



USAID
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Projekat za bolje uslove poslovanja
Business Enabling Project

**USAID Business Enabling Project in Serbia
Contract No.
Scope of Work for Consultant
for Preparing Description of Construction Permitting Reforms in Macedonia**

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. However, the Ministry proved to be slow and reluctant to accept some of critical BEP recommendations in the Draft. The Ministry Draft remains deficient in several important respects, including implementation of the one-stop-shop concept, clear designation of responsibilities for public sector's actions, deadlines and sanctions for breaches of deadlines, finding a good balance in terms of elements of the new legal framework that should be in a law as opposed to those that should be in a bylaw, and a proper time frame for entering some of the critical reforms in the legal force.

At the same time, Macedonia is widely seen, even by Serbia's policy makers, as one of the countries that has achieved most in terms of expediting its construction permitting processes. This is evidenced by Macedonia's significant progress on the IFC's and the WB's Doing Business ranking. In 2006 Doing Business report, it took 22 procedures and 252 days to obtain a construction permit in Macedonia; Serbia was better, with 19 procedures and 205 days. Fast forward to Doing Business 2014 and it takes only 12 procedures and 90 days in Macedonia and 18 procedures and 269 days in Serbia.

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.

Consequentially, Macedonia is 63rd on the Doing Business 2014 in the efficiency of construction permitting and Serbia is 182nd. Much of this success is in Serbian policy community attributed to introduction of e-Government services related with construction permits; some is ascribed to alleged "gaming" of the Doing Business methodology by playing with the municipal tax rates. But as these are mostly anecdotal accounts, Serbia can benefit significantly by learning exactly which reforms were implemented in Macedonia and what results they produced.

As the new legal framework for the construction permits might be adopted by the end of Q2 2014, BEP intends to use detailed account of Macedonian experiences with construction permits, both positive and negative ones, to inform decisions of the Serbian policy makers.

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 should prepare a report on achievements of the reforms of construction permits in Macedonia that will include description and analysis of:

- A process of implementation of the construction permits reform in Macedonia, including who the champions and coordinators of reforms were and general chronology of implemented reforms.
- Level of implementation of the One-Stop-Shop concept in the construction permitting system in Macedonia. For example, whether municipality obtains technical conditions from public enterprises for investor, or he does it on his own.
- Practice with observing legally defined deadlines for actions of the public entities.
- How the silence-is-consent rule is implemented in Macedonian construction permitting practice.
- Delineation of responsibilities between different levels of government and public agencies.
- Role of the State Committee for Urban, Communal, and Housing Works: The Doing Business 2014 on construction permits in Macedonia reports on the need to "Obtain a directive from the construction company, issued by the State Committee for Urban, Communal, and Housing Works", which is reportedly needed in order to request water and sewage installation.
- Difference in procedures for different classes of construction projects (implementation of the risk based approach in construction permitting).
- Relationship between local governments and system operators (public utility companies)
- Relationship between construction permitting and environmental protection procedures
- Difference in efficiency of construction permits in capital city of Skopje, other big cities and smaller municipalities.
- Possible special treatment of investments of public importance (national or local) or foreign investments for permitting purposes.

- Results of implementation of e-permitting system
- Administrative costs of construction permitting. For example, elements of the tax for preparation of the spatial and urban plan referred in the Doing Business 2014.
- Elements where administrative practice with issuance of construction permits differ from legal provision
- Plans for continuation of reforms.

Level of Effort

Consultant will have up to 5 (five) days of engagement for completion of the task.

Period of Performance

Period of performance of this SoW is from April 22, 2014 to April 30, 2014. Maximum number of days under this SoW cannot exceed 5 (five) days.

Deliverables

Specific work products to be developed by Consultant is the Report on Achievements of the Reforms of Construction Permits in Macedonia.

Report should be made in a word document, and its length should be approximately 10 pages.

Consultant will furnish draft of this report to the USAID BEP not later than 5 (five) days before expiry of the deadline for submission of the final report. USAID BEP will provide its comments in written not later than 3 (three) days after receiving the draft report and Consultant will submit the final report, taking into consideration 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 and excellent knowledge of the construction permitting process in Macedonia;
- b. Good analytical skills;
- c. Excellent English writing 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 April 11, 2014. Only short-listed candidates will be contacted.

3. Maximum number of this under this Scope of Work cannot exceed 5 (five) days.