracted the Serbian Management Centre (SMC) for the "Management training for public officers working in governmental institutions in the Republic of Serbia" project. The aim of the grant is to design and implement comprehensive leadership and change management training program for public officers working in Serbian governmental institutions, in order for them to better accomplish reforms and to successfully implement new legislation. The total project budget is 29,810 USD and the project will be implemented until June 22, 2013.

USAID's BEP signed the grant agreement with the Serbian Association of Managers (SAM) for the implementation of the project "Strengthening the Voice of Managers" aimed at strengthening a

public-private dialogue between the representatives of the business community, GoS and creators of economic policies, by organizing high-level forums of managers and two working breakfasts. The grant has been contracted within APS-012-01. The total value is 14,192 USD and the project will last until July 3, 2013.

PROPOSALS FOR SUPPORT UNDER CONSIDERATION

BEP considered thirteen Expressions of Interest in response to BEP APS-2012-01, that were submitted by the deadline on December 20, 2012, at the Grants Selection Committee meeting held on January 24, 2013. Although some project ideas were interesting initiatives, they could not be supported, as they either were not in line with the BEP's objectives, tasks and priorities, or the requested amount exceeded the availability of BEP's financial resources for grants for 2013. One project proposal "Bank Collaboration to Improve SME Access to Finance", submitted by the Center for Advanced Economic Studies (CEVES), was considered as relevant for the BEP and the Committee members decided to further discuss certain project activities proposed in EoI with the applicant and consider them for support. BEP conducted consultative meetings with the applicant and is expecting a full proposal.

USAID's BEP deliberated three bids received in response to BEP's Request for Proposals (RFP)-2012-02 for Development of Document Management System and Public Register System. Following the competitive procedure and the evaluation process, the Evaluation Committee (EvC) members positively evaluated the bid submitted by the TEAMNET World Professional Services, as the strongest proposal, with excellent team and the most favorable financial officer. USAID's BEP prepared a procurement plan and review documents for the Independent Verification and Validation Review and RC's approval. USAID Bureau for Management/Chief Information Office (M/CIO) ADS 548 Review approved the documents and recommended to proceed further. USAID's BEP will award the successful bidder through a purchase order, upon approval of the RC office. The ultimate beneficiary of this software is the Securities Commission with whom the USAID' BEP will sign an in-kind grant agreement, that will facilitate its efforts to assure good market regulation and supervision. BEP will award the bidder with 99,948 USD over the eight-month period.

NEW RFAS

USAID's BEP launched the Request for Applications (**RFA**)-2013-01 for Developing an Alternative Legal Framework for Improving Construction Permits in Serbia, and received three proposals by the deadline for submissions on March 8, 2013. The GSC members decided that none of the applicants could successfully meet the requirements of the RFA and achieve the desired objectives with proposed team. The Committee considered several options and finally decided to reissue a new RFA with more specific requirements. Considering the urgency of reform in the construction permits system, the Committee recommended the RFA to be open for a shorter period of time than usual, i.e. for two weeks. RFA-2013-01/R was reissued on March 15, 2013. The purpose of the revised RFA remained the same, i.e. to solicit applications for a) preparation of an unambiguous concept of improved construction permits system, including description of reformed institutional setup, legal responsibilities and process flows, and b) development of a legal framework to implement that concept into Serbia's legal system. The new RFA contained more detailed information and specific guidance for applicants. BEP held an information session in relation to the published RFA on March 22, 2013. The purpose of this public session was to present the framework of the BEP's wider efforts towards construction permitting reform, the specific objectives of the current RFA, and to address all other technical and administrative concerns and questions posed by potential applicants. USAID's BEP posted all Q&A at BEP's web site. Three applications were submitted by the deadline, on March 29, 2013, and the decision on the award will take place on April 1, 2013. USAID's BEP intends to award a grant of up to 50,000 USD to be allocated over a twelve-month period.

The total amount of awards to date is **\$ 913,307**. The Grant Status is attached as Attachment 5.

In addition, three grants have been already committed with the cumulative amount of **\$ 219,948** (see table below).

Contracted	\$ 913,307
<i>Exchange rate difference</i>	<i>\$ 13,289</i>
<u>Committed</u> In-kind RGA (\$ 70,000) In-kind Securities Commission (\$ 99,948) RFA-2013-01 – Construction permitting (\$ 50,000)	 \$ 219,948
Total awarded and committed (A-B+C)	\$ 1,119,966

Total disbursed funds until March 29, 2013 amount to 709,351 USD.

MONITORING

Grantees have been regularly fulfilling the contracted milestones (apart from the two grants, see below in *Grant agreement Modification*), and therefore eight payments were initiated in the reporting period for accomplishment of milestones as per their grant agreements. As part of regular monitoring activities, BEP's grants manager paid field visit to Serbian Association of Managers.



Serbian Association of Managers (SAM) organized a Working breakfast within the BEP's grant APS-2012-01-7 "Strengthening the Voice of Managers" on March 21, 2013. This grant is geared towards supporting a productive and open dialogue between the business community, GoS and creators of economic policies, and providing further development of managers' profession. The specific objective of the Working Breakfasts is to increase managers' knowledge on

current regulatory issues, needed legislative reforms, access to finance and corporate governance standards, thus helping them better prepare their business to comply with complex changes in business environment. The topic of this Working breakfast was the new Codex of Corporate Governance. Speakers at the event were Vida Dzagic, Deputy President of the Serbian Chamber of Commerce and Industry, under whose auspices the new Codex have been done, and Veronika Tasic from the Pricewaterhouse Coopers. Mrs. Dzagic addressed the issue of practice of Corporate governance in Serbia with the special emphasis on the family business in Serbia, as well as the scoring system of evaluating the success of application of corporate governance (SCORECARD), while Ms. Tasic focused more on the advantages of introducing corporate governance in businesses. The event was well visited with over 30 representatives from both big corporations, as well as from SMEs - Petroleum Industry of Serbia (NIS), cable operator SBB, Telekom Srbija, BelMedic clinic, Adecco, Adizes (ASEEE Srbija), Blumen group, etc. The grantee is respecting the contract obligations, both content- and time-wise and meeting the milestones.

GRANT AGREEMENT MODIFICATION

BEP approved and signed three no-cost modifications to the grant agreements with Represent Communications and Balkan Investigative Reporting Network in Serbia, BIRN. The changes included

the following:

Represent Communications for RFA-2012-03 "Business Enabling Project PR/Outreach Campaign" grant.

Changes: Deliverables/grant milestones and payment schedule, and extension to the period of performance of the grant agreement.

The modification entails extension of the period of performance of the grant agreement, revision of project activities resulting in the change of deliverables/grant milestones schedule. According to the Modification, the Grantee will focus on outreach activities for Access to Finance for SMEs area. A new implementation plan includes some new activities and tools, and clarifies the messages towards the relevant target groups, geared towards improving the access to finance to SMEs. The Grantee will organize seven small-scale events in the towns of Subotica, Zrenjanin, Nis, Jagodina, Krusevac, Sabac and Zajecar, together with the Regional Chambers of Commerce and other partners. The goal of these events is to present to the local business community the BEP's Study on Access to Finance to SMEs and the Recommendations, as well as to discuss important issues pertaining to the upcoming drafting of the Strategy for development of SMEs. This change is reflecting the budget revision, however the total grant amount will remain unaltered. All other terms and conditions of the agreements remained unchanged.

Balkan Investigative Reporting Network in Serbia, BIRN Serbia for APS-2012-01-5 "Citizen's Budget Guide" grant.

Changes: Extension to the period of performance of the grant agreement

BEP signed two modifications to the grant agreement with the Balkan Investigative Reporting Network in Serbia, BIRN Serbia for APS-2012-01-5 "Citizen's Budget Guide" grant. Both modifications entailed extension of the period of performance of the grant agreement – the first one was for one month, while the second one for additional two months.

The arguments presented in the request lie in the fact that the two personnel changes in the Ministry of Finance and Economy, since the onset of the project, caused a delay in the final stage of the project implementation. Namely, both changes on the Ministry's staff had a direct effect on the persons responsible for the Guide, thus creating a vacuum in the project implementation, at the moment when the final version of the Guide had to be approved. In the beginning of March 2013 the Ministry of Finance and Economy appointed Ms. Verica Ignjatovic, Assistant Minister for International Cooperation, to be also in charge for granting the final official approval of the Guide, which would conclude the final phase of the project – printing and publically promoting of the Guide. The recent meeting with Ms. Ignjatovic and BEP's representatives indicated a firm commitment towards finalizing the Guide, which was the reason for granting the second extension to the grant. According to the Modification 2, the project activities should be finalized by May 22, 2013. All other provisions of the grant agreement remain unaltered.

GRANT AGREEMENT TERMINATION

BEP decided and notified the Grantee, BDO Business Advisory, on the termination of the grant RFA-2012-04 for Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere, pursuant to the Grant agreement, Section C.8. The reason for this termination decision, dated March 21, 2013, is that the Fixed Obligation Grant tasks and milestones, as indicated in Section A.8, and Section B of the Grant Agreement, are not being met. BEP is aware that lack of cooperation from the Government, and thus lack of access to data, has been a significant constraints to achieving the tasks and milestones. In the absence of acquiring relevant data for the selected state aid programs from the Ministry of Finance and Economy, Department of State Aid Control and other relevant agencies, the Grantee cannot complete the evaluation of programs against criteria in the developed methodology, as outlined in the requirements by the Request for Application document. BEP is prepared to acknowledge part of the costs incurred in connection to the achievement of the second milestone, contingent on receiving the final report.

Financial Review

The following chart shows the billing to date through the end of March, 2013. This includes a projection for March 2013 based on the actual costs we have received from the field for the month of March.

	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%

Progress versus Workplan

BEP's progress versus the Work Plan is set forth in Attachment 3.

Progress versus PMP

BEP's progress versus the PMP is set forth in Attachment 4.

Challenges Encountered and Actions taken to Resolve them

The Ministry of Justice and State Administration has been slow in taking the leadership role in enacting a law on inspections, which is a key element of inspections reform. BEP and USAID directly advocated to the Ministry to move more quickly on this legislation. Several of BEP's business association partners also conducted advocacy and communications on inspections reform. As a result, the Ministry recently sent out requests to GoS ministries and other institutions to designate working group members.

Observations Regarding Implementation

The Project has a leadership role in many of the key policy reforms in Serbia, and BEP has managed to move the reform efforts forward in all of its activities. This appears to be due to BEP having comprehensive and clear recommendations in each area that are supported by exhaustive research and analysis, as well as the project's effective communications through the media, building business association coalitions, and quality technical assistance to implement the recommendations.

ACTIVITIES PLANNED FOR NEXT QUARTER

Noteworthy activities for the ninth quarter of the project, covering April 1 to June 30, 2013, will include:

Administrative and General Activities

- Implementation of grants for GoS management training and consulting and GoS intern program
- Project interns training
- RFA for annual business survey

Component 1

- Assistance to official Working Group for drafting legislation governing reform of inspections
- Outreach and cooperation with business associations (SAM, AmCham, NALED, PKS, etc.) on reform of business inspection system
- Support to the Ministry of Finance and Economy in continuation and monitoring of para-fiscal charges reform
- Completion and presentation of De-agencification study
- Concept of Construction Permitting reformed framework prepared, presented and vetted
- Work on drafting the new legislation and regulation governing construction permitting
- Analysis on land conversion and legalization of illegally constructed facilities completed
- Continuation of public-private dialogue (mainly, through roundtables) on labor framework reform
- Assistance for legal drafting related with labor legislation
- Continuation of activities on comprehensive monitoring of business environment in Serbia
- Value for Money Methodology in public-private partnerships completed and adopted
- Conducting education of stakeholders on new public-private partnership framework

Component 2

- Technical assistance to the BD in development of program budget framework and classification system, methodological instructions, and implementation plan
- Support to working group (WG) for PB implementation - facilitation of WG discussion and decision making
- Continuation of seminar series for Parliament's Finance Committee, Supporting Service, and MPs (topics will include Shadow Economy, State Aid, and exchange of regional experience in strengthening the role of the Finance Committee)
- Outreach of Citizen's Guide to 2013 Budget publication
- Assist the Fiscal Council With the Development of the First Fiscal Multipliers Study in Serbia
- Assist the PDA with the Testing of Potential New Debt Management System
- Prepare Follow Up Scope of Work For and Deliver the New Public Debt Risk Management

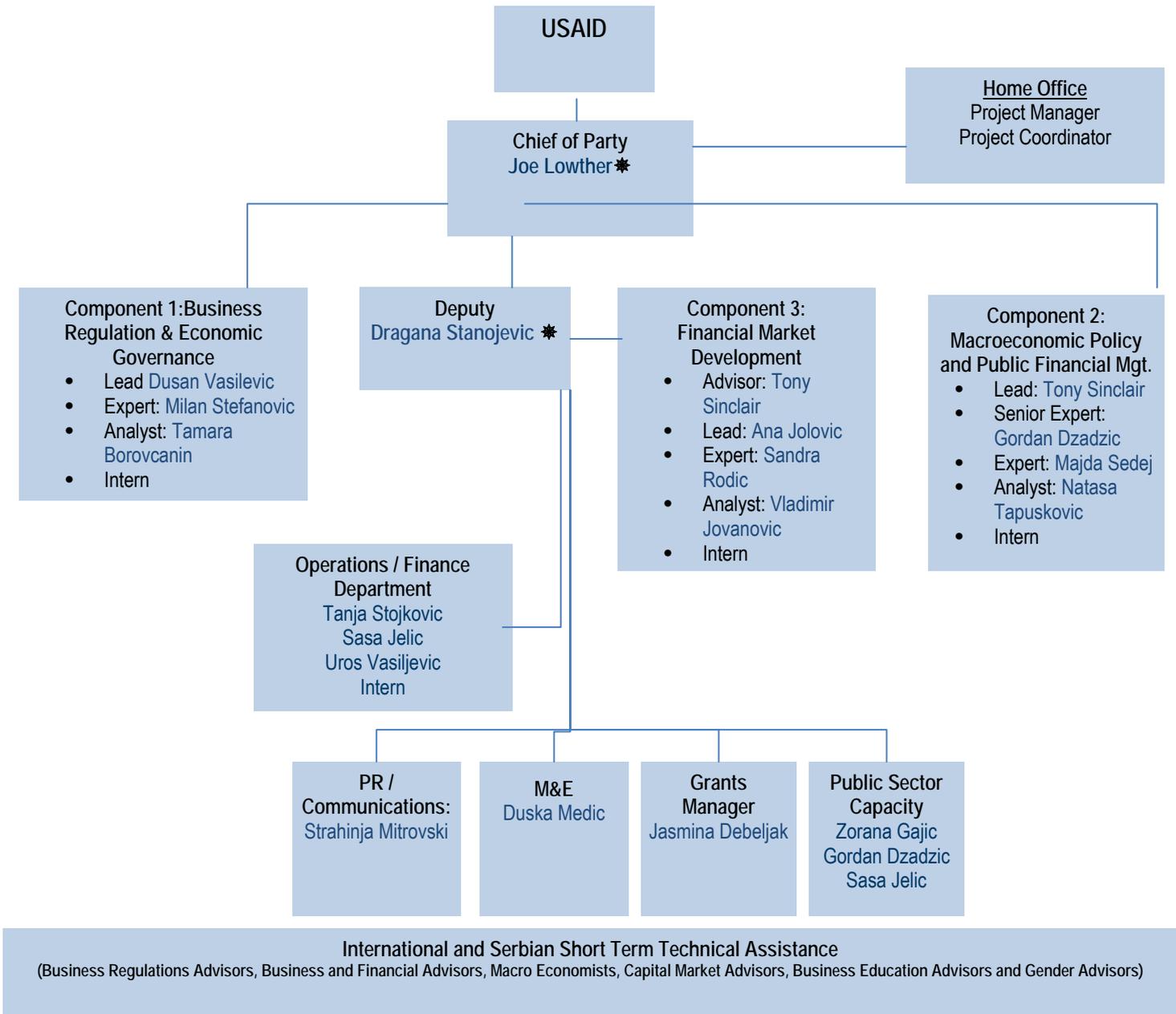
Trainings to PDA's Middle Office

- Study Tour for PDA's Middle and Front Office on advanced government securities auction platforms and how to apply risk analysis to Serbia's portfolio
- Assist the PDA in Designing Retail Government Debt Program
- Working Group on Improving Government Securities Markets
- Savings study
- State aid
- Shadow Economy: Presentation of the study and recommendation to MPs of Finance Committee in Parliament

Component 3

- Work with MoFE to establish SMEs Councils
- Support MoFE to release equipment grant scheme for SMEs
- Support SMEs Councils in developing new SMEs Development Strategy
- Organize seven regional roundtables with MoFE on access to finance in order to advocate for the reform, and collect inputs for the SMEs Development Strategy
- Organize internal briefing for MoFE and NBS on the role of NBFIs. In addition to that, organize workshop on the NBFIs' role for a broader group of stakeholders
- Support roundtable on overcollateralization to initiate dialog on constraints affecting secured lending
- Support Forum on trade-off between business growth and financial stability to start dialog on adequate financial system for Serbia
- Support advocacy for reform of the leasing related regulation, including organizing roundtable for all leasing companies on further joint activities and proposing amendments to relevant regulation
- Support for adoption of the Factoring Law and organize the Factoring Law outreach
- Finish initial engagement of business associations to advocate for access to finance reforms, and work on creating joint platform for access to finance reform
- Work on building awareness/outreach on the access to finance for SMEs
- Work on outlining and designing retail government debt program in order to achieve more diversified demand side
- Organize a study visit for PDA to Italian Ministry of Finance in order to achieve improved debt management systems, reporting, analysis, and capacity
- Sign a contract with a vendor for Securities Commission IT system, and start implementation phase
- Work with the newly establish working group on harmonization of securities regulation to ensure the compliance of the relevant laws and foster the development of capital markets in Serbia
- Organize a workshop for the working group on commodity exchange regulation to increase knowledge on international best experience and finalize the draft
- Start preparation for a study tour for the working group on commodity exchange regulation in order to resolve some practical issues before law is adopted, and increase knowledge essential for development of bylaws and implementation of the law including supervision
- Review the first draft of the Commodity Law and share it with a broader group of stakeholders in order to receive feedbacks.

ATTACHMENT 1: BEP WORK ORGANIZATION



ATTACHMENT 2: LIST OF MEDIA PUBLICATIONS

#	Date	Publication/Outlet	Title	Reach
1	08.01.2013.	Privredni Pregled	"Anyone can stop construction "	
2	11.01.2013.	Danas	" USAID will finance projects for employment in Vojvodina's municipalities	
3	17.01.2013.	Vreme	" Labor Law changes are required "	40000
4	18.01.2013.	Pecat	" Success and downfall of the most powerful woman in Serbia "	
5	21.01.2013.	www.vibilia.rs	" Joe Lauter , director of USAID BEP project in Serbia "	
6	23.01.2013.	www.akter.co.rs	"Businessman expect decrease in profits "	
7	23.01.2013.	www.beta.rs	" Bad grade for government of Serbia "	
8	23.01.2013.	www.bizlife.rs	"Low grade for government concerning removal of unnecessary procedures "	
9	23.01.2013.	www.blic.rs	" Senic: Serbia will improve her position with 2013. Budget "	
10	23.01.2013.	www.blic.rs	" Citizens guide trough budget in first half of February "	
11	23.01.2013.	www.danas.rs	" Serbia ranked poorly than last year "	
12	23.01.2013.	www.kredit.rs	'Businessman expect decrease in profits'	
13	23.01.2013.	www.nadlanu.com	"Low grade for government of Serbia concerning removal of unnecessary procedures "	
14	23.01.2013.	www.tanjug.rs	"Businessman in Serbia expect decrease in profits "	
15	24.01.2013.	Danas	" Serbia ranked poorly than last year "	
16	24.01.2013.	Nin	"Engines without fuel"	
17	24.01.2013.	Politika	"Business regulative in Serbia far from satisfying "	155000
18	24.01.2013.	Privredni pregled	" bad remark for regulatory framework "	
19	24.01.2013.	www.ekapija.com	" Low grade for two governments on regulatory progress – Naled & USAID presented the new instrument for observing government's performance "	
20	24.01.2013	Danas	"government of Serbia receives a bad report for regulatory framework in 2012"	
21	24.01.2013.	www.radiocentar987.com	"Low grade for two governments on regulatory reforms "	
22	29.01.2013.	www.inkluzija.gov.rs	"NALED & USAID Bep presented the regulatory index of Serbia and where they stand about the quality of regulatory surroundings "	
23	29.01.2013.	Danas dodatak	"Sandzak – extreme important subject "	

24	29.01.2013.	Danas dodatak	"Economic crisis and dividing between bosnjak people is the main problem "	
25	30.01.2013.	Danas	Advertisement	
26	30.01.2013.	Danas – poslovi	" Contribution to the general welfare"	
27	30.01.2013.	Danas poslovi	" Questions of conscience "	
28	31.01.2013.	Pazovacko Ogdalo	"How to better business ambience"	
29	1.02.2013.	Ekonometar	" Hard road to credits "	
30	2.02.2013.	www.novosti.rs	"Interest is expensive to entrepreneurs "	
31	3.02.2013.	Vecernje novosti	"Interest is expensive to entrepreneurs "	
32	4.02.2013.	www.kamatica.com	" Everything that hurts Serbian entrepreneurs"	
33	08.02.2013.	Danas	" First action purchase of hysteroscopy"	
34	08.02.2013.	Pecat	" Open with Sandzak throughout Serbia"	
35	08.02.2013.	www.kurir-info.rs	"Unemployment came up to 30% : 15000 more reduces "	
36	13.02.2013.	Danas - POSLOVI	"Faster to the goal"	
37	18.02.2013.	www.tanjug.rs	" For Law against shadow economy in Real estate"	
38	19.02.2013.	Kurir	" Museum of violence "	
39	21.02.2013.	www.parlament.gov.rs	"Seminar about analysis of efficiency in regulations "	
40	21.02.2013.	Vranjske	" The market of Kosovo is also important "	
41	24.02.2013.	www.brusonline.com	" Danilo Vukojcic – Faculty for business studies "	
42	25.02.2013.	Danas	" Judita Popovic is most active member of parliament from Banat "	
43	26.02.2013.	www.vibilia.rs	" How to improve financing of small and medium enterprises"	
44	27.02.2013.	Narodne novine	" How to achieve your rights "	
45	28.02.2013.	www.ekapija.com	" No introduction of additional fees for use of public property - Ministry of Finance prepared a draft of a new law"	
46	28.02.2013.	Danas	" Local authorities violated the rights of minorities"	
47	28.02.2013.	www.aleksinac.net	"In 2014 all fees in one law "	
48	28.02.2013.	www.juznasrbija.info	" In 2014 all fees in one law"	
49	28.02.2013.	www.mondo.rs	"Bisic: All fees in one place"	
50	28.02.2013.	www.bifonline.rs	"In 2014 all fees in one law"	
51	28.02.2013.	www.ekapija.rs	" No introduction of additional fees for use of public property - Ministry of Finance prepared a draft of a new law"	
52	28.02.2013.	Vecernje novosti	"730 million dollars "	590000
53	1.03.2013.	Privredni pregled	"Soon a new legal framework"	

54	1.03.2013.	Danas – Sandzak	“ Voting highest activity”	
55	1.03.2013.	Biznis I Finansije	“ Dead man crawling ”	
56	1.03.2013.	Danas	“ From 2014. All fees for the economy presented as a law”	
57	04.03.2013.	www.radiocentar987.com	“all fees in 2014 in one law ”	
58	06.03.2013.	Danas poslovi	“ In presence of fear and absence of conscience”	
59	08.03.2013.	Danas – Sandzak	“International donations should be aimed towards undeveloped areas”	
60	12.3.2013.	TV Vujic Valjevo	“ Reforming for easier business ”	
61	13.3.2013.	Danas	“Dialer ”	
62	13.3.2013.	www.ses.org.rs	“shadow economy damages the state and legal business”	
63	13.3.2013.	www.tanjug.rs	“shadow economy damages the state and legal business”	
64	14.3.2013.	Napred - Valjevo	“Reform against bureaucracy”	
65	15.3.2013.	Danas Sandzak	“The most active is youth office from Prijepolje”	
66	15.3.2013.	Korak	“ The entrepreneurs for order on the market”	
67	15.3.2013.	Privredni Pregled	“ Grey zone damages the country”	
68	18.3.2013.	www.novimagazin.rs	“ Serbia loses about 2 billion euros”	
69	18.3.2013.	www.novosti.rs	“ Without accounts billions pass by”	
70	19.3.2013.	www.b92.net	“ Million of losses from shadow economy ”	
71	19.3.2013	www.bizlife.rs	“Because of the shadow and black economy, 25% of incomes doesn’t get to the budget	
72	19.3.2013.	www.dnevnik.rs	“Grey economy damages the state and legal business”	
73	19.3.2013.	www.nsonline.rs	“ Billion of losses produced by shadow economy”	
74	19.3.2013.	www.poverenik.co.rs	“without account billions pass by”	
75	19.3.2013.	www.kredit.rs	“ Without accounts billions pass by”	
76	19.3.2013.	www.parlament.gov.rs	“ A seminar on the topic of sustainability of public finances”	
77	20.3.2013.	TV B92	“ What Is shadow economy”	
78	20.3.2013.	TV PINK	“ How to suppress shadow economy”	
79	20.3.2013.	www.b92.net	“ Shadow economy is a trap”	
80	20.3.2013.	www.beta.rs	“Suppression of shadow economy increases income for 1% GDP”	
81	20.3.2013.	www.beta.rs	“suppression of shadow economy the state increases the incomes”	

82	20.3.2013.	Radio b92	"Suppression of grey economy in Serbia"	
83	20.3.2013.	www.ekapija.rs	" More than a quarter of companies operating in a gray area - USAID study showed that for three years to increase tax revenues by 33 billion"	
84	20.3.2013.	www.euractiv.rs	" Nearly a third of Serbian companies engaged in the shadow economy"	
85	20.3.2013.	www.gdeinvestirati.com	'Suppression of shadow economy increases income for 1% GDP"	
86	20.3.2013.	Privredni pregled	" Shadow economy still blooms"	
87	20.3.2013.	www.kometeonline.rs	"With suppression we gain 33 billion dinars"	
88	20.3.2013.	www.tanjug.rs	"Higher tax revenues by combating the shadow economy"	
89	21.3.2013.	Danas	" USAID represented his study on Shadow economy"	
90	21.3.2013.	Vecernje novosti	"every third goes " black"	590000
91	21.3.2013.	Blic	"Third of the companies working black"	296000
92	21.3.2013.	www.sinteza.net	'Suppression of shadow economy increases income for 1% GDP"	
93	21.3.2013.	www.vaseljenska.com	" every third goes " black"	
94	21.3.2013.	Informer	" 'Without shadow economy we gain 33 billion dinars"	
95	21.3.2013.	Nase Novine	" Shadow economy decreases the incomes"	
96	21.3.2013.	NIN	" Inspector always rings 4 times"	53000
97	21.3.2013.	Politika	" third of the wealth is from the shadow businesses "	155000
98	21.3.2013.	Privredni pregled	" Exit from shadow economy raises GDP"	
99	21.3.2013.	RTS 1	" Fight against shadow economy"	
100	22.3.2013.	Danas Sandzak	" Without the presence of local authorities"	
101	23.3.2013.	www.economy.rs	" How much Serbia loses because of shadow economy"	
102	25.3.2013.	Vecernje novosti	" Life without barriers"	
103	25.3.2013.	RTV City Subotica	"Roundtable in Regional Chamber"	
104	25.3.2013.	www.rtvcity.com	" Roundtable in Regional Chamber Nis"	
105	25.3.2013.	www.subotica.info	" State systems don't communicate between each other"	
106	27.3.2013.	RTS1	" Reform of community enterprises"	
107	27.3.2013.	Rts1	"Roundtable in Nis"	
108	27.3.2013.	TV KCN	" Business environment in Serbia"	
109	27.3.2013.	www.glas-javnosti.rs	"Kalanovic with entrepreneurs from Nis"	
110	27.3.2013.	www.glassrbije.org	"Kalanovic with entrepreneurs from Nis"	
111	27.3.2013.	RTS1	" Roundtable of USAID in Nis"	

112	27.3.2013.	www.ntv.rs	"Small development for economy from the south"	
113	27.3.2013.	www.rtv.rs	"Kalanovic – spending on local level is under the spotlight"	
114	27.3.2013.	TV Belleamie	Kalanovic press statement	
115	27.3.2013.	www.tanjug.rs	"Kalanovic: Small steps in building business ambience"	
116	27.3.2013.	NTV Nis	"Improving the business ambience"	
117	28.3.2013.	Vecernje novosti	"Weak "cutting" "	
118	28.3.2013.	Narodne novine	"Control on spending municipal budget"	
119	28.3.2013.	Nin	"Black with the shade of grey"	53000
120	28.3.2013.	Privredni Pregled	"Preparing the reform of public enterprises"	
121	1.4.2013.	Ekonometar	"Less of shadow economy, bigger income from taxes"	
				TOTAL: 1932000

ATTACHMENT 3: PROGRESS VERSUS WORKPLAN

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
Objective 1: Improve and streamline business regulation				
1. Improve Inspections Operations and Organization	Conduct an outreach campaign to increase stakeholders' demand for inspections reform	Jan – Dec 2013	Inspections reform outreach campaign	Outreach campaign in progress; planned upcoming TV campaign with public announcement videos.
	Provide technical assistance for development of the legal and regulatory framework for implementation of the inspections reform	Jan – Dec 2013	Draft laws and bylaws for implementation of the inspection reform	Draft of the Model Law on Inspections prepared and shared with the inspections reform Leadership Group. Concept of the Draft Law and Draft Law shared with the MoJSA. MoJSA forming of the WG for the Law on Inspections.
	Work with the line ministries and other competent public bodies and entities, representatives of businesses and the Inspections Leadership Group to facilitate development of the implementation plan for inspections reform in parallel with the development of the legal and regulatory framework governing inspection reform.	Jan – Dec 2013	Implementation plan for inspection reforms	Direction and timetable of the joint efforts agreed on with the MoJSA state secretary Gordana Stamenic, and assistant minister, Vladana Jovic.
	Assist the implementation of the pilot e-Inspections project, targeted at increasing transparency, establishing coordination between inspections and decreasing the number of steps and procedures	Jan – Dec 2013	Reformed inspections mechanism for selected inspectorates	TOR for the new e-Inspections system has been developed and shared with EU project that has planned similar activity for market inspections. Different cooperation models are being discussed.
	Train stakeholders for implementation of new inspections regulatory framework and policies	Oct 2013 – Jan 2014	Inspections reform training program delivered	Training program to be launched following adoption of the new legal framework.

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
2. Remove or reduce quasi fiscal burdens to businesses	Provide assistance in the process of streamlining remaining financial impositions on businesses	Jan – Oct 2013	List of re-priced Government services	GoS adopted the Rulebook on Methodology and Manner of Determination of Public Services Cost, "Official Gazette of RS", No. 14/2013. Draft the Law on Charges for the Use of Public Resources is in public discussion supported by USAID BEP.
	Assist efforts to streamline para-fiscal charges that fall under responsibility of local governments	Mar 2013 – Jan 2014	Proposal for streamlining local charges	The process continued through adoption of the Rulebook and development of draft Law on Charges for the Use of Public Resources.
	Support establishment of a tool for comprehensive monitoring of the level of para-fiscal impositions on businesses	Jan – Oct 2013	Tool for comprehensive monitoring of the level of para-fiscal impositions on businesses	Basic version of the tool is an element of USAID BEP supported NALED's Quarterly Reports on Business Environment.
	Conduct an outreach campaign to support the reform of para-fiscal charges	Mar – Nov 2013	Proposals for streamlining para-fiscal charges.	Supported public discussions on the Draft Law on Charges for the Use of Public Resources.
3. Assist implementation of the Law on Enforcement (adoption expected in April)	PEOs Training	Jun 2013	PEO training delivered	On January 16-18, 2013, BEP, in cooperation with the Chamber of Enforcement Officers and the GIZ Legal Reform Project, organized training of enforcement officers on practical aspects of the enforcement officer profession. Further activities will be determined

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
4. Streamline Construction Permitting	Facilitate stakeholders' dialogue on recommendations for improvement of construction permits	Jan – Jun 2013	Recommendations for improvement of CP vetted	Developed and vetted Roadmap for the GoS to Streamline Construction Permits. Concept for legislative reforms based on the Roadmap will be discussed in April 2013.
	Provide technical assistance with improving legal framework for construction permits	Jan – October 2013	Improved legal framework for CP designed and legislated	Developed a Roadmap for the GoS to Streamline Construction Permits. Held competition for the grant "Developing an Alternative Legal Framework for Improving Construction Permits in Serbia."
	Support implementation of specific segments of the CP reform, including planning document software	Jan 2013 – Jan 2014	Web based system for tracking planning documents TOR for implementation of the CP e-Governance system	This activity will be implemented after the key elements of the future legal framework are defined.
5. Reduce the employing workers burden	Facilitate dialogue between business associations, trade unions and Ministry of Labor and Social Policy on reform of labor legislation and regulations	Jan – Apr 2013	Meeting Reports on agreements and outstanding issues	Four thematic discussions on key issues in the labor legislation (institutions, maternity, and rights of TUs representatives, severance pay, redundancies, employing agencies, fixed term contact and other types of contracts) held. All conclusions and recommendations collected and distributed to social partners.
	Organize outreach campaign and public-private dialogue to inform decision makers, stakeholders and general public about the impact of current policy environment and expected outcomes of proposed reforms	Jan – Dec 2013	Outreach campaign on environment for labor	Ongoing. Provided substantial amount TV and print media interviews for

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
			market	publication, published various articles and information on social media sites.
	Provide technical assistance for legal drafting related with labor legislation	Jun – Oct 2013	Drafts of legal acts for reducing the employing workers burden	The Ministry of Labor, Employment and Social Policy established the Working Group for drafting changes in the Labor Law. All conclusions and recommendations collected from participants of the roundtables shared with the Working Group.
	Train stakeholders on new labor legislation	Nov – Dec 2013	Training and materials	Planned for Q4, 2013.

Objective 2: Business effectively partners with Government in developing and implementing regulatory reforms

1. Improve Public-Private Dialogue	Develop mechanisms for monitoring and evaluation of Government's policies and their delivery, including the inclusiveness and transparency of policy making.	Jan – Oct 2013	Mechanisms for monitoring and evaluation of Government's policies and their delivery developed	NALED's Regulatory Index of Serbia is being constantly improved and updated.
	Conduct Annual Business Survey continuing the practice started in the Year 1	Jun – Nov 2013	Annual Business Survey report	Planned for Q3, 2013.
	Organize PPD events as forums for discussion between the Government and businesses on improvement of business environment.	Jan 2013 – Jan 2014	PPD events	Four thematic discussions on labor policy and labor legislation reforms have been held, covering issues that cause the most troubles for employers and employees. Regulatory Index of Serbia (RIS) and Business Opinion Survey are presented in January

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
				<p>2013. Public discussion on the Draft Value-for-Money Methodology was held in January, 2013. Three trainings (Belgrade, Nis, Kanjiza) for representatives of local authorities, public institutions, public enterprises, and private investors, financial and legal practitioners on PPPs been held. Two Public Discussions on drafted law on fees for common-pool resources held in February 2013. Business roundtables on inspections, construction permits, labor law, para-fiscal charges, and access to finance held in Valjevo, Novi Sad, Subotica, and Novi Pazar.</p>
	<p>Increase capacities of public sector, business associations and NGOs to manage their mutual interaction for optimal results through training and internship programs and other applicable activities</p>	<p>Jan 2013 – Jan 2014</p>	<p>Internship and training programs completed</p>	<p>Grant awarded to the Belgrade Open School and BOS and BEP selected 15 positions for internships at BEP counterparts. Over 1000 applications were received and are currently being reviewed. Recruitment process is expected to be finalized by the end of April.</p> <p>Three trainings for representatives of local authorities, public institutions, public enterprises, and private investors, financial and legal practitioners on PPPs have been held. Two more will be held in Q2 2013.</p>

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
Objective 3: Improve the regulatory review process and RIA process				
1. Improve Quality and Quantity of Legislative and Regulatory Reforms	Train the Regulatory Reform Office (RRO) on RIA and SME Test - Train the Trainers in depth course	Jan 2013 – Oct 2013	Training on RIA and SME test delivered	Planned for Q3 2013.
	Train the Regulatory Reform Office (RRO) on Evaluation of Regulatory Policies (Ex-Post regulatory analysis) using the Pilot Case (evaluation of Law on Enforcement; alternatively Law on Construction and Spatial Planning)	Jan 2013 – Oct 2013	Training Ex-Post regulatory analysis delivered	TBD
	Conduct SCM study comparable with the one conducted in the Y1 of the project	Nov 2013 – Jan 2014	SCM study	Planned for Q3, 2013.
Objective 4: Create enabling environment for PPPs				
1. Finalize legal framework for PPPs	Facilitate public-private dialogue and provide technical assistance for drafting the bylaws stemming from the Law on PPP and concessions.	Jan 2013 – Jun 2013	Roundtables, working group meetings, public discussions, consultations; Drafts of bylaws stemming from the PPP and Concessions Law	Organized public discussion on the Draft Value-for-Money Methodology with PPP Commission in January, 2013. Value for Money Methodology was discussed at several events (Belgrade, Nis, Kanjiza) involving representatives of local authorities, public institutions, public enterprises, and private investors.
2. Build interest and capacities of public and private partners to engage in PPPs	Provide training to the members of the Commission, possibly including a study tour, on issues such as potential of PPP agreements in different areas, assessing and dealing with the PPP related risks, providing advisory opinions on PPP arrangements and management of stakeholders' and public's expectations	Jan – Oct 2013	Training to the Commission members delivered	International PPP expert and head of Croatia PPP Commission presented their experiences to members of Serbian PPP Commission and other stakeholders at the event organized by USAID BEP. The website of the Commission for PPP is developed and launched.
	Organize an outreach campaign to educate stakeholders and general public on potential of PPPs and on challenges related with managing them	Jan – Nov 2013	Outreach campaign on	Three trainings (Belgrade, Nis,

Component 1: Business Regulation and Economic Governance

Task	Activities	Activity Period	Deliverables	Status
			potential and challenges related with PPPs	Kanjiza) for representatives of local authorities, public institutions, public enterprises, and private investors, financial and legal practitioners on PPPs have been held. Two more trainings will be held in the Q2 2013.
	Organize the “Governments and Businesses Talk Partnerships” road show to train public authorities and potential investors on the possibilities created with the PPP legislation	Mar – Jun 2013	Training/regional presentations	Three trainings (Belgrade, Nis, Kanjiza) for representatives of local authorities, public institutions, public enterprises, and private investors, financial and legal practitioners on PPPs have been held. Two more trainings will be held in the Q2 2013.

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
Objective 1: Improve GoS budgeting, fiscal policy analysis, and financial management efficiency				
1. Capacity building assistance to the Fiscal Council and Improvements to fiscal responsibility	Technical assistance to help develop a demographic and aging model to support intermediate- and long-term fiscal analysis and budgeting. (Support will also benefit the MoFE Macro Fiscal Department)	Jan-Dec (intermittently)	On-site consultations at FC Demographic Model Aging Model	No activities. Activities will commence in May.
	Technical assistance with development of selected fiscal multipliers to improve the government’s ability to assess the economic growth impact of various policies and meet EU standards on fiscal analysis.	Jan-Mar	Econometric analysis Advisory Brief on Multipliers	USAID BEP engaged local STTAs to conduct a study on fiscal multipliers. Completion is expected in June 2013.
2. Improvements to MoFE Fiscal Analysis	Technical assistance to the MFD to develop and utilize a Bridge Model model to strengthen macroeconomic and fiscal forecast and analyses and support fiscal policy-making.	Mar-Jun	Bridge Model, Training, Training	BEP agreed with the World Bank to jointly support development of a

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
and Strategy			Materials and Guidelines	Dynamic Stochastic General Equilibrium (DSGE) Model and build capacity of the MFD for utilization of the model.
	Technical assistance on developing fiscal multipliers that can be used in forecasting and budgeting (This will overlap with support to FC)	Jan-Mar	Econometric analysis Advisory Brief on Multipliers	USAID BEP engaged local STTAs to conduct a study on fiscal multipliers. Completion is expected in June 2013.ity number 2 for more information.
	Assistance in reviewing the performance and efficiency of selected state aid programs dealing with employment and exports. (This support will tie into the active grant work on creating a framework and assessment methodology for state aid under Objective 3)	Jan-Mar	State aid analysis	Grant terminated. Grantee was unable to gain MoFE cooperation in obtaining data and information on state aid programs.
	Support to MoFE to institutionalize the Citizen's Guide to the Budget.	Jun-Sep	Training and guidance on preparation of CG	Citizen's Guide to the Budget completed. Awaiting MoFE approval of the Guide.
3. Assistance to the GoS and Parliament to improving budget coordination and performance management	Technical training series for the Parliamentary Finance Committee on selected budgetary and fiscal issues.	All year	Training and Training Materials Advisory Notes	Delivered three separate trainings at the National Assembly for the Members of Committee on Finance, State Budget, and Control of Public Spending (Finance Committee) and to the Research Department staff.
	Technical briefings on new business and financial sector legislation prepared with BEP assistance (e.g. inspections, construction permitting, labor, factoring, leasing, commodity exchange, brokerage capital requirements, etc.)	Depends on when laws get submitted		Held workshop on Factoring Law for MPs.
	Study tour for representatives of the Finance Committee and MoFE Budget Department on effective budgetary procedures and oversight.	May		Started planning a study tour to Washington, DC for key partners from the Finance Committee, MoFE Budget Department, and Fiscal Council on effective budgetary procedures and oversight.

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
4. Assist the MoFE Budget Department to develop capacity for improved transparency and program budgeting	Support to MoFE on formation and agenda-setting of working group (WG) for program budget (PB) implementation. Facilitation of WG discussion and decision making. Technical advice as needed.	All year	Action Plan PB framework Methodological Instructions Training and Training Materials Advisory Notes	Supported the BD in 1) re-designing procedure for determining priority areas of financing (POF) and spending limits of budget users; and 2) building capacity of budget users to meet the new requirements - linking proposed expenditure to strategic goals and policy measures through the program budget (PB) structure. Held consultations with 15 line ministries and 35 extra-ministerial budget users on program classification development through individual and group workshops.
	Technical assistance to the MoFE Budget Department (BD) in development of program budget framework and classification system, methodological instructions, and implementation plan.	Feb-May		
	Development of training curricula for budget users, delivery of training on PB methodology; and technical assistance to budget users on formulation of programs and performance indicators.	Apr - Dec		
	Assessment of needs for upgrade of budget preparation information system (BPMIS) in line with modification of budget process (with IMF advisor)	Feb-May		
5. Improvements to Fiscal Policy, Strategy and Analysis	Support for policy advocacy, outreach, and implementation of the recommendations of State Aid Study.	Apr-Jun	Workshops Trainings and Training Materials	FREN's QM 31 highlight article on the "Analysis of the Parametric Reform on Profit Tax in Serbia" is partially based on Fiscal Council's analyses supported by BEP
Objective 2: Improve public debt management and conditions for government financing				
1. Improving conditions	Strengthening the system for improving the market for government securities. (Coordinated	2013	Training and Training	Worked with PDA to develop program.

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
for public investment in and trading of government debt	with work of C3 on demand-side)		Materials, Advisory Notes	(Crosscutting with C3)
	Assistance with assessing viable options for development of retail distribution of government debt and creation of a household purchase program	Sep-Dec	Retail distribution framework Advisory briefs	Commenced development of program with PDA (Crosscutting with C3).
2. Assistance to improve debt management systems, reporting, analysis, and capacity	Ongoing training series and capacity building to PDA in debt management strategy, risk management, planning and operations.	2013	Trainings, Training Materials, Models	Delivered 10-session training. Delivered documented instructions on the DSA methodology and model usage.
	Study tour to 1-2 countries in the region to learn about advanced government securities auction platforms and how to apply risk analysis to Serbia's portfolio (i.e. Italy's Department of Treasury)	2013	Study Tour	Commenced planning for study tour, which will likely take place in June in Italy.
	Continued IT management and support to the PDA director for improvements to debt management systems and reporting and information.	2013	Periodic report on issue identification and resolution; User Requirements Outlined or Developed	Continued assistance helped the PDA 1) analyze cost/benefit aspects of its current debt management system, enabling it to 2) refuse an inadequate offer from the current software vendor, and 3) request resolution of all outstanding debt system issues. Discussed possible World Bank assistance to the PDA for the procurement of the new debt system.
Objective 3: Improve macroeconomic policy and strategy				
1. Tactical Assistance to advance the GoS macroeconomic strategy	Stage II savings study: Formulation of policy recommendations on improving domestic savings	Feb-Mar	Report on Improving Domestic Savings	Consultant commenced development of policy recommendations.
	Support for policy advocacy and outreach on the recommendations of the Savings Study.	Mar-Jun	Conference, Roundtables, Advisory Notes	No activities. Activities will commence in Q2.
	Support for policy advocacy, outreach, and implementation of the recommendations of Shadow Economy Study. (In cooperation with C1 where applicable)	Jan-Mar	Conference, Roundtables, Advisory	Published landmark study, held a panel discussion at the Kapoanik Business

Component 2: Macroeconomic Policy and Public Financial Management

Task	Activities	Activity Period	Deliverables	
			Notes	Forum, hosted a conference on the shadow economy, and participated in RTS Oko program shadow economy segment.
	Conduct outreach on priority macroeconomic issues of the new government through various mechanisms including workshops, roundtables, and Policy Café submissions.	All year	Conferences, Debates, Roundtables	The Shadow Economy study was published on BEP's Policy Café portal.

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
Objective 1: Strengthening capital markets				
1. Assistance to build supervision capacity of Securities Commission	Further capacity building assistance to streamline supervisory practices and improve resource management through risk-based supervision and effective use of the new IT system supported by the project.	Jun -Nov	Training Training Materials Consultations RBS Inspection Manual for brokerages	Activity scheduled from June.
2. Improve disclosure of information in compliance with the legal requirements and best international practice	Continued support for development and implementation of a new web-based information disclosure system.	Jan – Oct	Official Register of Information Report on Development of Document Management and Public Register System for the SC IT procedural training and training materials	Ongoing. Finalizing grant for software that will allow establishment of Official Register of Information, followed by IT procedural trainings.

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
3. Improve capital market legislation	Technical assistance in amending capital market legislation.	Feb -Dec	Draft amendments Roundtables	Ongoing. MoFE established joint working group on harmonization of capital market regulation. More than 20 laws are identified that should be mutually harmonized and in a line with the best EU and international practice. The working group should finalize work by mid-summer, in order for proposed amendments to be adopted in the Fall.
Objective 2: Strengthen enabling environment for commodity exchange				
1. Assistance in development of legal framework for commodity exchange	Provide technical assistance and participate in MoTT Working Group established to review and finalized the draft Commodity Exchange Law	Jan - Aug	Draft Commodity Exchange Law	MoTT established the new broader working group in January 2013. BEP is an official member of the working group.. Working group is in the process of drafting the Commodity Exchange Law and it is expected that the draft will be available for the first public discussion by summer.
	Capacity building and training to the members of MoTT working group and to other stakeholders on the main features and concepts of a contemporary commodity exchange system including best international practices.	Jan - Jun	Workshops Training Study Tour	Ongoing. In the process of organizing the first workshop on main features and concepts of a contemporary commodity exchange, as well as exploring possibilities for a study tour.
Objective 3: Improve GoS access to finance through development of a long-term, liquid public debt market				
1. Assistance to identify and develop the key regulatory criteria for	Assessment of institutional investor needs and demand-side constraints to achieving a more diversified issuance of government debt.	Feb – Jun	Roundtable conclusions Advisory notes	Started assistance to the PDA in designing retail government debt program. Exploring the possibilities for

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
developing a government debt market			Progress report	a study tour. This is a joint task with C2.
Objective 4: Improving access to finance for small and medium enterprises and entrepreneurs				
1. Assistance in development and implementation of access to finance related laws	Support and facilitate reform of the leasing regulation to make it more competitive with international standards, including assistance to MoFE in making selected amendments (if needed).	Feb-Dec	Roundtables, Working Group meeting, Consultations, Draft amendments	Major constraints which affect the leasing market have been identified in cooperation with the leasing association. BEP and leasing association sent a document to the MoFE regarding amendments to the Corporate Income Tax Law. Analyzing best international practice regarding identified constraints and developing recommendations. Preparing a roundtable with the leasing industry in order to verify recommendations for leasing improvements and determine further steps of advocating for reforms.
	Assistance for finalization and adoption of the Factoring Law and drafting of selected by-laws for implementation.	Jan – Sep	Law on Factoring adopted Bylaws drafted and adopted	The final draft was prepared after the last round of the public discussion was conducted. Conducted the training on factoring to the Parliament’s Committee on Finance, State Budget and Control of Public Spending. Finalizing the new regulatory analysis and preparing additional documents for the law to be adopted by the Parliament. Preparing the public outreach once the law is adopted.
	Advocacy and assistance for development of a regulatory framework for non-bank credit	Jan - Dec	Consultations	Preparing small scale internal

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
	institutions		Roundtable(s) Draft laws/bylaws	workshop on NBFIs role in the economy for MoFE and NBS.
2. Strengthen the government's capacity, approach, and coordination for improving access to finance	Technical advice and training to the MoFE and SMEs Council, including assistance in developing an inter-governmental Action Plan for improving access to finance based on the findings of BEP's White Paper.	All year	Advisory notes Training Draft Action Plan	Providing technical assistance in designing and establishing SMEs Council. The new SMEs Council will be actively involved in drafting SMEs Development Strategy.
	Assistance to MoFE in drafting "SME Development Strategy 2014-2020" in the area of access to finance and business regulation (in coordination with the C1)	Apr – Nov	Draft SMEs Development Strategy 2014-2020	Finalizing the initial action plan for strategy development process. Finalizing preparation phase for seven regional roundtables in order to collect information and feedbacks from SMEs.
	Assistance to MoFE in implementation of other priorities, as defined in cooperation with the MoFE, and consistent with the project goals.	All year	Advisory notes Drafting of legislation	Activity planned from June.
3. Improve information collection and dissemination of SMEs financing data	Assistance to MoFE in establishing efficient information collection and dissemination mechanism, including defining information that should be collected.	Jun - Sep	Consultations Advisory brief on information parameters	Activity scheduled from June.
	Provide assistance in improving portal for disseminating all information on SMEs' financing, including SMEs' support programs.	Jul - Nov	Web portal improvement and content criteria Financial tools	Activity scheduled from July.
4. Improve Effectiveness of State Financing Support	Assistance in developing new financing support to stimulate access to finance at the SME level and possible re-designing or restructuring selected state programs.	Feb- Dec	Diagnostic of state support mechanism Targeted on-going advisory Programs design	Supported MoFE to develop equipment grant scheme, as well as invitation letter for the banks and evaluation criteria. MoFE is in the process of publishing invitation letter for the banks and BEP will support them in evaluation

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
				process.
5. Streamline financial regulations that affect the cost and flexibility of SMEs lending	Assist the NBS to develop regulatory impact assessment (RIA) on selected credit regulations to assess their costs to banks and SMEs.	Mar -Aug	Regulatory impact assessment	Hiring STTA to conduct standard cost model analysis on selected credit regulations.
6. Strengthen professional services supporting access to finance	Assist the NBS to increase the quality of and set the standards for collateral valuation.	Jan –Dec	Advisory notes	Developed detailed analysis of the current real-estate valuation practice in Serbia and recommendations on possible models of implementation of international valuation standards. In cooperation with the NBS, BEP organized a roundtable for more than 50 financial institutions and valuation experts in order to receive feedbacks from all relevant stakeholders and identify all possibilities for valuation improvement. NBS is deciding about models of international valuation standards to be implemented in Serbia.
7. Strengthen the capacity and market position of SME's	Strengthen the capacity of business associations and business groups to advocate for access to finance reforms; assist in developing an advocacy strategy.	Feb – Mar (initial engagement) Apr-Nov (targeted assistance)	Training and consultations Roundtables, Workshops	Held initial meetings with the business and financial associations in order to develop national consensus for access to finance reforms. Organized roundtable with NALED's SMEs Committee. Closely cooperating with leasing association and factoring association in implementing recommendations from BEP's White Paper.
	Assist selected business associations and SME groups to develop dedicated financing	Apr-Nov	Workshops	Activity planned for second half of the

Component 3: Financial Market Development

Task	Activities	Activity Period	Documentary Deliverables	
	programs with banks and other lenders.		Guidance materials	year .
8. Strengthen Credit Enforcement (in and out of Court)	Continuing education of Professional Enforcement Officers (PEOs) (see Component 1, Objective 1, Task 3).	Dec 2012 – Mar 2013	Curriculum for appointed PEOs training Training conducted	Organized second training of enforcement officers on practical aspects of the enforcement officer profession.
	Assist the MoFE in initiating the fine tuning of the collateral regulatory framework in order to enable efficient court and out of court enforcement.	Jan - Dec	Identify and prioritize the changes in collateral regulatory legislation Draft amendments to a set of collateral related laws	Organizing roundtable on overcollateralization in order to initiate reforms in this area.
	Assist the MoFE in strengthening the implementation of the Enforcement, Late Payments and Bankruptcy Law, in particular through training of the Commercial Judges and the State Prosecution Office	Jan -Dec	Curriculum for training developed Participation in training Advisory Notes	Activity planned for second half of the year.
9. Outreach and awareness building on access to finance	Outreach campaign on the access to finance White Paper and proposed reforms, including targeted outreach to advance reforms on specific A2F topics (non-banks, leasing, enforcement, etc.)	All year	Media materials Roundtables	Organizing seven roundtables around the country, as well as constantly being present in the printed and electronic media.

ATTACHMENT 4: PROGRESS VERSUS PERFORMANCE MONITORING PLAN

Project Results / Objectives	Indicators	Measurement Unit	Data Collection Method	Schedule of Collection	Baseline	Targets Years 1-5	Status Q1
Mission Assistance Objective: Create A More Competitive Market Economy							
<i>IR 1.1: Business Enabling Environment Improved</i>	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
<i>Sub-IR 1.1.1: More Effective Business Regulation</i>	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.
<i>IR 1.4: Macroeconomic Environment Improved</i>	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 2012 = 0.8% MoFE Table on Basic macroeconomic indicators, updated March 18, 2013

<i>Sub-IR 1.4.1: Improved Fiscal Policy</i>	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	2012: 39 Reason for this score: No longer producing a Pre-Budget Statement, and publishes a less comprehensive Executive's Budget Proposal.
	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	2012 deficit is -6.6% of GDP- source FREN's Quarterly Monitor 31
<i>Sub-IR 1.4.2: Financial Markets Developed</i>	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	2103 Q1: 90.
Component 1: Business Regulation and Economic Governance Improved							
1. Improve and	Number of commercial laws	Numeric Value	Project Reports	Annual	2011: 3	2011: 3 2012: 10	1

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

streamline business regulation lowering the costs to businesses and government from business regulations	and regulations simplified and implemented in accordance with international standards as a result of USG assistance					2013: 10 2014: 10 2015: 10 2016: 3 ²	
	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	We will get this number by Friday, April 5.
	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
	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

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

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

	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	18 11+4 roundtables ""Business Environment in Serbia"
3. Improve and support	Number of substantial RIAs	Numeric Value	Project Reports/ Office of Regulatory	Quarterly	2010: 8	Yr 1: 10 Yr 2: 15	2

the regulatory review process and RIA process	conducted by GoS		Reform Reports			Yr 3: 20 Yr 4: 25 Yr 5: 30	
	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	We don't have a target for Year 3
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	322,5
	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 Report content has achieved the milestones for Y3, Y2 and Y1. The MoFe has started to implement sweeping reforms with BEP assistance that put the milestones for Yr 4 well on track to be achieved
	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 containing research and analysis provided through BEP assistance that support changes in fiscal policy	Numeric Value	Project Report	Monthly	N/A	Yr 1: 2 Yr 2: 3 Yr 3: 3 Yr 4: 2 Yr 5: 2	1- FREN's QM 31 highlight article on "Analysis of the Parametric Reform on Profit Tax in Serbia" is based on Fiscal Council's analyses supported by BEP
	Number of activities related to macroeconomic and fiscal issues	Numeric Value	Project Report	Annual	N/A	Yr 1: 2 Yr 2: 3 Yr 3: 4 Yr 4: 4	Total of 5 activities: 1- Conference on Shadow Economy in Serbia 2 and 3- Focus group 1 and 2 on "Citizen's Guide to Budget"

	aimed at improving public-private dialogue ⁴					Yr 5: 3	organized by BIRN and participated pensioners , students , private sector and farmers, NGOs 4-Panel on Kopaonik Business Forum on ""Shadow Economy in Serbia: its impact on the economy" 5-BEP participated in 20 minute national television program about Shadow Economy
2. Improve public debt management and conditions for Government financing	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%	Yr2: 18.9% (on December 31, 2012) February 28 th 2013: 18,1%
	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 according to PDA: Banks own 87,1% on 31.03.2011	Yr 5: Banks own 75% or less of government debt in dinars	53,6% -February 28 th 2013
	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.	Yr. 3, Q1: 0
	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%	80% of key staff from the Front and Middle Offices (the key units focused on the training content) have been trained thus far. In addition, 4 people from the Treasury Department, 1 person from the

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.

							<p>Macro Fiscal Department of the MoFE, and one person from the Fiscal Council have participated in some of this training. In total 104 person hours of training has been delivered thus far.</p> <p>This quarter, 10-sessions training was organized this quarter on advanced public debt risk management – Debt Sustainability Assessment model.</p>
3. Improve macroeconomic policy and strategy	Improvements in WEF GCI on "Macroeconomic Environment" addressing Nation's Savings Rate, as % of GDP	Numeric value	WEF GCI reports	Annual	2011: 14.8	Yr 5: 18	16.1 by the new WEF GCI published in September 2012
	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	2 -Article "Financing the growth of SME's" -Study on "Shadow Economy in Serbia: New Findings and Recommendation for Reforms "
	Awareness of Government's Economic Growth Strategy	Qualitative	Business Survey	Annual	2011: 20% of businesses agreed that they have some awareness and understanding of	Yr. 2: 20% Yr. 3: 25% Yr. 4: 30% Yr. 5: 35%	Yr2: 38%

					the strategy		
	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	379
Component 3: Increased Financial Market Development							
1. Increase capital available to business through the creation of a regulatory framework for NBFIs	Value of credit financed from NBFIs 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
	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	Drafting of the Law in process, final draft expected in June
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	417

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%	18.9% Yr2: 18.9% (on December 31, 2012) February 28 th 2013: 18,1%
	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	November: 80,38%
4. Strengthened public-private dialogue on the financial sector and its role in economic development	Increased awareness of the role of the financial sector in economic development	Qualitative	Project Survey (a.k.a. BEP Business Survey)	Annual	Around 25% of businesses expressed a sort of an agreement that there is awareness	Yr 5: 50% increase in awareness	Yr2: 83.9 %
5. Strengthen the disclosure and transparency supporting new investment by assisting the GoS to implement required accounting, audit and	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.

disclosure standards							
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 (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

ATTACHMENT 5: BEP GRANTS UPDATE

31-March -13

BEP GRANTS UPDATE

Solicitation	Date of Issue	Project	Grantee	Amount USD	Amount RSD	Status
unsolicited proposal		Quarterly Monitor 24	FREN - Foundation for the Advancement of Economics	28,417	2,099,993	paid
unsolicited proposal		Business Leaders' Summit	SAM - Serbian Association of Managers	-	-	rejected
TOTAL				28,417	2,099,993	
RFA		Project	Grantee	Amount USD	Amount RSD	Status
RFA-2011-01	15-Jun-11	Business Survey	CeSID - Center for Free Elections and Democracy	18,502	1,401,600	paid
RFA-2011-01		Business Survey	GfK Belgrade	-	-	rejected
RFA-2011-01		Business Survey	Cromer Group	-	-	rejected
RFA-2011-02	15-Jul-11	Quasi Fiscal Charges	NALED - National Alliance for Local Economic Development	18,000	1,400,000	paid
RFA-2011-02		Quasi Fiscal Charges	BDO Business Advisory	-	-	rejected
RFA-2011-03	25-Jul-11	Econometric Assistance	FREN - Foundation for the Advancement of Economics	36,300	2,828,300	paid

RFA-2011-04	20-Sep-11	Construction Permits	MP and Associates	20,700	1,614,000	paid
RFA-2011-04		Construction Permits	ACES - Association of Consulting Engineers of Serbia	-	-	rejected
RFA-2011-04		Construction Permits	City of Novi Sad	-	-	rejected
RFA-2011-04		Construction Permits	EC Harris d.o.o	-	-	rejected
RFA-2011-05	30-Sep-11	Journalist Education	CLDS - Center for Liberal Democratic Studies	15,000	1,175,000	paid
RFA-2011-05		Journalist Education	BIG - Business Info Group d.o.o.	-	-	rejected
RFA-2011-05		Journalist Education	BIRN - Balkan Investigative Network in Serbia	-	-	rejected
RFA-2011-06	5-Oct-11	Private Domestic Savings	CLDS - Center for Liberal Democratic Studies	-	-	withdrawn
RFA-2011-07	12-Dec-11	Training of Judges on Company Law	Balkan Center for Regulatory Reform (BCRR)	21,000	1,675,000	paid (modification 1)
RFA-2011-06-R	27-Dec-11	Private Domestic Savings	-	23,000	1,850,000	No applications were submitted
RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	Foundation for the Advancement of Economics (FREN)	-	-	rejected
RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	BDO Business Advisory LLC	-	-	rejected
RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	CLDS - Center for Liberal Democratic Studies	22,230	1,840,000	paid
RFA-2011-01-F	Follow-on	Business Survey	CeSID - Center for	4,513	370,000	paid

		Follow-up Data Analysis	Free Elections and Democracy			
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	BeoImpigra, Ltd.	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	AVENTo d.o.o	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	EDGE Ltd. Belgrade	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	BLUEWATERS YU d.o.o.	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	Represent Communications	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	Chapter 4 Communications Consulting	19,980	1,697,180	paid
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Center for Liberal – Democratic Studies	-	-	paid

RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Faculty of Economics, Finance and Administration, Singidunum University (FEFA)	-	-	rejected
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Joksovic, Stojanovic & Partners Law Office	-	-	rejected
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Foundation for the Advancement of Economics (FREN)	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach Campaign	Bluewaters YU LLC	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Kovacic&Spaic	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing	Represent Communications		84,342	Contracted (modification 1)

		PR/Outreach				
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Chapter 4 Communications Consulting	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Executive Group d.o.o. Beograd	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Conference Republic d.o.o.	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Cromer Group Ltd.	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	MC 2 Public Affairs (Milosevic Creative Communications)	-	-	rejected
RFA-2012-04	26-Apr-12	Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere	BDO Business Advisory LLC	4,600,000	47,998	Contracted (modification 1; and grant termination)
RFA-2012-04	26-Apr-12	Strengthening Regulation, Management, and	CLDS	-	-	rejected

		Effectiveness of State Aid in Economic Sphere				
RFA-2012-05	11-May-12	Economic Policy Measures to Combat Shadow Economy and its Effects on Total Economic Growth in Serbia	BDO Business Advisory LLC	-	-	rejected
RFA-2012-05	11-May-12	Economic Policy Measures to Combat Shadow Economy and its Effects on Total Economic Growth in Serbia	Foundation for the Advancement of Economics (FREN)		79,830	Contracted (modification 1)
SSS-2012-01	6-Jul-12	2012 Business Survey in Serbia	CESID d.o.o.		25,825	contracted
RFA-2011-04-F/2012	3-Aug-12	Assessment of Constraints to Construction Permits in Serbia - follow on	MP and Associates		16,850	contracted
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Faculty of Economics, Finance and Administration, Singidunum University	-	-	rejected

			(FEFA)			
RFA-2012-06	4 September 2012	Internships National Governmental Institutions in RS	in Consulting Company ConsulTeam Ltd. Belgrade	-	-	rejected
RFA-2012-06	4 September 2012	Internships National Governmental Institutions in RS	in NIP Obrazovni informator d.o.o. (Educational Informer)	-	-	rejected
RFA-2012-06	4 September 2012	Internships National Governmental Institutions in RS	in Adizes Business Consulting, d.o.o	-	-	rejected
RFA-2012-06	4 September 2012	Internships National Governmental Institutions in RS	in Belgrade Open School (BOS)		89,970	contracted
RFA-2012-06	4 September 2012	Internships National Governmental Institutions in RS	in Cromer Group LLC	-	-	rejected
RFP-2012-01	8 October 2012	Development of web-based inventory of spatial and urban planning documents	Team Net World Professional Services	-	-	rejected
RFP-2012-01	8 October	Development of web-based inventory of	Omnicom Solutions	-	-	rejected

	2012	spatial and urban planning documents	d.o.o.			
RFP-2012-02	19 November 2012	Document Management System and Public Register	PSTech d.o.o.		120,000	rejected
RFP-2012-02	19 November 2012	Document Management System and Public Register	TEAMNET World Professional Services		99,948	Selected (approval process from RCO under way)
RFP-2012-02	19 November 2012	Document Management System and Public Register	SAGA d.o.o.		115,000	To be rejected (letter pending the outcome of negotiations with selected bidder TEAMNET)
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Audit And Consulting Company "Deloitte", Ltd., Belgrade		29,920	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Singidunum University – Faculty of Economics, Finance and Administration		29,765	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental	Adizes South East Europe		28,890	rejected

		Institutions in the Republic of Serbia				
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Serbian Management Centre Ltd		29,810	Contracted
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Fenix Human Resources Ltd.		29,855	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	CEFE Serbia		29,670	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Center for Project Management - CPM		29,450	rejected
RFA-2012-07	21 November	Management Training for Public Officers	Cromer Group Ltd		29,560	rejected

	2012	Working in Governmental Institutions in the Republic of Serbia				
RFA-2013-01	6 February 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	Center for Liberal Democratic Studies in consortium with Zivkovic and Samardzic		39,970	rejected
RFA-2013-01	6 February 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	EU Bild do.o		38,500	rejected
RFA-2013-01	6 February 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	MP&Associates d.o.o. in consortium with Pro energo d.o.o.		38,150	rejected
RFA-2013-01/R	15 March 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	EU Bild do.o		48,500	ongoing

RFA-2013-01/R	15 March 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	MP&Associates d.o.o. in consortium with Pro energo d.o.o.		48,400	ongoing
RFA-2013-01/R	15 March 2013	Developing an Alternative Legal Framework for Improving Construction Permits in Serbia	Initiative for integrations – IFI		36,070	ongoing

EXPRESSION OF INTEREST TITLE	APPLICANT	Amount RSD	Amount USD	Status	GSC Meeting
Economic Growth Model	Center for Liberal-Democratic Studies (CLDS)	0	0	Rejected	
Commodity Exchange at Agricultural Forum - Food for Europe	Economics Institute	389,640	5,000	PAID	9/26/2011
Economics Training for Students of Journalism	Association CIVILNET	0	0	Rejected	9/26/2011
Guide for preparation of the Plan of Reorganization (PR) in accordance with Bankruptcy Law	BDO Business Advisory	0	0	Rejected	9/26/2011
Guide for the preparation of the Prepackaged Plan of Reorganization (PPR) in accordance with Bankruptcy Law	BDO Business Advisory	0	0	Rejected	9/26/2011
Development of Corporate Bonds Market in Serbia	Chamber of Commerce and Industry of Serbia	0	0	Rejected	9/26/2011
Fiscal Rules as a Fiscal Responsibility Tool	Center for Liberal-Democratic	0	0	Withdrawn	9/26/2011

	Studies (CLDS)				
MAT for Better Business Conditions	Economics Institute	810,600	10,300	PAID	11/4/2011
Belgrade Stock Exchange 10th International Conference	Belgrade Stock Exchange	300,000	3,800	PAID	11/4/2011
Public Administration Training to improve administrative capacity	Singidunum University - Faculty of Economics, Finance and Administration (FEFA)	0	0	Rejected	11/4/2011
Adjusting the Codex of Corporate Management of the SCCI with the new Company Law	Chamber of Commerce and Industry of Serbia	950,000	12,100	PAID	11/4/2011
Annual Seminar - Economic Potentials and Business Development Prospects	Belgrade Fund for Political Excellence (BFPE)	1,000,000	12,700	PAID	11/4/2011
Alumni Seminar - Improving Conditions for Doing Business in Serbia	Belgrade Fund for Political Excellence (BFPE)	1,100,000	14,000	PAID	11/4/2011
Including Serbia into the World Competitiveness Yearbook	Institute of Economic Sciences	0	0	Rejected	11/4/2011
Quarterly Monitor: Macroeconomic and Business Climate Issues of Serbian Economy	Foundation for the Advancement of Economics (FREN)	3,066,000	39,000	PAID	12/8/2011
Improving Competitiveness of Trade Companies	Serbian Association of Employers	0	0	Rejected	11/29/2011
Managers' Hours	Serbian Association of Managers	1,297,280	16,300	PAID	12/8/2011
Enforcement of the Law on Capital Markets	Center For Advanced Economic Studies	0	0	Rejected	12/8/2011
Export-Oriented Recovery	Center For Advanced Economic Studies	0	0	Rejected	1/12/2012
Practice of Corporate Finance in Serbia	Chamber of Commerce and Industry of Serbia	0	0	Rejected	12/8/2011
Reform of Financial System and Protection of Intellectual Property Rights in Serbia	ACADEMICA Center for Creative Economy Research	0	0	Rejected	1/12/2012
Supermarket	CEFE Serbia	0	0	Rejected	12/8/2011
Strengthening Communications Skills Training	Represent Communications	0	0	Rejected	12/8/2011
Towards business-friendly environment for development	Serbian Financial and Business	0	0	Rejected	1/12/2012

of creative industries in Serbia	Consultants (SFBC)				
Policy Advocacy Activities	Association of Management Consultants of Serbia	0	0	Rejected	12/8/2011
Grey Book of Doing Business in Pancevo	City of Pancevo Economic Development Agency	0	0	Rejected	12/8/2011
Macroeconomic Analyses and Trends (MAT) - for Better Business Conditions (eight issues)	Economics Institute	2,400,000	28,015	Rejected	4/24/12
Round tables "For better Business Conditions"	Economics Institute	3,000,000	35,000	PAID (Modification1)	4/24/12
Practice of Corporate Finance in Serbia	Chamber of Commerce and Industry of Serbia	0	0	rejected	4/24/12
Citizens' Budget Guide	BIRN	2,420,000	28,131	Contracted (Modification 1 Modification 2)	4/24/12
"Quarterly Monitor: Institutional Challenges to Boosting Employment, Growth and Public Sector Efficiency in Serbia"	Foundation for the Advancement of Economics (FREN)	2,900,000	33,971	PAID (Modification 1)	4/24/12
Benchmarking 2016 – Comprehensive Monitoring of Doing Business Environment in the Republic of Serbia	NALED - National Alliance for Local Economic Development	5,422,950	63,525	Contracted (Modification 1)	4/24/12
Ask When! - Advocacy Campaign for Improving of Doing Business Environment in the Republic of Serbia	NALED - National Alliance for Local Economic Development	2,328,500	24,998	Contracted (Modification 1)	5/29/12
Steinberg Capital&Publishing&Production ltd	Grant for development of Financial Markets	0	0	rejected	4/24/12

Government - Business Dialogue	Bluewaters YU LLC	0	0	rejected	5/18/12
Developing Methodology for Improving Local Incentives to Support Local Economic Development and Improvement of Business Environment in Serbia	RARIS - Regional Development Agency Eastern Serbia	0	0	rejected	5/18/12
Internet Radio Station	The First Entrepreneur Association	0	0	rejected	6/14/12
Press Retreat and Financial Market Workshop	Chapter 4 Communications Consulting	0	0	rejected	6/29/12
Accelerated Development of the Leasing Industry in Serbia	Association of Leasing Companies "ALCS" Belgrade	3,000,000	32,545	rejected	6/29/12
Municipal bonds – A way to a sustainable local economic development	Bluewaters YU LLC	2,300,000	23,782	rejected	9/13/2012
Conference 100 Days of Government	American Chamber of Commerce in Serbia	1,812,500	19,215	rejected	9/13/2012
Conference: Improving Conditions for Doing Business in Serbia	Belgrade Fund for Political Excellence	1,627,460	18,000	rejected	9/13/2012
Strengthening the Voice of Managers	Serbian Association of Managers	2,375,000	25,986	rejected	9/13/2012
Development of regulatory frameworks and mechanisms of alternative financing for SMEs in Serbia	EDGE Ltd Beograd	2,000,000	21,886	rejected	9/13/2012
Innovated model banking services to Serbian legal entities and agriculture during process of society transition, sanitation of banking and finance sector and	MEJA LTD, BELGRADE	3,000,000	33,700	rejected	10/11/2012

state recover after last world wide economy crises (2013-2025).					
Annual Seminar (Module 2): Economic Potentials and Business Development Prospects in Serbia by 2020	Belgrade Fund for Political Excellence	2,176,070	24,500	rejected	10/11/2012
Improving competitiveness of Serbian economy through development of the system of Institutional Financial Restructuring (IFR Project)	Chamber of Commerce	2,535,075	28,233	rejected	10/11/2012
Strengthening the Voice of Managers	Serbian Association of Managers	1,150,000	12,960	contracted	10/11/2012
Conference 100 Days of Government	American Chamber of Commerce in Serbia	1,874,300	21,343	contracted	10/11/2012
Policy Measures to Enhance Serbian Exports	Faculty of Economics, Finance and Administration, Singidunum University (FEFA)	3,530,000	39,831	rejected	10/11/2012
Monetary and Fiscal Model for the Government of Serbia, Supporting Tool in Monetary, Fiscal and Trade Policy Making	Belox Advisory Services Ltd.	11,500,000	131,034	rejected	01/24/2013
Better Treatment for More Investments in Serbia	OPTIMUS - Center for Good Governance	2,979,756	33,708	rejected	01/24/2013
Building Project Management Awareness in Government of Serbia	PMI Serbia Chapter	900,000	10,483	rejected	01/24/2013
Institutionalizing the Concept of Continuous Improvements within the Public Sector of the Republic of Serbia	Audit and Consulting Company "Deloitte", Ltd., Serbia	2,579,000	32,136	rejected	01/24/2013

Improve Macroeconomic Policy and Strategy - Impact of Cultural Heritage and Viticulture on Macroeconomic Development of Vojvodina and Republic of Serbia	Fruskogorski Vinogradi	3,000,000	34,945	rejected	01/24/2013
Preparing Serbia for Free Movement of Services	European Policy Centre	2,800,000	32,613	rejected	01/24/2013
Evaluation of Influence of the Project "Western Balkans Innovative Auto Region" on Macroeconomic Development of Sumadija Region	L&I Consulting	2,500,000	29,119	rejected	01/24/2013
Build Efficiently in Serbia Today (BEST- a Guide through Building Proedures)	Center for Architecture Belgrade	1,600,000	18,636	rejected	01/24/2013
Building Capacity of Government of Serbia (GoS) in Project Management, Communications Management and Leadership Area	4You doo Beograd	2,850,000	33,195	rejected	01/24/2013
Improve the Environment for Development and Institutionalization of Clusters in Serbia	Cluster House	3,000,000	34,943	rejected	01/24/2013
Bank Collaboration to Improve SME Access to Finance	Center for Advanced Economic Studies (CEVES)	2,500,000	29,119	Waiting for full application	01/24/2013
No name	Serbian Financial and Business Consultants –Creative Economy Group	2,780,000	32,380	rejected	01/24/2013
Impact Serbia	CEFE Serbia	2,841,000	32,965	rejected	01/24/2013
TOTAL REQUESTED		97,480,111	\$ 1,114,367		

SUMMARY FOR 2012:

Total number of applications	36
Rejected / postponed/ withdrawn	29
Paid / Contracted / Approved	10/15/15
Pending / under negotiations /open	1

Note: No Eols were submitted in 2013. APS-2013-01 was not published until March 31, 2013.

FINANCIAL STATUS OF CONTRACTED GRANTS**RFAs 2011 and 2012**

			RSD	USD	Status
Foundation for the Advancement of Economics - FREN	Quarterly Monitor 24	unsolicited proposal	2,099,993	28,417	Paid
CeSID	Business Survey	RFA-2011-01	1,401,600	18,502	Paid
CeSID	Business Survey Follow-up Data Analysis	RFA-2011-01-F	370,000	4,513	Paid
National Alliance for Local Economic Development - NALED	Assessment of Impact of Quasi-Fiscal Charges on Businesses in Serbia	RFA-2011-02	1,400,000	19,197	Paid
Foundation for the Advancement of Economics - FREN	Econometric Assistance	RFA-2011-03	2,828,300	37,870	Paid
MP and Associates	Assessment of Constraints to Construction Permits in Serbia	RFA-2011-04	1,614,000	20,550	Paid
Center for Liberal-Democratic Studies - CLDS	Project on Journalist Education on Economic and Business Environment Reforms	RFA-2011-05	1,175,000	14,290	Paid

Balkan Center for Regulatory Reform - BCRR	For Training of Commercial Court Judges on Implementation of the New Company Law	RFA-2011-07	1,675,000	20,630	Paid
Center for Liberal-Democratic Studies - CLDS	Study on Private Domestic Savings	RFA-2011-06-R2	1,840,000	22,230	Paid
Chapter 4 Communications Consulting	Organization of Capital Market Forum in Serbia	RFA-2012-01	1,697,180	19,980	Paid
Center for Liberal Democratic Studies	Policies to Increase Employment and Workforce Competitiveness	RFA-2012-02	2,987,000	34,052	Paid
Represent Communications	PR/Outreach Campaign	RFA-2012-03		84,342	2/5 paid (Modification 1)
BDO	Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere	RFA-2012-04	4,600,000	47,998	1/3 paid (Modification 1, Termination of grant agreement)
Foundation for the Advancement of Economics (FREN)	Economic Policy Measures to Combat Shadow Economy and its Effects on Total Economic Growth in Serbia	RFA-2012-05		79,830	Paid
CESID d.o.o.	2012 Business Survey in Serbia	SSS-2012--01		25,825	Paid
MP and Associates	Assessment of Constraints to Construction Permits in Serbia - follow on	RFA-2011-04-F/2012		16,850	Paid
Belgrade Open School (BOS)	Better Public Administration through Internship Placements	RFA-2012-06		89,970	1/6 paid

Serbian Management Centre Ltd	Management Training for Public Officers Working in Government Institutions in the Republic of Serbia	RFA-2012-07		29,810	contracted
Subtotal				614,856	

APS 2011 and 2012

			RSD	USD	Status
Economics Institute	Agricultural Forum "Food for Europe"	APS-2011-01-1	389,640	5,043	Paid
Economics Institute	MAT - for Better Business Conditions	APS-2011-01-2	820,000	9,965	Paid
Belgrade Stock Exchange - BELEX	Belgrade Stock Exchange 10th International Conference	APS-2011-01-3	300,000	3,872	Paid
Foundation for the Advancement of Economics - FREN	Quarterly Monitor 25-26-27 : Macroeconomic and Business Climate Issues of Serbian Economy	APS-2011-01-4	3,066,000	39,574	Paid
Belgrade Fund for Political Excellence - BFPE	Alumni Seminar - Improving Conditions of Doing Business in Serbia	APS-2011-01-5	1,100,000	13,805	Paid
Belgrade Fund for Political Excellence - BFPE	Annual Seminar - Economic Potentials and Business Development Prospects	APS-2011-01-6	1,000,000	12,018	Paid
Chamber of Commerce and Industry of Serbia	Adjusting the Codex of Corporate Governance of the CCIS with the New Company Law	APS-2011-01-7	1,270,000	15,370	Paid
Serbian Association of Managers - SAM	Managers' Hours	APS-2011-01-8	1,297,280	15,770	Paid

Economics Institute	Round tables -For better business conditions	APS-2012-01-3	2,959,208	32,199	Paid
National Alliance for Local Economic Development - NALED	Ask When! - Advocacy Campaign for Improving of Doing Business Environment in the Republic of Serbia	APS-2012-01-4	2,328,500	25,308	2/3 paid (Modification 1)
Foundation for the Advancement of Economics - FREN	“Quarterly Monitor: Institutional Challenges to Boosting Employment, Growth and Public Sector Efficiency in Serbia”	APS-2012-01-2	2,648,319	28,328	Paid
BIRN	Citizens' Budget Guide	APS-2012-01-5	2,513,906	27,682	3/4 paid (Modification 1 Modification 2)
NALED - National Alliance for Local Economic Development	Benchmarking 2016 – Comprehensive Monitoring of Doing Business Environment in the Republic of Serbia	APS-2012-01-1	3,000,000	32,637	3/5 paid (Modification 1)
American Chamber of Commerce in Serbia	“First Lap Time - 100 Days of Government” and Follow up	APS-2012-01-6		22,688	2/5 paid
Serbian Association of Managers - SAM	Strengthening the Voice of Managers	APS-2012-01-7		14,192	1/3 paid
Subtotal				298,451	
TOTAL CONTRACTED USD				913,307	

