



USAID Business Enabling Project

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Photo: Business Enabling Project

The project's business roundtables and outreach campaign resulted in a Government Working Group and an inspections reform strategy.

Project funded by:

U.S. Agency for International Development; USAID/Serbia

Project implemented by:

Cardno Emerging Markets USA, Ltd.

Key counterparts:

Ministry of Finance and Economy; Ministry of Regional Development and Local Self Government; Ministry of Justice and State Administration; Ministry of Foreign and Domestic Trade and Telecommunications; Fiscal Responsibility Council; Serbian Securities Commission; and business associations.

Where we work:

Throughout Serbia

Project duration:

February 2011 to December 2015

Contact:

USAID Business Enabling Project
Francuska 6

Belgrade 11000 Serbia

Phone: + 381-11 334-8481

Fax: + 381-11 334-4421

E-mail: info@bep.rs

Website: www.bep.rs

BACKGROUND

USAID's Business Enabling Project is a five-year initiative launched in January 2011. The project helps the Government of Serbia (GOS) increase the competitiveness of the Serbian economy and its private sector by streamlining the business enabling environment, improving public financial management, and strengthening financial markets. Project activities are based on priorities identified by the private sector and the GOS.

ACTIVITIES

The project is helping Serbia achieve reforms that will:

- Streamline business regulation and economic governance;
- Improve macroeconomic policy and public financial management; and
- Deepen financial market development.

RESULTS

- A total of 138 para-fiscal charges were removed based on USAID's recommendations and a set of key legal principles to prevent future adoption of ad hoc fees and charges was introduced. Consequently, the imposition of fees and charges on mid-size companies has been reduced by 47 percent;
- The new Capital Markets Law and by-laws were adopted and are being implemented, resulting in a sound, transparent regulatory framework;
- The Public Debt Authority improved efficiency through the use of better IT tools and enhanced staff capacity, helping the authority reduce the risk and cost of borrowing for the GOS;
- The Reform Action Plan for the construction permitting process was prepared and new legislation is being drafted. Expected results include the founding of one-stop shops so builders no longer schedule dozens of meetings with administration and public enterprises, and the permitting process should take just 40 days instead of hundreds of days to complete;
- A comprehensive study for improving the financing of SMEs was prepared and a set of recommendations for action to be taken by the GOS was prepared for the GOS Action Plan for Economic Development. Many items have been included in the GOS's own Strategy. Implemented recommendations include introducing cash-based payment of Value Added Taxes for SMEs, reducing waiting times for tax refunds and payments by public enterprises, and eliminating required reserves for leasing companies;
- A newly adopted Law on Factoring will help increase business liquidity and expand the factoring industry from the current 1.7 percent of GDP (compared with 6.2 percent in the European Union);
- A Governmental Working Group was formed and a Strategy for Inspections Reform was developed. Adoption of a new law on inspections would result in a significant reduction of administrative compliance costs for businesses and the shrinking of Serbia's gray economy; and
- A landmark study on the shadow economy in Serbia was completed and widely publicized. As a result, the tax inspectorate is now authorized to supervise and sanction all informal business activities.