



USAID
FROM THE AMERICAN PEOPLE

Projekat za bolje uslove poslovanja
Business Enabling Project

**USAID Business Enabling Project in Serbia
Contract No.
Scope of Work for Consultant
for Developing, Preparing and Presenting Simulation Process of Issuing Construction Permit
based on Draft Law on Spatial Planning and Construction**

I. BASIC INFORMATION

Background

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 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 Government. The Project's activities are described in more detail on the Project's website: www.bep.rs.

The Business Enabling Project's Component 1, Business Regulation and Economic Governance, has a goal to streamline laws, regulations, and institutions, to improve regulators' capacity to implement laws and improve analysis and public-private dialogue.

The project's approach to achieving reforms is to help the Government work closely with the private sector and outside experts to make reforms that improve business competitiveness. The steps in this collaborative reform process include:

- Determine priorities by engaging with businesses, including surveys of businesses, and using regulatory impact assessment and other tools to measure the benefits of reforms
- Build demand for reforms through outreach and education
- Partner with the Government to plan and implement various priority reforms
- Build Government and private sector capacity to properly implement and sustain reforms
- Help the Government and private sector to monitor reform efforts.

These activities reduce the time and money spent by Serbian businesses to comply with laws and regulations and will help the Government to be more efficient. The activities also enable businesses to attract necessary investment at an appropriate cost. As result, Serbian businesses will be able to aggressively compete in the global economy. This will lead to export-led economic growth and increased employment.

Streamlining of Construction Permitting

As with previous efforts to reform the construction permitting process, reforms of procedures in the construction field introduced by legislation adopted in 2009 and then in 2011 proved to be short-lived and not fully implemented. The current system continues to be characterized by a low quality and high costs of public services. Considering that Doing Business 2013 reports that an investor in Serbia has to

go through 18 procedures and spend in average 269 days¹ to obtain a construction permit, it is not surprising that this procedure is often used in Serbia as an example of public administration inefficiency.

To address deficiencies of the existing system, USAID BEP has performed in-depth diagnostics of the system and has proposed very concrete measures to improve relevant processes. The result of this engagement is **the Assessment of Constraints to Construction Permits in Serbia** (May 2012), which gave by far the most comprehensive diagnosis of problems with construction permits in Serbia and offered a number of concrete recommendations.

USAID BEP also initiated an intensive media campaign on the need to reform construction permits. This campaign reached millions of citizens of Serbia, in addition to policy makers, business representatives, experts and other stakeholders. Finally, responding to the positive feedback on the findings and recommendations from the Assessment, USAID BEP produced in January 2013 **A Roadmap for the Government of Serbia to Streamline Construction Permits**, comprising a set of recommendations for improvements of the constructions permits with a roadmap for their implementation.

As a result of USAID BEP's involvement in the construction permits area, stakeholders have asked BEP to help develop reformed framework for construction permits. USAID BEP responded to this request by facilitating stakeholders' dialogue on recommendations for improvement of construction permits and providing technical assistance to improve the legal framework for construction permits. USAID BEP awarded a grant to prepare an unambiguous concept of improved construction permits system, including a description of a reformed institutional setup, legal responsibilities and process flows, and a legal framework for implementation of that concept.

The Ministry of Urbanism and Construction agreed with the provided concept and started drafting the Law. We expected the new legal framework for the construction permits to be adopted by the end of 2013. However, due to various circumstances, the drafting process lasted longer than it was expected. Finally, the official draft, available on Ministries' website, was presented and discussed with wider public on the set of public discussions (public discussion lasted from November 21, 2013 until December 12, 2013).

However, it appears that the official draft does not fully complied with the previously agreed concept and USAID recommendations and still needs some crucial improvements regarding issuing construction permits. In order to fully analyze the Draft and explain why the Draft needs additional improvements, USAID BEP intends to engage consultant who will develop, prepare and present the simulation process of issuing construction permit based on Draft Law on Spatial Planning and Construction. The consultant shall identify all "bottlenecks" in the process to be identified and to suggest possible solutions for them.

¹ BEP research indicate that there are as many as 20 administrative decisions preceding the issuance of each construction permit, around 70 instances of contacts between an investor and various institutions and 12-14 institutions that can slow down the procedure or halt it altogether.

Scope of Work

This assignment will be part of the BEP project's Component 1: Business Regulation and Economic Governance activities, and is incorporated in BEP's Objective 1: Improve and streamline business regulation – Task 4: Streamline Construction Permitting.

Tasks

Within the scope of this SoW, consultant or consultants should:

- Develop a simulated process of issuing construction permit based on the Draft Law on Spatial Planning and Construction. The simulation process needs to be developed for:
 - a) Project corresponding to item 1 from Class B objects in the Draft Law on Spatial Planning and construction (family house). All land related rights accorded and planning documents adopted.
 - b) Project corresponding to item 5 from Class V objects in the Draft Law on Spatial Planning and construction (building facilities for wholesale and retail). This category also includes facilities like shopping centers, buildings with shops, exhibition halls, etc. with maximum gross area 2,000 m² and a maximum height of up to 25 m². The simulation should be based on the assumption that only a general plan is adopted, other necessary planning documents not adopted, location is not infrastructural equipped and reallocation needs to be done.
 - c) Project that has the same characteristics as the warehouse according to the World Bank Doing Business specification and methodology. For this object it is necessary to prepare 2 scenarios: a. all necessary planning documents adopted and b. no necessary planning documents adopted.
 - d) Project under the authority of the Ministry of Urbanism and Construction corresponding to article 169, item 15 in the Draft Law on Spatial Planning and construction. Namely, these are state roads of first and second rank, road facilities and transport connections to these roads and border crossings. Beside the issuing construction permit process, the simulation should describe procedures of solving the transport and other infrastructure during the construction process for the object which is on the road route.
- Identify and estimate duration of each step and process for the projects listed above throughout the permitting process, from registering ownership to obtaining utilization permit, and overall duration of the permitting process. This should include identification and description of all processes and steps to be conducted before all public enterprises, agencies and other public administration bodies that execute competences in the permitting process (including all technical steps that consume time and require interaction between investor and administration such as issuing invoices, various administrative procedures, signing contracts etc). Identify which processes may be conducted in parallel.
- Identify “bottlenecks” during the construction permitting process and suggest possible solutions for “bottlenecks” elimination.
- Present the simulation process of issuing construction permit based on Draft Law on Spatial Planning and Construction to USAID BEP, USAID and other relevant public and private stakeholders, as requested by USAID BEP.

At least one project should be located in Belgrade, one in Vojvodina and one south of Belgrade. All simulations should be conducted by taking into account existing average level of efficiency of administrative bodies and institutional capacities.

Level of Effort

Consultant will have up to 15 (fifteen) days of engagement for completion of the tasks.

Period of Performance

Period of performance of this SoW is from January 22, 2012 to March 31, 2014. Maximum number of days under this SoW cannot exceed 15 (fifteen) days.

Deliverables

Specific work products to be developed by Consultant include:

- 1) Written report as described under Tasks section of this Scope of Work, to be completed within 15 calendar days following signing of the consultancy agreement.
- 2) Presentation of the findings and recommendations to USAID BEP USAID and other relevant public and private stakeholders, as requested by USAID BEP, within period of 30 days following signing of the consultancy agreement.
- 3) STTA final report according to the USAID BEP procedure.

Reports should be made in a word document.

Consultant will furnish draft of this report to the USAID BEP not later than 3 (seven) days before expiry of the deadline for submission of the final report. USAID BEP will provide its comments in written not later than 2 (three) days after receiving the draft report and Consultant will submit the final report, taking into considerations comments received, within next 2 days.

All materials must be prepared in English unless expressly authorized otherwise in writing by the Cardno Emerging Markets representative.

To Apply

1. Requirements for eligible candidates:
 - a. Proven expertise and significant experience in the field of real estate, urban planning, construction permits and similar.
 - b. Good analytical, writing and presentational skills.
2. Applications including CV clearly showing adequate technical background and relevant work experience should be sent by e-mail to: info@bep.rs, by January 21, 2014. Only short-listed candidates will be contacted.
3. Maximum number of this under this Scope of Work cannot exceed 15 (fifteen) days.