



**USAID Business Enabling Project in Serbia
Scope of Work for Consultant**

Technical Assistance and Training for the Public Debt Administration on Preparing Debt Sustainability Analysis and Risk Reporting

Background

About the Project

USAID's Business Enabling Project ("USAID BEP"), implemented by Cardno Emerging Markets USA and partners, 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, 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.

USAID BEP Component 2, Macroeconomic Policy and Public Sector Financial Management, helps to advance reforms in financial management and fiscal policymaking that are relevant for business growth and competitiveness. This includes technical assistance to develop better economic forecasts, build capacity in performance-based budgeting, improving public debt management, and strengthen public private dialogue and awareness about key policy issues and developments.

The overall aims of USAID BEP work in these areas are to:

- 1) Make better use of public funds
- 2) Strengthen fiscal responsibility, planning, and transparency
- 3) Reduce fiscal risks
- 4) Improve the quality and scope of fiscal analysis and policymaking
- 5) Reduce the impact of government financing on business and the economy at large
- 6) Strengthen compliance with requirements for EU accession

The main objective of the Public Debt Authority (PDA) is to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost over the medium to long run, consistent with a prudent degree of risk.

Background to SOW

Public Debt Authority (PDA) is an administrative body within the Ministry of Finance whose jurisdiction is defined by the Public Debt Law. Associated to the public debt, the PDA conducts operations related to:

1. The debt negotiation tracking,
2. Government securities,



3. Public debt based receipt management,
4. Risk reduction,
5. Tracking and analysis of the condition and changes on the domestic and foreign financial markets,
6. Preparation of the public debt management strategy,
7. Monitoring of local government borrowing,
8. Monitoring the borrowings of those local entities requesting guarantees,
9. Record keeping and accounting operations on public debt and financial reporting,
10. Management of the financial information system,
11. Proposing the prohibition of participation in the purchase of government securities, and
12. Performing other tasks in accordance with the law.

The PDA has a critical role to play in the government because it makes decisions and executes plans to finance the Government's operations and deficits. How the PDA does its job has an impact on the cost of finance, investor sentiment, and overall fiscal stability of the country - are all critical factors that affect business growth. The operations of the PDA also have an impact on the coordination of monetary and public debt management policies.

The need to build capacity and strengthen debt management practices within the PDA has been on the reform agenda for a long time and there are number of areas that need to be addressed. The information systems are dysfunctional and poorly developed.

BEP is helping the PDA with technical assistance in a range of areas. USAID BEP has provided support to the PDA to improve its debt management and reporting systems. The USAID BEP prepared "Review of selected issues regarding the functionality of the TRASSET System for Debt Management" and other advice was provided in 2011 and 2012 on how to implement some of the recommendations contained in the review. At the end of 2012, USAID BEP assisted the PDA with the preparation of the technical specifications for maintenance of application TRASSET. Given uncertainties surrounding the unresolved issues in the current debt system, PDA requested and BEP started to assist with the preparation for forthcoming testing of new debt management systems to evaluate their suitability to PDA's needs.

USAID BEP has also undertaken to help the PDA build capacity in risk management and debt sustainability analysis that is critical for developing a sustainable debt management strategy.

Scope of work

The Consultant will plan and implement the work schedule in accordance with the requirements of the PDA.

The Consultant will be expected to perform the following tasks during the period of assignment:



Task 1 – Final review and revision of the DSA methodology prepared by the PDA

Consultant will work with PDA staff to finalize and fine-tune the DSA methodology that was outlined in previous training. This will require the consultant to address a few technical and knowledge constraints that have arisen in the course of the PDA preparing and practicing its use of the DSA.

Task 2– Development of a DSA reporting format and structure and training to PDA staff on how to use it

Consultant will prepare detailed structure of the DSA report, based on the IMF country reports and the IMF research papers. PDA staff will consider this document and prepare issues for discussion for the working meeting (training). During the meeting, the final form of the DSA report will be agreed on and the consultant will provide the directions and recommendations to apply the DSA model and conduct the necessary analyses in the most efficient and effective manner.

Task 3 - On-the-job supervision of PDA Staff in preparing the DSA analysis and new report

Consultant will work with PDA staff and provide on-job-assistance as they go through the exercise of conducting the DSA and then articulating the results of this analysis in the new reporting format, including narrative and explanations. It is expected that this will be an iterative process with the consultant reviewing early drafts of the analysis, providing recommendations for improvement, monitoring how those recommendations are being applied and then reviewing further outputs, and so forth. It is estimated that at least two working meetings with the PDA staff will be necessary to accelerate PDA staff's progress in the development of the DSA report.

With the inputs from previous working meeting, the PDA staff will independently implement DSA analysis by using previously provided DSA Model, prepare written interpretations of the results in line with the agreed structure of the DSA report, and submit the results to the Consultant.

Task 4 – Finalization of DSA Report and training on technical issues

After the DSA model implementation and written interpretation by the PDA staff, the consultant will supervise the final drafting of the DSA report to facilitate its completion and quality control. One working meeting/training session with the PDA staff will be needed to go over technical issues and ensure that PDA staff can work independently going forward.



Task 5 – Final STTA Report with Recommendations

Prepare a brief STTA report on the work performed and the outcomes. Include recommendations for further risk management and other training needed to advance the quality of risk management in the PDA.

Task Results

As a result of this training, PDA (particularly Middle Office) will be able to independently conduct public debt sustainability assessment, explain the results to policymakers, use the results in setting intermediate term debt management strategy, and prepare a comprehensive DSA report.

Level of effort

7 days

Period of Performance

Period of performance of this SoW is May 27, 2013 to July 12, 2013.

CV in English with clearly showing adequate background and stating references should be sent by e-mail to: info@bep.rs, by May 21, 2013.