



Business Enabling Project

December 2016



The Project's annual survey of a 1,000 businesses is a unique reform barometer that helps Government prioritize businesses' needs.

Project funded by:

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

Project implemented by:

Cardno Emerging Markets USA, Ltd.

Key counterparts:

Ministry of Economy, Ministry of Finance, Ministry of Labor, Employment and Social Policy, Ministry of Construction, Transportation and Infrastructure, Ministry of Public Administration and Local Self-Government, Ministry of Trade, Tourism and Telecommunications, Ministry of Justice, National Bank of Serbia, H.R. Department, Serbian Association of Banks, Business Associations

Where we work:

Republic of Serbia

Project duration:

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BACKGROUND

USAID's Business Enabling Project is a seven-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:

- Reduce legal and regulatory burdens on businesses;
- Improve macroeconomic policy and public financial management;
- Deepen financial market development and increase access to finance.

RESULTS

- A new Law on Planning and Construction was adopted in December 2014 based on BEP's recommendations. Thanks to the One Stop Shops and e-permitting, Serbia moved from 186th position on the Doing Business list in 2015 to 36th position in 2017. With 1,377 construction permits issued, September 2016 was the best month in almost 10 years - 28 percent up compared to September 2015.
- Program budgeting methodology was developed together with GoS; improved capacity of Ministry of Finance (MoF) and 178 direct budget beneficiaries to implement program budgeting - an EU requirement that increases transparency and accountability in public finance.
- BEP's analysis and advocacy led the National Assembly enact the Inspections Oversight Bill in April 2015. The first year of implementation brought significant results in reducing the informal employment, rise of newly-registered entities, and increase of businesses' trust in inspections and perception of inspection oversight and inspectors.
- A new Labor Law was adopted in July 2014 based on BEP's recommendations. This law has made the labor market more flexible and makes Serbia more competitive for FDI.
- BEP's comprehensive study and recommendations for improving SME financing were used in the GoS Action Plan for Implementing the Entrepreneurship and Competitiveness Development Strategy.
- A total of 138 para-fiscal charges were removed based on BEP's recommendations, and legal principles were introduced to prevent future *ad hoc* adoption of fees and charges.
- A new Law on Factoring drafted with BEP's assistance has helped increase business liquidity and expand the factoring industry.
- BEP helped Public Debt Authority reduce the risk and cost of borrowing for the GoS through use of better IT tools and enhanced staff capacity.
- BEP's analysis and advocacy led the GoS to prioritize establishment of non-deposit-taking non-bank institutions. BEP will help the Ministry of Finance and National Bank to develop regulations to enable such financial institutions.
- The Government has made tackling the shadow economy one of its key priorities, thanks to BEP's study on Serbia's informal economy.
- BEP is working with the Ministry of Finance and the National Bank to improve collateral valuation: a real estate transactional database is under development, and a new Property Valuers Law and National Valuation Standards are drafted to improve the valuer profession.