

**USAID Business Enabling Project in Serbia  
JOB DESCRIPTION AND STATEMENT OF WORK**

**Position:** Compliance Cost Model Expert

**Employer:** Cardno Emerging Markets USA Ltd., Washington DC, Belgrade Representative Office

**About the Project**

USAID's Business Enabling Project ("USAID BEP"), implemented by Cardno Emerging Markets USA and partners, is a seven 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, its macroeconomic position and its private sector businesses. The Project provides technical assistance, training, and other support to improve the business enabling environment, 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 is organized around three components, each implemented by a resident team of Serbian and international professionals: Component 1 – Business Regulation and Economic Governance; Component 2 – Macroeconomic Policy and Public Financial Management; Component 3 – Financial Markets Development.

This assignment is part of the project's efforts to capture its various economic outcomes, including quantitative outcomes and qualitative and other outcomes on Serbia's economy, businesses, and citizens. It is related to the activities performed under the Intermediate and Sub-Intermediate Results for the project: Business Enabling Environment Improved, More Effective Business Regulation, Macroeconomic Environment Improved, Improved Fiscal Policy, and Financial Markets Developed.

**Background to SoW**

BEP has been very successful over its seven years, and the project has captured many of its results (outputs and outcomes) through its Performance Monitoring Plan (PMP) and other data and information collection and knowledge management.

But further work is needed to measure the Project's higher level economic outcome and effect on the business environment in Serbia. The economic value of reforming regulations is substantial. One measure of this value is the reduction of costs to businesses in dealing with laws, regulations, procedures, and institutions that is caused by policy, legal, regulatory, and institutional reforms. BEP has previously measured this cost reduction across a wide range of

regulations through its Standard Cost Model studies (2012, 2015)<sup>1</sup>. But these studies did not cover all of the reforms that BEP has worked on in its six plus years.

To capture the cost savings from some of BEP's major activities, BEP will conduct a compliance costs reduction study. In this study, the project will analyze the costs saved to businesses from reforms to inspections, construction permitting, labor law reform, enforcement of judgements, and perhaps one other area that BEP worked on.

## **Objective**

This consultancy is part of a study to try to quantify BEP's economic outcomes to the extent possible. BEP and several of its activities had an objective to reduce unnecessary time and costs that businesses spend in complying with laws, regulations, and procedures. To measure the economic outcome of BEP's work to streamline laws and procedures and improve institutions, BEP will conduct a compliance costs reduction measurement.

Compliance costs are the costs that are incurred by businesses or other parties at whom regulation may be targeted in undertaking actions necessary to comply with the regulatory requirements, as well as the costs to government of regulatory administration and enforcement. Compliance costs can be further divided into administrative burdens, substantive compliance costs and administration and enforcement costs. An assessment of compliance costs reduction as a systematic approach to identifying and assessing compliance costs reduced due to BEP activities should provide a greatly enhanced information base that could help understand whether expected regulatory impacts of BEP activities are achieved.

The compliance costs reduction should be measured through a model to be developed by the consultant. This model will measure compliance costs savings resulting from selected BEP activities. These activities will include BEP's assistance in labor market, inspection, construction permits, and enforcement of judgments reforms.

There are several possible approaches to compliance cost estimation. The appropriate approach to be used is likely to differ according to the nature of the regulations being assessed and the extent of the costs imposed. A range of methodological approaches to cost estimation, suited to different regulatory changes needs to be examined.

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<sup>1</sup> Standard Cost Model is a method for determining the administrative burdens that regulations impose on businesses. The method can be used to measure a single law, selected areas of legislation or to perform a baseline measurement of all legislation in a country. It provides a quantitative indicator of the cost-savings of reforms, including both money and time (the latter also quantified in monetary terms).

The consultant should refer to BEP's previous Standard Cost Model studies as guidance to methodology and approach. Although comprehensive, the Standard Cost Model studies have only partially covered some of key activities of BEP (e.g. reform of inspections), while some activities (e.g. construction permits) were not included.

The broader study of BEP's economic outcomes will also review project activities and analyze the economic outcomes (economic growth measurements) for selected BEP Tasks, and will try to capture other positive outcomes from the project. The consultant will not be involved in this analysis of economic growth outcomes, but should coordinate his activities with those of the consultants undertaking the analysis. The consultant's report will be included in a broader report on BEP's economic outcomes.

## Tasks

Under this SoW, the Consultant will conduct a compliance costs reduction study that will analyze the costs saved to businesses from four or five reform areas (Tasks and sets of activities) that BEP worked on. These areas will include inspections, construction permitting, labor law reform, enforcement of judgements, and perhaps one other area that BEP worked on.

The Consultant's detailed responsibilities include the following:

- Develop proposed methodological approach to conducting the study
- Present proposed approach to BEP management team prior to conducting data collection
- Develop an appropriate base case and conduct data collection
- Calculate estimates of each type of compliance cost related to key identified activities
- Review estimates and conduct ex post validation
- Present study findings and results to BEP management team and USAID Serbia and contribute to report on BEP's economic outcomes.

In addition to the Standard Cost Model studies referenced above, the consultant should review BEP's Annual Survey of 1,000 Serbian Businesses, which provides indicators of the burden to businesses of laws, regulations, procedures and institutions. BEP project surveys include questions and data across all project components and tasks. As part of the broader study of BEP's economic outcomes, the project may commission an additional customized survey to help determine attribution of BEP activities to economic outcomes, and the consultant should consider adding questions to the survey that may help determine compliance cost reductions.

The Consultant will work closely with the BEP team, especially the Senior Management of the project.



### Level of effort

Maximum number of days under this LOE cannot exceed 35 days.

### Deliverables

- Methodology/model for compliance costs reduction measurement
- Study findings and report with compliance costs and reductions related to key identified activities
- Input to evaluation report of BEP activities and outcomes

Applications including CV clearly showing adequate technical background and relevant work experience should be sent by e-mail to: [info@bep.rs](mailto:info@bep.rs), by **January 13, 2016 CoB (Close Of Business - day)**. Only short-listed candidates will be contacted.