



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

**Technical Assistance for the Budget Department to Develop the Fiscal Impact Assessment
Methodology**

Background

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 GoS of Serbia improve the competitiveness of the Serbian economy, its macroeconomic position and its private sector businesses. The Project will provide 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, will help to advance reforms in financial management and fiscal policymaking that are relevant for business growth and competitiveness. This will include 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 will be 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 Fiscal Council (FC) and the Ministry of Finance and Economy (MoFE) are the main public sector counterparts for BEP work under this component. The GoS General Secretariat is also a counterpart with respect to work on performance-based budgeting and fiscal planning.

About the Counterpart

High fiscal deficit and public debt jeopardizes economic stability and prospects of state development. Sound fiscal policy is transparent, predictable and involves fiscal risk scrutiny. Amendments and supplements to the Budget System Law in 2009 and 2012 introduced new principles in the Serbian fiscal system aimed to facilitate fiscal and financial stability, transparency, and predictability.



Pursuant to Article 48 of the Budget System Law, exposition of a law or other regulation submitted to the Government must contain an estimate of expected financial effects that the proposed act will have on the budget. The estimate must contain the information on whether the proposed law or other regulation will increase or decrease budget revenues/proceeds or expenditures/outflows for the current budget year and two following fiscal years. If laws and other regulations are adopted during the year, based on which new obligations arise for the budget, the funds shall be provided in the budget for the following budget year in accordance with projections and possibilities. The Minister of Finance specifies the manner of presenting and reporting and establishes rulebook on the estimated financial effects of the laws, other regulations or other acts on the budget and financial plans of the organizations for mandatory social insurance. In this regard first step is for the MoFE develop **fiscal impact assessment (FIA) template** and prescribe its methodology.

The BD is seeking assistance from USAID BEP to develop standard methodology for budget users to estimate financial effects of laws and other regulations and to improve the current FIA template. The method to be developed will contain series of steps that will systematically provide insight whether a new regulation or the alteration of an existing one would produce additional fiscal burdens.

This assignment will be part of the USAID BEP's Component 2 activities. The assignment includes work under Objective 1, *Improve GoS budgeting, fiscal policy analysis, and financial management efficiency.*

Scope of Work

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

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

Task 1 - Analysis of the current legislation and practice in Serbia

Consultant will thoroughly analyze the current FIA template developed by the BD.

Task 2 - Collection and analysis of comparative rules and practices of selected European countries

Task 3 - Attend meetings before, during, and after with BD staff

The completion of the comparative analysis to address BD's concerns in the areas where improvements on the applicability of different solutions can be made given the problems BD faces when working with different budget users, etc.



Task 4 - Draft comments and recommendations for improvements of the current template

Draft comments and recommendations of the current template developed by the BD, based on the comparative best practices and information gathered from the MoFE.

Task 5 - Draft instructions on procedure/methodology for estimation of fiscal effects of policy measures

These instructions will institutionalize the fiscal impact assessment process given their formal publishing by the MoFE. New regulation entity proposers will thereby utilize a step-by-step guidelines to make entries and disclose expected financial effects in the official forms.

Level of effort

Consultant will have up to **10 days** of engagement for completion of the tasks.



Period of Performance

Period of performance of this SoW is from **April 8, 2013** to **April 22, 2013**. Maximum number of days under this SoW cannot exceed **10 days**.

Deliverables

In addition to the advisory inputs, specific work products to be developed by Consultant include:

1. The written instructions on procedure/methodology for estimation of fiscal effects of specific policy measure
2. The recommendation for improvement current Template/ or proposed new template draft
3. A final STTA report on the work performed and results achieved
- 4.

The reports should be made in an MS Word document, while the training should be made in an MS PowerPoint presentation.

Consultant will furnish drafts of the above stated reports to the USAID BEP not later than 7 (seven) 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 considerations comments received, within next 4 (four) days.

To Apply

1. Requirements for eligible candidates:
 - a. PhD in Economics.
 - b. Proven expertise and significant experience in the field of macroeconomic analysis and fiscal policy, previous knowledge on fiscal multiplier analyses, significant scientific work in the area of macroeconomic analysis and fiscal policy, and considerable knowledge in econometric analyses and data construction.
 - c. Contains significant knowledge and necessary data to be able to complete the tasks within the period of performance stated in the SoW.
 - d. Good 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 **April 8, 2013**. Only short listed candidates will be contacted.
3. Maximum number of days under this SoW cannot exceed **10 (ten) days**.