

SUCCESS STORY

Para-fiscal charges come out of the shadows and are eliminated

September 2012

Using strategic communications to accomplish policy reforms



The Project's business roundtables and outreach campaign led to a Government removal of 138 para-fiscal charges

Photo: USAID Business Enabling Project

From Public Outreach to Public Outrage

As a result of USAID's study and intensive communications campaign, the Government of Serbia eliminated 138 para-fiscal charges, and promises to eliminate more by the end of 2012. In April 2012, USAID's Serbia Business Enabling Project released a study that identified 370 fees and charges that provide businesses and citizens with little or nothing in return. These fees and charges amount to more than two percent of Serbia's GDP. USAID's BEP used an innovative and intensive campaign consisting of analysis, strategic communications, advocacy and public-private dialogue to help accomplish this important policy reform.

Para-fiscal charges are fees that companies must pay with no or few benefits in return. Based on feedback from the business community that these fees were causing tremendous problems, USAID's BEP conducted an inventory and analysis of those charges with recommendations for elimination or reduction of specific charges.

USAID's BEP's study, conducted with the National Alliance for Local Economic Development (NALED), identified €730 million in charges that passed through the Treasury Department's account in 2011, but many other fees bypass the Treasury and are considered own-source revenue of regulatory agencies and public enterprises. Even this inventory of para-fiscal charges was incomplete, because the conclusion was that their number was growing, and it was virtually impossible to inventory them all.

This study was presented to the Government of Serbia and the business community, and attracted considerable media attention. USAID's BEP kept the issue in the spotlight, with media appearances, roundtables, and meetings, and para-fiscal became one of the most used phrases in the election campaigns, with virtually all major political party leaders pledging to remove and reduce these charges.

Meanwhile, USAID's BEP and NALED (National Alliance for Local Economic Development) partnered with National Broadcasting Service of Serbia (RTS) to launch a national marketing campaign called "Ask When" with an aim to draw attention of the Government to the biggest problems in the business environment. The second TV clip for the campaign "Ask When" focuses on para-fiscal charges. It is broadcasted on the main national television station RTS at prime time.

As a direct result of USAID's activities and extensive outreach campaign, the Government of Serbia formed a Working Group to remove para-fiscal charges and appointed USAID's BEP's team leader as a member of the Group. The necessary legislation was drafted by the Working Group and was enacted on September 25. This legislation not only eliminates 137 para-fiscal charges, it ensures that new charges cannot be decreed without Ministry of Finance and Economy approval. Some of most important fees are not dealt with (land development charge), but USAID will continue engagement to identify sustainable options for its reform.

It is clear that facilitating communications and public-private dialogue based on solid analysis can motivate governments to embark on important reforms. However, this is not an easy task, and it requires a strategic approach to communications and dialogue that keeps the issue in the forefront and drives a sustained reform effort.