



USAID Business Enabling Project in Serbia
Contract No. 169-C-00-11-00001-00
Scope of Work for
Technical Assistance to the Fiscal Council

I. BASIC INFORMATION

About the Project

USAID's Business Enabling Project ("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 (GoS) 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 GoS.

BEP Component 2, Macroeconomic Policy and Public Sector Financial Management, helps the GoS 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 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 GoS financing on business and the economy at large
- 6) Strengthen compliance with requirements for EU accession

The Ministry of Finance is the main public sector counterpart for BEP work under this component.

Background to SOW

The GoS faces many immediate and longer-term challenges in fiscal policy and public sector financial management. The deficit and level of debt have surpassed legal limits and are trending toward unsustainable levels.

Since early 2011, BEP has provided substantial assistance to the Fiscal Council and MoF Macro Fiscal Department to provide analysis to inform reform proposals and develop fiscal policy alternatives. BEP provided the Fiscal Council with assistance to review the GoS' proposed 2012 budget revisions, the 2013 Budget, and the 2013-2015 fiscal strategy. BEP also provided advisory and econometric support to help the GoS develop the Fiscal Consolidation Plan 2012-2016. Recently BEP has helped the MoF Budget Department to introduce program budgeting, and the project is providing the Macro Fiscal Department with further econometric models.



An important next step in BEP's work supporting the MoF is to help it during the creation of the Medium Term Fiscal Strategy (2014-2016), which will include fiscal reform measures to be undertaken by the GoS, and will guide upcoming budgets, including the 2014 budget. Along with the Fiscal Strategy, the MoF needs to develop Fiscal Consolidation Measures for 2014 to 2016. To inform these documents, some new analysis is needed, including an analysis of state aid programs.

Objective

The central objective of this STTA is to help provide technical assistance and capacity building to help the MoF develop its Fiscal Strategy and fiscal consolidation measures for 2014 to 2016, strategy for changes to state aid programs and minimizing fiscal risks from those programs, and improving the analytical capacities of the MoF.

Tasks

The nature of the support will be technical support on fiscal policy issues.

The Consultant will report to the Assignment Manager Natasa Tapuskovic and will plan and implement the assignment in accordance with the needs of the MoF. The Consultant will have assistance from USAID BEP Advisor Anthony Sinclair in execution of the assignment and developing deliverables.

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

1. Preparation of Medium Term Fiscal Strategy

The Consultant will help the MoF develop the Medium Term Fiscal Strategy (2014-2016), which will include fiscal reform measures to be undertaken by the GoS. This task will include analysis of previous spending and future trends, identification of spending priorities after consultation with GoS officials, alternatives for adjustments, and financial impacts of spending adjustments with projections of inflows and outflows. The Consultant will provide written inputs to the Medium Term Fiscal Strategy, including explanations and financial analysis.

2. Preparation of Fiscal Consolidation Measures

The Consultant will help the MoF develop Fiscal Consolidation Measures for 2014 to 2016. This task will include developing recommendations for fiscal consolidation measures, preparing analysis to support the recommendations, and drafting text and quantitative inputs for the MoF's explanation of the Measures. The Consultant will also provide detailed recommendations for adjustments to be made in the 2014 and 2015 budgets, and related structural reform policy measures that must be undertaken (e.g. pension and tax reform, tackling shadow economy, health and education reform, etc.).

3. Analyze state aid programs

The Consultant will work with MoF and Ministry of Economy staff and USAID BEP consultants or grantees to analyze spending and results of state aid programs and search for opportunities for savings and better performance from restructuring Republic of Serbia's state aid programs, and a decrease of financial risks to the Government. The focus of the activity will be on attempt to make



comprehensive breakdown of all direct and indirect state aid programs. Such breakdown is prerequisite for preparation of consolidated budget based on GFS methodology and for drafting state aid reform policy. Based on that breakdown and the analysis of State Aid done in early 2013 by the Consultant for the Fiscal Council with USAID BEP funding, the Consultant will assist MoF with preparation of measures for reduction of state aid expenditures. It is contingent on the Consultant being given access by the GoS to all necessary data and information, including reports and audits on state aid programs, and additional data as needed.

4. Increase analytical capabilities of MoF

In the Consultant's work with the MoF, he will help the staff improve their analytical capabilities by 1) providing on-the-job training for the MoF staff, and 2) providing tools and methodologies to conduct analysis.

Level of effort

The maximum number of days under this LOE cannot exceed 45 days.

Period of Performance

Period of performance of this SoW is October 7, 2013 to December 31, 2013.

Deliverables

In addition to the advisory inputs, specific work product to be developed by Consultant includes:

- 1) Input for the Medium Term Fiscal Strategy (2014-2016) document;
- 2) Input for the Fiscal Consolidation Measures for 2014 to 2016;
- 3) Comprehensive breakdown of state aid scheme in Serbia and respective policy recommendations;
- 4) Other written reports and advisory memoranda prepared by the consultant on the topics of this SoW;
- 5) A final STTA report/memo on the work performed and results achieved, with recommendations for further MoF staff development, including training.

Besides providing necessary deliverables to the MoF, the Consultant is obliged to provide them to the BEP Assignment Manager and BEP's Advisor for review and comment.

The final memo on activities should be prepared in English.

CV in English with clearly showing adequate background and stating references should be sent by e-mail to: info@bep.rs, by October 07, 2013