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USAID SERBIA COOPERATION FOR GROWTH PROJECT

QUARTERLY PROGRESS REPORT: QUARTER 2, FY 2021

July 15, 2021

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USAID SERBIA COOPERATION FOR GROWTH PROJECT

**QUARTERLY PROGRESS REPORT – Q2 FY2021
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1. Project Overview

The USAID Cooperation for Growth (CFG/Project) Project is a four-year initiative designed to improve the business-enabling environment for broad-based economic growth, especially for small and medium enterprises (SMEs) throughout Serbia. The project has two primary objectives: (1) reducing the time and costs required for SMEs to comply with business regulations; and (2) stimulating SME growth by expanding access to a greater variety of financial products and instruments beyond Serbia's limited bank offerings.

CFG Theory of Change

If the project catalyzes self-reliant, market-based and technology advanced systems for SME support, then growth-oriented SMEs will receive services they need to increase their sophistication in the way they access local and international markets, access adequate finance, and deal with government institutions, which will increase SMEs' competitiveness and expansion, driving Serbia's economic growth.

Quarterly Political Economy Analysis

The COVID-19 pandemic crisis is still affecting Serbia. So far, officially 7,047 people have died from COVID-19 in Serbia and 716,562 have fallen ill. Over the past two weeks, Serbia has reported a relatively low 90 cases per day on average. **In June, Serbia eased most measures aimed at curbing the coronavirus.** Two people in Serbia have been diagnosed with the more infectious Delta coronavirus variant, the country's first such cases, on July 1.¹

Serbian authorities are looking for incentives to revive a vaccination drive that has slowed down in recent weeks amid widespread anti-vaccination and conspiracy theories. The government promised and delivered a payment of around 25 Euros to everyone who got vaccinated by the end of May. Around 2.5 million people have now been fully vaccinated primarily with Chinese Sinopharm jabs, followed by Pfizer-BioNTech, Russia's Sputnik V or AstraZeneca in Serbia, which has a population of 6.9 million.

The World Bank expects Serbia's economy to grow by 5.0% this year, 1.9 percentage points (pp) above the forecast it made in January. **Serbia's economic growth in 2022 is estimated at 3.7%,** versus a 3.4% rise prediction made in January, the World Bank said in its Global Economic Prospects report published on June 9. **The World Bank forecasts a 3.9% growth of Serbia's economy in 2023.** The country's economic output declined by 1.0% in 2020, the World Bank said. "Growth in the Western Balkans is forecast to rebound to 4.4% this year and moderate to 3.7% in 2022, assuming consumer and business confidence revives as vaccination takes place and political instability eases," the World Bank said. The rise of the economic output of the Western Balkans region comprising Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia, is estimated at 3.8% in 2023.²

On the other hand, the European Bank for Reconstruction and Development (**EBRD**) said on June 30, that **Serbia's GDP is expected to increase by 6% in 2021,** upgrading its September forecast. **"GDP growth of 6% is forecast for 2021, mainly on the back of recovery of consumption and increase in public investments,"** the EBRD said in the latest edition of its Regional Economic Prospects report. The EBRD projected a 3% increase in Serbia's GDP in 2021 in the September edition of the report. The bank expects Serbia's economic growth to slow

¹ <https://www.reuters.com/business/healthcare-pharmaceuticals/serbia-confirms-two-cases-covid-delta-variant-2021-07-01/>

² <https://seenews.com/news/world-bank-improves-serbias-2021-gdp-growth-forecast-743899>

to 3.5% in 2022, as the economy is expected to return to the pre-pandemic speed of expansion and fiscal consolidation might commence. **“Risks to the forecast are balanced.** They relate primarily to the pace of recovery of external demand and speed of implementation of public infrastructure projects and structural reforms,” the EBRD said. **Serbia’s GDP shrank by an annual 1.0% in 2020.**³

The EU member states did not give the green light for opening new negotiations chapters with Serbia in June, but agreed to hold an intergovernmental conference, during which a new negotiation methodology and next steps in the process will be presented. A significant number of member states did not agree to open clusters three and four, **estimating that Serbia, despite some progress has not made enough, primarily in the area of rule of law.** The decision to hold a political “explanatory” intergovernmental conference with Serbia on June 22 was adopted as a compromise solution, as a sign of support for Belgrade to continue with reforms, which would lead to the possible opening of a chapter at the next intergovernmental conference.

Having in mind the position of the European Commission and the strong support of many countries for opening the cluster, **the EU has tried to send a message of encouragement to Belgrade at the political intergovernmental conference, in a situation when no negotiating chapter has been opened in the last year and a half.** According to the new enlargement methodology, the chapters are grouped into six thematic units or clusters. **Cluster four, whose opening has been announced, includes four chapters: on transport policy, energy, environment, and trans-European networks.** Serbia started negotiations on EU membership in January 2014. Out of a total of 35 chapters, eighteen have been opened so far, and two have been temporarily closed.⁴

A large proportion of SMEs remained largely dependent on internal funds and bank credit to support their activities and growth during the quarter, making them especially vulnerable to economic downturns. In addition, there are signs that the **alternative sources of finance for SMEs that had started to develop after the 2008-09 financial crisis are being strongly and negatively impacted by the current crisis,** with the risk of backsliding on recent progress.

Despite the major economic shock triggered by the pandemic, the available statistics (up to the beginning of 2021) do not indicate a major increase in overall bankruptcies so far. This is largely related to government support measures, including temporary regulations on insolvency. While this may have avoided massive firm closure and surge in unemployment, there are risks of debt build-ups among SMEs that may lead to significant increases in bankruptcies as support measures are unwound, with potentially long-lasting effects on the economy. Governments will need to implement policies to address this issue. These policies include timely debt restructuring for viable firms and the implementation of efficient liquidation procedures to ensure that resources are reallocated from non-viable businesses.

Start-up launches fell sharply at the height of the crisis but have since made up lost ground in most countries, which also provides scope for optimism. Nevertheless, it remains uncertain at this stage how many of these start-up launches are driven by opportunity or necessity as a response to rising unemployment.

There is a growing body of evidence that the self-employed, women and minority entrepreneurs have been disproportionately affected during the crisis, with higher risks of

³ <https://www.serbianmonitor.com/en/ebd-forecast-of-serbias-gdp-growth-in-2021-to-6/>

⁴ <https://europeanwesternbalkans.com/2021/06/14/without-consent-within-eu-on-opening-new-chapters-with-serbia-in-june/>

unemployment and income loss than other categories. This reflects challenges around access to finance, the economic sectors where they operate and increasing household responsibilities for women.

Concerning the situation of SMEs, the available evidence, including the Facebook-OECD-World Bank survey, shows that smaller firms have been more likely to close operations during the crisis than larger firms. Moreover, SMEs in the sectors most affected by lockdown measures (e.g., food and accommodation, transportation, and other services) have been disproportionately impacted, with higher closure rates and a larger proportion of firms with reductions in sales.⁵

CFG Implementation Principles

CFG's goal is to support the establishment of sustainable and supportive ecosystems that will bring businesses closer to the requirements of a digital economy and the pandemic and post-pandemic reality. Such ecosystems are business-friendly and provide partnerships, advice, expertise and skills to SMEs, the government, private sector, and business and professional associations. Thus, many of CFG's activities involve private sector engagement (PSE), which allows the project to leverage private sector interest, expertise, and resources in building self-reliant support systems, and enabling a high level of inclusiveness for SMEs.

CFG continues to adapt to the COVID-19 crisis. Both CFG's systematic implementation of collaborating, learning, and adapting (CLA) mechanisms, and ability to nurture public dialogue and foster close collaboration with the business community and between the public and private sectors have proven to be effective.

CFG works on making the ecosystems, activities and initiatives sustainable. As the Project is nearing its end, CFG is making sure that its assistance and initiatives will last and expand beyond the lifetime of the project. This is done through partnerships, including but not limited to the PSE mechanism. Cooperation has proved to be the keyword in generating sustainable and successful support to Serbian SMEs.

Measuring results. CFG has developed a number of internal indicators to measure its individual activities. As the Project is closing this year, CFG is gathering the data and is able to demonstrate its results. This is partially as presented below in the report, and will be fully presented in the next QR, along with the presentation of mechanisms that ensure the sustainability of CFG's work.

During this quarter, CFG continued implementation by strengthening our digital and media presence, continuing our online communication with stakeholders, receiving feedback through our electronic platforms, knowledge sharing and transitioning our programs to e-learning courses, panels and discussions.

Most CFG activities continued uninterrupted during this quarter, despite a challenging context. The CFG team continuously applies its CLA strategy, evaluating activities on a weekly basis, adjusting them as necessary, and regularly discussing any major changes with USAID.

Quarterly Highlights

⁵ https://www.oecd-ilibrary.org/sites/97a5bbfe-en/1/3/1/index.html?itemId=/content/publication/97a5bbfe-en&_csp_=d1fc5acec34e67180d5f3e84ef7e00e6&itemIGO=oecd&itemContentType=book

Digitalisation, adequate access to finance and online sales have provided a panacea for a number of SMEs. However, challenges remain, especially for smaller firms, where the internal capacity to adapt and embrace digital tools is more limited than for larger firms.

CFG's work continues to be recognized by the GoS, the business community and international experts. The second quarter of the 2021 brought CFG into the public spotlight for its continuous assistance to the Ministry of Trade, Telecommunications and Tourism (MOTTT), the Ministry of Finance (MoF), the Ministry of Agriculture (MoA) and SMEs in creating a business environment that supports, educates, and promote digital economy and digital finance.

In cooperation with our public and private sector stakeholders, the CFG team also completed the following tasks during this reporting period:

CFG Quarterly Highlights

USAID CFG promotes E-commerce guide for businesses in partnership with business associations -- Ecommerce guide for businesses echoes in the public. Due to its persistent efforts to motivate and educate SMEs on the benefits of e-commerce and digital business models, the CFG team was invited by the Serbian, Italian, Japanese, American and German chambers of commerce, as well as by other business associations (SAM, Fashion Cluster, NALED) to hold webinars and present the MoTTT and CFG's jointly developed E-Commerce Guide for Businesses.

E-Commerce Serbia Association (ECS) – successful story of building capacity and becoming self-reliant. ECS has completed the third cycle of the E-Commerce Academy in Serbia that started in April and finished in June. CFG supported the initial two cycles through PSE engagement. The third cycle was implemented independently of any donor's support, reaching full sustainability.

The USAID CFG project assisted the MoF to draft a single Rulebook on Value Added Tax (VAT). As of 22 April, the single Rulebook on VAT has entered into force. For years, the Serbian economy has been overburdened with the problem of many regulations governing the area of VAT. The business community has been asking for a consolidated regulation that will uniformly implement the Law on VAT and ease the burden of VAT compliance for taxpayers. Before its adoption (July 1, 2021), Serbian businesses had to look at the 27 separate rulebooks governing VAT, along with 6,000 opinions clarifying those Rulebooks, which caused around 20,000 cases on VAT regulation implementation before the Administrative Court. Apart from consolidating regulation and eliminating controversial and conflicting provisions, the Rulebook on VAT also introduces some important novelties, in particular the regulation of VAT on digital services and a comprehensive system for VAT in construction industry. The issue of numerous bylaws governing the Serbian VAT system has been the leading topic in the White Paper of the Council of Foreign Investors in tax reforms in the field of VAT.

The Law on Electronic Invoicing has been adopted. On April 28, 2021, the Serbian Parliament adopted the Law on Electronic Invoicing. The Law is part of the Serbian business environment structural reforms led by the MoF. The USAID CFG Project assisted the Serbian Government in all technical and strategic aspects of introducing electronic invoicing into the Serbian economy. The Law on Electronic Invoicing is a systemic law that changes the way the Serbian economy functions, following the existing model of e-invoicing in the European Union and other developed countries. The use of e-invoices will be cost-free to avoid additional costs for the economy, and the implementation of the Law on e-invoices will provide the necessary infrastructure for both the public and the private sector. Also, the new invoice exchange system will save time and accelerate collection between businesses, reducing significant costs that are burdening Serbian companies.

CFG's PSE initiative with Erste Bank on bank lending to startups and micro companies continues to deliver outstanding results. The results in Q1 and Q2 2021 were the best so far. During that period,

Step by Step achieved the highest number of disbursed loans (40 start-up loans) with close to 400,000 EUR in total loans amount.

Finspot continues to be a breakthrough on the Serbian market, with significant number of invoices being processed and financed daily. Finspot's record for number of invoices financed was 131 commercial invoices over the course of one day, providing critically needed financing for customers with limited access to finance. Moreover, half of its customers have never had a bank loan, while over 80% of customers did not use factoring, nor were aware that such option existed at all.

Boosting demand for equity financing. In the final phase of assistance CFG has helped develop a long list of companies, updated and shared with investors. This included the drafting total of 15 "teasers" based on interest and requirements of investors. In Q2, one company, part of CFG's Equity Financing Program, received EUR 2 million of equity financing. In addition, four more companies are in final phase of negotiation with investment funds. Expected value of transactions is up to EUR 17 million.

CFG joins efforts with Serbia Innovates to further promote investments into AIFs and digital property: USAID CFG together with Serbia Innovates organized a conference dedicated to tax incentives for investments in alternative investment funds (AIFs) and digital property. The conference was aimed at raising wider public interest in tax incentives for investments in AIFs and digital property. The event was held online on May 13th, with about 160 participants. This is a part of USAID CFG's efforts to promote and educate the private sector on the features of the taxation features provided for investments into AIFs and digital property. This is also a part of USAID

CFG paves the way for digital inspection through digitalizing new inspection policies: Digitalizing food business operators' registration is important for ensuring good inspection oversight, developing new policies and moving to new G2B Government to Business modes of operating. The pandemic spurred a need for digital inspections. Aligned with our focus on the digital economy, CFG has developed specifications for e-registration of food-based operators on a digital/web-based platform. The live version of the platform is planned to be online in September 2021.

Inclusiveness and democratization of knowledge - strengthening the food and hospitality ecosystem. In June and July 2021, in cooperation with the MoA, the Serbian Chamber of Commerce (SCC) and the National Association of Hotels and Restaurants (HORES), CFG provided training on the Guidelines for the hospitality industry and training materials developed by CFG, which were approved by the MoA (Veterinary Inspection) in Q4 2020. Representatives from over 100 hotels and restaurants have attended the training so far, while the remaining closing training will be held at the end of August 2021. A cold storages food safety training was organized on June 23-24, 2021, with an additional 40 companies from all food sectors attending the two-day advanced training. This activity is successfully finalized.

Setting the agenda through strong communications. CFG continued building media relations. The team held regular online meetings with editors and journalists from all major Serbian media. During the current reporting period, CFG was highlighted in 40 media reports. This outreach raised public awareness of CFG and USAID, attracted the attention of the media and communication channels and garnered over USD \$24,500 in ad revenue.

Launching the 10th Annual Business Survey 2021. USAID CFG has engaged a research agency to conduct the Annual Business Survey 2021, the tenth survey over the past eleven years. The Survey is the most comprehensive business survey in Serbia and the region that provides business perceptions on various business environment topics, is comparable over the flow of the past 11 years, and has a fully representative scope – 1000 businesses structured to mirror the Serbian economy by size, region and industry. The results will be publicly available in October this year.

Delivery of Contractual Obligations

The CFG team delivered the following documents to USAID according to contractual deadlines:

- > Quarterly Report for the period from April to June 2021
- > Monthly LOE and financial accrual submissions
- > CFG news reports submissions

2. Review of Project Progress

Objective 1: Improved Business Environment and Related Administrative Efficiency in Selected Areas

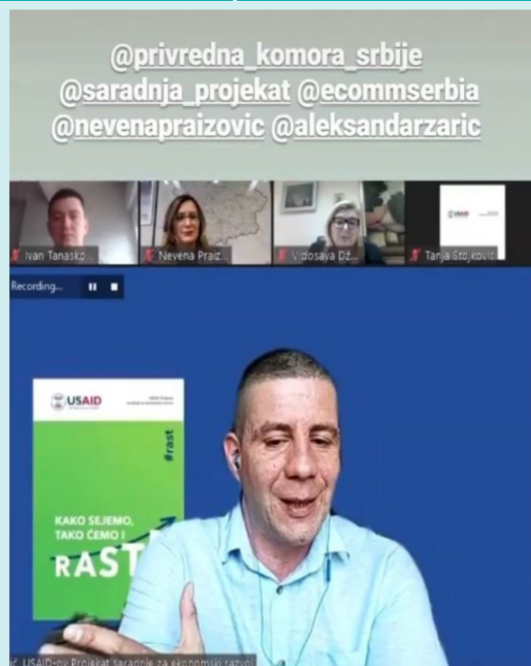
Objective 1.1: Strengthen the business environment for e-commerce to expand sales channels for SMEs

USAID CFG continued close cooperation with the MoTTT, our key public sector partner in this area as well as a growing coalition of private sector partners, such as e-Commerce Association and its members.

Continuing to support the GoS and the National Bank of Serbia's (NBS) efforts to strengthen e-Commerce, online payments, and a cashless economy resulted in the following improvements in e-commerce: domestic payment transactions via the internet have grown significantly since CFG involvement started in Q4 2018. Per NBS' data for Q1 2021, the annual increase in the number of (RSD) transactions with card payments is 116.02% (777.89% vs Q3 2018). The value of these (RSD) transactions also increased in value by 123.26% (470.79% vs Q3 2018). The number of internet points of sale increased by 81.68% (251.34% vs Q3 2018). CFG will continue these activities throughout 2021 together with the MoTTT, and other state institutions and private sector stakeholders.

Inclusive impact and democratization of knowledge – E-commerce Guide for Businesses echoes in the public. CFG is proud of its joint accomplishment with the MoTTT to develop and promote the E-Commerce Guide, and is fully devoted to further development of the entire e-Commerce ecosystem of Serbia. “In cooperation with USAID CFG, the Ministry has implemented the project titled ‘Strengthening E-commerce in the Republic of Serbia’ which resulted in several activities implemented to boost people’s trust in this type of shopping, as well as to solidify the position of e-vendors when offering their goods and services online”, Tatjana Matic, the Minister of Trade, Tourism and Telecommunication of the Republic of Serbia said within the interview for Diplomacy & Commerce. More information can be found at the following link: <http://www.diplomacyandcommerce.rs/tatjana-matic-serbian-minister-of-trade-tourism-and-telecommunications-developing-e-commerce-is-one-of-the-main-goals/>.

Spotlight: Online Events - CFG recognized as a pioneer and important stakeholder for future e-commerce development



CFG supporting businesses in growing through e-commerce: CFG continued promoting the E-Commerce Guide for Businesses, disseminating useful details on how to access and benefit from online sales.

On April 14, CFG and its partners from the **MOTTT, the SCC, the Belgrade Chamber of Commerce, and the E-Commerce Association of Serbia,** held a **free workshop** with a focus on the **E-Commerce Guide for businesses.**

The presenters included:

- Vidosava Dzagic, Assistant Director of PKS - Belgrade Chamber of Commerce
- Nevena Praizovic, Legal advisor for e-commerce and Digital agenda development at MoTTT
- Dragan Stojković, professor at the Faculty of Economics, University of Belgrade
- Ivan Tanaskovic, E-Commerce Association of Serbia
- Aleksandar Zaric, USAID CFG Project.

128 Serbian businesses (including 62 female-owned companies) attended the online event. The discussion **focused on the E-Commerce Guide** and underlined that the Guide can provide guidance to businesses on where they can register to hold online sales, which platform to use, how to advertise, how to deliver products and other important details about this crucial business model. The panelists emphasized that the Guide can be used by those planning to engage in E-Commerce and by experienced companies that seek to further improve their use of E-Commerce. More information can be found at the following link: <https://youtu.be/Vd5EMHFRQjA>



CFG and German – Serbian Chamber of Commerce (AHK) provide e-commerce education for businesses

On April 21, CFG and its partners from the German – Serbian Chamber of Commerce (AHK), the eCommerce Association of Serbia, the MoTTT, and DHL Serbia held another educational workshop in a series of workshops on e-commerce. Over 60 businesses attended the German – Serbian Chamber of Commerce online event. The discussion focused on entrepreneurs and their opportunities in the digital world and covered all topics relevant for starting an internet-based business. Participants learned how to set up a web shop fully compliant with existing regulations, introduce online payments, and organize delivery, transport, logistics, exports, and other key business operations. CFG presented results the Project has achieved together with the MoTTT, Serbian E-Commerce Association, and others in delivering regulatory measures for strengthening the Serbian e-commerce environment. CFG confirmed its commitment to building a supportive e-commerce ecosystem in which SMEs can reach larger markets, elevating their economic growth.

[About the German – Serbian Chamber of Commerce \(AHK\)](#)

The German-Serbian Chamber of Commerce (AHK Serbia) belongs to the system of German foreign trade and industrial chambers, with 140 offices in 92 countries around the world. With over 350 member companies, AHK Serbia is the largest bilateral chamber of commerce in Serbia and an ideal platform for contacts between German, Serbian and international companies. AHK Serbia was officially founded on April 14, 2016.



CFG discusses e-commerce and innovation at WEBIZ Conference

On **April 8th**, CFG led a panel devoted to innovation in e-commerce and the innovative financing paths it can bring at virtual conference Webiz. The focus for this edition was on innovation and women's empowerment.

As one of the fastest-growing trends amid the coronavirus pandemic, **eCommerce was the inevitable topic** of the conference. **Aleksandar Zarić**, the CFG Business Environment Director, was the moderator of the panel dedicated to the successful eCommerce story of the high-flying Serbian start-up "60 seconds". Recognized as one of the global ecommerce raising stars just one year from launch, this Serbian start-up **obtained an investment from one of the world's most reputable brand – L'Oréal**, through UK start-up accelerator and venture studio Founders Factory.

Ivan Kadic, co-founder of "60 seconds" presented the success of his unique eCommerce idea to more than 250 online attendees.

The special guest, **Alice Sandelson** from the **start-up accelerator and venture studio Founders Factory**, UK, joined the event and presented opportunities that this British investment fund provides small businesses with all around the world. Founders Factory is an award-winning pre-seed to Series A venture studio and accelerator. They have **backed almost 200 tech companies globally**, 35+ of which built from scratch, currently investing in Beauty, FinTech, Home, Healthcare, Media, Retail, Travel & Ai & Big Data. Mrs. Sandelson also shared experience about cooperation between Founders Factory and L'Oréal.

For 9 years in a row, **the Webiz** conference is the epicentre of events in Serbia when it comes to **digital technologies, innovations, entrepreneurship, and IT**. It covers the potentials that IT and digital business models bring to young people in Serbia through digital technologies, tech entrepreneurship, and digital society. Experts from the Martech, Fintech, Start-ups and ECommerce fields gather at Webiz, with the same aim to share knowledge, study cases and good international, regional, and local practice. For two days, more than 400 participants attended the conference.

CFG and Cluster FACTS participated the regional businesses and networking event between Serbian and North Macedonian textile companies.

Cluster FACTS from Serbia and Textile Trade Association – Textile Cluster from North Macedonia in partnership with the USAID Economic Development, Governance, and Enterprise Growth (EDGE) Project, organized the event on May 12. The participants were SMEs in the textile/apparel industry, professional business organizations, governmental industry-related institutions, and other stakeholders in the textiles/apparel value chain. CFG COP Mrs. Stanojevic presented the analysis of the impact of digital channel and ecommerce on business before and during Covid-19.

Objective 1.2: Develop inspections and audit systems to increase compliance and lower burdens on businesses

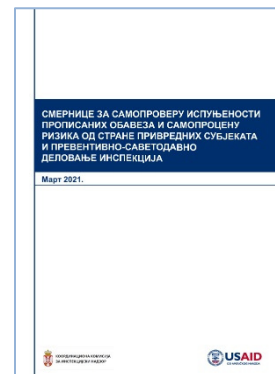
CFG's goal is to make inspections efficient, transparent and streamlined for businesses. To achieve this, CFG helped develop a risk-based inspection system and improve the use of non-coercive instruments and helped improve inspectors' knowledge and their ability to apply new technology and digital G2B services that cut time and lower costs. In doing so, CFG has promoted stronger inspection capacities and pioneered new, more effective inspection practices.

Advisory role of inspections and sustainable communication platform. In Y2, CFG relaunched, in collaboration with the SCC, events that bring together inspectors and business into one-to-one talks to help companies understand and comply with their legal requirements that proved remarkably successful. CFG conducted an internal evaluation of the "Open Days" events among participating inspectors and companies in Q1 2021 and received outstanding feedback from companies and the inspectors alike. The most important suggestion coming from the businesses was to make these events a regular practice.

In the internal evaluation, 98% of inspectors recognized benefits from these events. For example, they helped them understand dilemmas that businesses have and clarified doubts about dealing with inspection authorities. Businesses rated the Open Doors with inspections with a score of 8.32 (on a scale of 1-10, where 10 indicates highest satisfaction) in helping them to have a better understanding of regulations related to the business. Small firms rated the events most highly, at 9.2. Firms indicated having the weakest understanding of regulations related to tax law (52%) followed by labour law (32%).

In the peak of the pandemic, the SCC organized three online Open-Door events with support from CFG. These events help companies understand and comply with legal requirements. CFG is working to fully transfer this platform for direct dialogue to regional chambers of commerce.

Cost-effective inspection approaches and practices. CFG prepared recommendations on how to increase use of inspection advisory visits and self-inspections by businesses as part of innovative inspection approaches. The recommendations explain how to use self-inspection and advice in the Serbian administrative and legal setting and provide set of document templates for practical use, and list best examples of how similar self-regulatory policies work in developed countries. The draft recommendations received positive feedback from the Coordination Commission for Inspection Oversight. Adoption of the recommendations is pending scheduling of the next session of the Coordination Commission.



In parallel, CFG already designed the first self-checks-based policy for retail food sector, and this is expected to set an example of better way of doing inspection oversight in lower risk sectors. For details, see box below.

Achievement Highlight – CFG activities strengthen all inspections

CFG has carried out several activities relevant to improving all inspections, including:

- › helped partner inspectorates adopt risk rulebooks and refine checklists.
- › provided basic training in risk-based planning.
- › helped provide basic e-Inspector training in pilot inspectorates.
- › developed comprehensive online training for inspectors.

- › relaunched Open Doors between inspectors and businesses; and
- › drafted guide on company self-assessments and inspection advisory visits, setting the groundwork for innovative inspection policies to be developed.

CFG has finalized its activities under this workstream as planned. Continued work on general inspection issues now focuses on advocacy, promotion, and the sustainability of results achieved so far.

Objective 1.3: Strengthen the food and hospitality ecosystem

CFG has focused on the growing retail food and hospitality segment, where over 100,000 Serbian businesses, mostly micro and small, operate. Our activities are focused on improving knowledge and compliance and lowering the cost of doing business through new inspection policies and digitalization. These businesses bear moderate food safety risks, making these sectors ideal for a lighter self-inspection approach. CFG works to showcase how this new approach to inspections can improve compliance in the retail food and hospitality segments with the goal of applying this approach in other sectors and industries.

In prior reporting periods, CFG developed a new **inspection policy for food retail** based on redefined risk criteria and self-inspection as its core, developed all necessary documentary templates and checklists, and drafted practical guidelines for retail food businesses. Training for retail businesses was also implemented in 2020. The policy is being implemented by the MoA as a pilot since the end of 2020 and will be further boosted by a new digital platform CFG is developing. The platform will be operational in September 2021 and will enable paperless online communication with food businesses. For details of the platform for food business registration and self-inspection and the progress made, see below.

CFG developed an alternative **inspection policy for the hospitality industry** that parallels the one for retail. The accompanying Guidelines for the hospitality industry and training materials developed by CFG were approved by the MoA (Veterinary Inspection) in Q4 2020, while the training itself was postponed at the request of the MoA. The trainings were held in June and July 2021 in cooperation with the MoA, the SCC, and HORES. Over 100 hotels and restaurants attended the training so far, while the remaining closing training will be held end of August 2021.

Hospitality training to be transferred to leading hospitality business association

The training was highly praised by the business community. The national association of hotels and restaurants, HORES, has expressed strong interest to continue the food safety training for the hospitality industry and distribute the hospitality guidelines CFG developed throughout the industry. They also expressed the need to introduce such a program into the high school program for future hospitality and tourism workers.



Vojvodina Chamber of Commerce and Industry, hybrid event, June 24, 2021 (Vojvodina region)



Webinar with the Serbian Chamber of Commerce and Industry, July 6, 2021 (all regions)

During Q1 2021, CFG drafted a **Food Inspection Code of Procedures** to streamline the work of food inspectors in all 4 inspectorates dealing with food (Agricultural, Veterinary, Phytosanitary, Sanitary inspections). The purpose of the document is to align the practice of the inspectorates from planning to execution, and to create more transparency and predictability. The document covers all aspects of food inspection work, both inland and at the borders, and was modelled after the UK Food Code.

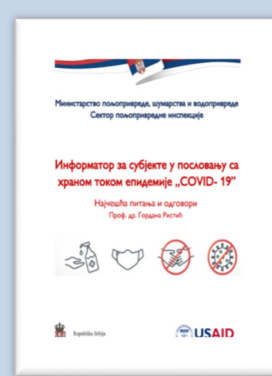
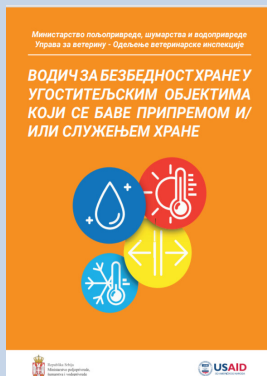
CFG finalised the draft document in Q2 2021. The MoA proposed the document be presented to business community for comments and inputs. Formal adoption of the document by the Inspections' Coordination Commission and the MoA is expected in the second half of 2021. With the Food Inspection Code of Procedures, CFG will finalize its work on improving food inspections systems and procedures.

An overview of CFG capacity building work in the food sector is provided below.



Building capacities of SMEs in the food sector

Guidelines for businesses in food sector:



Training for businesses in food sector:

- › Retail food safety training: July 2020, 55 participants
- › Food Safety Day, 85 participants
- › Hospitality food safety training: Jun-July 2021, 106 participants
- › Cold storages food safety training: 280 participants from cold storages sector the basic training. An additional 40 companies from all food sectors attended two-day advanced training held June 23-24, 2021. The activity is successfully finalized.

Digital registration and remote inspection

During Q2 2021 and in the forthcoming period, CFG continued to focus on digitalization of food businesses registration and digitalization of the new inspection policy.

The platform will enable:

- ✓ Online registration of food business operators and facilities
- ✓ Online periodic self-inspection for food businesses, i.e., remote inspection
- ✓ Learning module comprised of information on regulations, guidelines, and tutorials
- ✓ Receipt of a digital trust mark for complying with the rules

During Q1, CFG developed the prototype of the new platform for registration of food business operators together with the online self-inspection and learning modules. The platform is designed to perform automatic data exchange with the Business Register Agency (APR) which saves time, prevents errors, enables automatic updates in case of change of business data, allows for online payments via the e-Payments+ service developed by the Govt IT office, and allows for the issuance of digital certificates with digital stamp and signature. Online self-inspections will be automated to the greatest extent possible (assigning tasks to inspectors, prefilled templates to respond to received self-checks from businesses, assigning reference numbers to correspondence going through the platform, etc.).

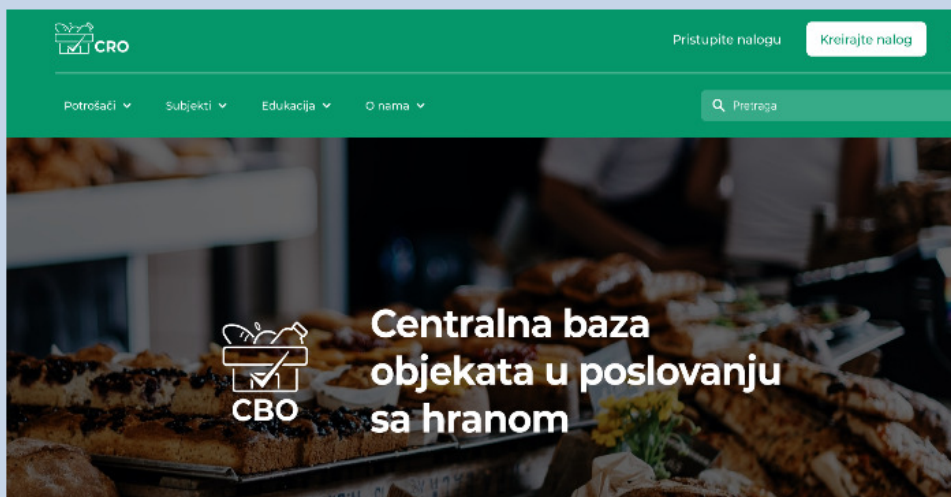
During Q2, the *module registration* was developed and the *module for self-inspection* and the learning module were being finalized. All issues of connecting to related government platforms and services have been successfully resolved, and it is expected that the test phase will start in August 2021, and the platform will be operational September 2021.

Achievement Highlight – CFG paves the way for remote/digital inspection through digitalizing new inspection policies.

Digitalizing registration of food business operators is important to ensure good inspection oversight, to develop new policies and for moving to new G2B modes of operating. Once the MoA moves alternative inspection policy from paper to digital format, the first remote or virtual inspection policy will be established, with CFG's technical assistance

The current pandemic spurred a need for digital inspections. Aligned with our focus on the digital economy, CFG developed specifications for the e-registration of food-based operators on a digital/web-based platform. The test stage is expected to start in August and the platform will be operational in September 2021.

The launch of platform is being planned currently. The World Bank Group and its business regulation sector is interested in support CFG by making a joint conference dedicated to digital services, business regulation and RegTech in September 2021. The format, topics and speakers are yet to be agreed.



Improving regional trade. Focusing on tangible results for the Serbian economy, CFG has partnered with IFC and AmCham to facilitate cross border trade in the Central European Free Trade Agreement (CEFTA) region and introduce risk-based Phytosanitary inspection checks. The risk-based checks are part of the international trade facilitation policy forged by the World Trade Organization (WTO) and the World Customs Organization (WCO).

During the reporting period, CFG started work on developing and recalculating risk weightings for the Border Phytosanitary inspection. The final analysis of the data related to import of plant and mixed food and proposed a simplified risk-assessment model, due to lack of proper historical data on imports in the Phytosanitary, as the first step in introducing risk-based border checks until full digitalisation of the Plant protection Directorate and the Phytosanitary inspection (under the IFC project dealing with the introduction of Single Window, i.e. integrated place at customs for all inspections oversight and other customs-related procedures). The phytosanitary inspection endorsed the proposed approach. The model will be finalised by July 19, 2021. The model will recognize responsible producers and importer and lower the risk band for importers and producers with clean inspection records for the first time.

Objective 1.4: Improvement of tax policies and regulatory framework impacting the New Economy

Improving the Serbian investment climate. With CFG's assistance, on December 17, 2020, the Serbian tax system included tax rules for taxation of AIFs. With amendments to tax laws, AIFs now have a clear regulatory framework in the Serbian the tax system, investments made through AIFs are subject to a fair taxation regime, and Serbian taxpayers may benefit from investing in Serbian AIFs through newly introduced tax incentives. Individuals who invest in AIFs are granted a tax credit equivalent to 50% of the investment made, for up to 50% of reduction of their annual personal income tax. The tax incentive provides a stimulus that helps AIFs gather investment capital.

As a result of the complete framework governing AIFs that covers both legal and regulatory aspects, new investment funds are expected to emerge on the Serbian capital market in 2021, such as Serbia Telekom's venture capital fund for startups and Arthur Bergmann's investment company. For further details on these investment developments, please see Section 2.3.1. below.

The personal income tax regime now provides for lower tax costs related to digital assets. The final capital gains tax burden for circulating digital assets in the Serbian economy may now be as low as a 7.5%. The Corporate Income Tax law also provides an exemption from corporate income tax for legal entities that accrue capital gains by selling digital assets if they invest the resulting funds in a company or investment fund whose centre of business activities is in Serbia. Also, legal entities that are exclusively engaged in the resale of digital assets in accordance with

a license issued under the Law on Digital Assets do not pay the capital gains tax that would otherwise be levied from the sale of digital assets. Finally, the transfer and sale of virtual currencies is exempt from VAT, which is a significant fiscal relief to investors, as such transactions were previously taxable at 20% of the VAT rate.

Highlight: The Single Rulebook on VAT has been adopted and came into force on July 1, 2021.

Improving VAT regulatory framework and compliance. As of 22 April, the single Rulebook on VAT has entered into force and is applicable as of July 1, 2021 (certain provisions governing VAT treatment of secondary packaging will apply beginning January 1, 2022).

The adoption of the Single VAT Rulebook is a breakthrough for VAT taxpayers and regulators. This issue has been among the leading tax reform priorities in the White Paper of the Council of Foreign Investors. The Single Rulebook uniformly implements the Law on VAT and makes it easier for VAT taxpayers to comply with the Serbian VAT system. Apart from consolidating 27 rulebooks governing VAT, the Single Rulebook also introduces major solutions in areas of construction, digital services, VAT base, real-estate services and other VAT areas.



Throughout the Q2 period, CFG continued promoting the Single Rulebook with the professional and the business community. With Deloitte's tax experts, CFG presented the key features of the Rulebook on VAT to the members of the Serbian Fiscal Society which included Big 4 companies, corporate taxpayers, and tax consulting professionals.

Objective 2: Improved SME Access to Finance

Objective 2.1 Support establishment and implementation of functional B2G and B2B e-invoicing information system

Highlight: The Law on Electronic Invoicing has been adopted.

Helping create a cashless economy. On April 28, 2021, the Serbian Parliament adopted the Law on Electronic Invoicing. The Law is part of the Serbian business environment structural reforms led by the Ministry of Finance. The USAID CFG Project assisted the Serbian Government in all technical and strategic aspects of introducing electronic invoicing into the Serbian economy.

The Law on Electronic Invoicing is a systemic law that changes the way the Serbian economy functions, following the existing model of e-invoicing in the European Union and other developed countries. The use of e-invoices will be cost-free to avoid additional costs for the economy, and the implementation of the Law on e-invoices will provide the necessary infrastructure for both the public and the private sector. Also, the new invoice exchange system will save time and accelerate collection between businesses, reducing significant costs that are burdening Serbian companies.

The Law is expected to facilitate workflow of business transactions, ease administrative work, and improve transparency and legal security for the entire Serbian economy. The regulatory framework provides for a centralized platform for exchange of e-invoices, both B2B and B2G sectors, with the aim of digitalizing invoices. The centralized platform will transfer e-invoices from the issuer to the recipient of the invoice. In the private sector, VAT payers will be obliged to use e-invoices, but businesses that do not pay VAT may voluntarily register for the e-invoicing system. Minister of Finance, Mr Sinisa Mali, emphasized that the public sector will be the first to act in accordance with the new Law on Electronic

Invoicing. The implementation of e-invoicing will be phased in the following three years. From January 1, 2022, the public sector will be obliged to receive (and keep) the e-invoices, as well to issue e-invoices in G2G transactions. At the same time, private sector businesses will issue e-invoices to the public sector. From July 1, 2022, the private sector will have to receive and keep e-invoices issued by the public sector, as well as e-invoices in B2B transactions. Finally, full extent of e-invoicing obligations in B2B transactions will take effect from January 1, 2023. These deadlines are set to leave enough time for all business subjects to adapt and efficiently integrate into the e-invoicing system.

CFG key recommendations on B2B and B2G e-invoicing are incorporated in the new Law on e-Invoicing. CFG spearheaded the technical expert team within the Government's e-invoicing working group. Our team provided key analyses covering all practical, technical, and legislative aspects on introducing a functional e-invoicing system. In addition to CFG, working group members included the MoF, the Tax Administration, the Ministry of Economy, and the MoTTT. With Project assistance, the GoS is following the set deadlines for introducing a pilot B2G e-invoicing platform in mid-2021 to fine-tune the system, as needed, by the time it becomes mandatory.

Objective 2.2: Expand the Volume and Diversity of Banking Products and Services Available to SMEs

2.2.1. Knowledge is power – enhancing SMEs' skills in applying for and attracting financing, as well as making them digitally-oriented through e-learning tools and training

CFG, in a PSE partnership with Peterhof Consulting, developed and launched the dobarzabanku.rs platform. Dobarzabanku.rs enables SMEs to get high-quality feedback on their debt potential to obtain bank loans and provides educational materials to companies that are currently considered non-eligible or to companies wanting to improve their financial capacities.

CFG helped create and promote the platform, while Peterhof Consulting has been responsible for maintaining, fine-tuning, and improving it. CFG has also arranged for VISA to promote the benefits and features of this platform, to expand outreach by the private sector. Banks, as the main providers of financial services and an important channel of SME financing, are expected to become strong promoters of this tool. This quarter, USAID CFG held a meeting and a presentation of all the benefits and features of dobarzabanku.rs platform with Banca Intesa, the largest bank operating on the Serbian market. CFG discussed the potential of the bank implementing this platform in its everyday operations to reach a wider SME audience, and to support SMEs to educate themselves and prepare for high-quality bank loan applications. Banca Intesa was interested and will consider potential cooperation. In the following period, USAID CFG will explore the possibility of presenting dobarzabanku.rs to other banks operating in the market.

The COVID-19 crisis has caused local banks to act very cautiously when approving loans to SMEs. Currently, banks are in a very complicated operating context due to high numbers of infected employees and clients. They are only processing and disbursing loans that are covered by the national guarantee scheme, which was implemented for companies to overcome the negative effects of the pandemic.

Despite the current challenges in the market, USAID CFG continues to promote all of the platform's features and benefits via social networks (Facebook, LinkedIn) to reach a higher number of SMEs. Currently, there are 164 SMEs registered on dobarzabanku.rs.

Development of an online tool to assess SMEs' digital maturity and readiness. CFG has developed a free online tool optimized to identify areas of improvement for firms that are

considering the next step in their digital transformation. So far, **more than 951 companies have used the tool to assess their digital maturity** and downloaded the guidelines for digital readiness, while **over 13,000 companies reviewed the content on this platform**. Improving communication between SMEs and their potential financial partners is a key part of the digital transformation process, thus CFG organized and hosted matchmaking events with the goal of educating and assisting companies to overcome the negative impact of COVID-19, with participation by over 1,300 companies.

USAID CFG amended the promotional plan and switched to promoting the outputs of this activity via digital channels, given the current state of affairs due to the pandemic and uncertainty around relaxing the current emergency measures. The online tool was already heavily promoted in the last quarter, but new content and video material was published and will continue so until September, explaining the importance of going digital (especially during COVID-19) and the necessary steps small businesses should pursue in order to continue innovating and responding to the current situation. As a result of the new proposed promotional plan, so far over 900 companies downloaded the essential guide for digital transformation which was one of the main outputs of this activity.

2.2.2. Banks as a source of financing for micro businesses and start-ups - promoting small business lending within banking sector

Social Impact through PSE brings 49% growth rate for SMEs that participated in the Program: CFG's PSE initiative with Erste bank continues to deliver outstanding results. The Step-by-Step program that includes both financial and mentoring support to start-ups, NGOs, and social enterprises has matured, scaled up and achieved wider recognition. Nearly €500,000 has been disbursed to start-up companies since June 2019 when CFG started cooperation with Erste Bank's social banking unit. This is a **100% increase in loans disbursed** compared to the same time prior to the partnership. The online campaign has reached over one million users, resulting in increased demand for microloans, reflected through a massive rise in applications. Following these results, other banks (such as Opportunity Bank and UniCredit Bank) kicked off similar programs. **As a result of promotional activities, the results in Q1 and Q2 2021 were the best so far. During that period, Step by Step achieved the highest number of disbursed loans (40 start-up loans) with close to 400,000 EUR in total loans.**

Although Erste Group's stricter COVID-19 related risk policies are affecting growth in start-up loan disbursement, Erste and CFG continued with much needed educational support to Step-by-Step program users, delivering additional one-on-one mentoring days to businesses across the country. The mentorship aspect of this program has gained importance in the current context, as MSMEs need a wide spectrum of advisory support to adjust their business models in challenging times. The success of the mentorship support has been demonstrated in results of a survey conducted among 52 Step-by-Step program users. The results demonstrated that the program had a positive influence on job creation, and helped companies retain or increase the number of their employees. **On average, participants of the Step-by-Step Program achieved an employment growth rate of 49%.** CFG's partnering with Erste helped scale up the number of participants, the quantity and quality of mentoring, and the impact on SME's growth.

2.2.3. Improve understanding between SMEs and banks to facilitate increased application of bank commercial loan products to SMEs (PSE)

Boosting cooperation and understanding of banks and SMEs - Building new PSE partnerships: CFG team has engaged local banks about scaling up the initial successful financial management pilot program, implemented in 2019. The main goal was to boost

cooperation and understanding between banks and SMEs by resolving the two main obstacles in SME lending: low financial management skills of SMEs and poor internal communication between banks' risk and sales departments.

As a result of a series of meetings with the banking sector, Eurobank agreed to partner with CFG for training to overcome these challenges by launching a financial management program. Eurobank contributed financial resources to cover some training costs. The goal of this activity is twofold—increased SME access to bank loans; and pioneering this approach to other banks, inspiring them to conduct similar programs.

Due to the pandemic, CFG restructured this activity to deliver it via online channels. During Q1 and Q2, USAID CFG delivered a series of training sessions on corporate finance, drafted and created for both bank employees and MSMEs representatives. The training was divided in two main groups: bank employees and firm representatives. Within the first group of trainees, the main goal was to focus solely on evaluating and improving internal capacities of the finance provider (bank). Training sessions consisted of both back office (risk management) and front office (sales) “under one roof”, in an effort to overcome huge gaps in mutual understanding, knowledge, on how loan process approval should be handled, what are the main fields and steps that can be significantly improved for SMEs to get more attractive and suitable financing. In total, this group gathered 70 bank employees (divided into 2 groups – corporate and small business sector) in 12 training sessions.

The second group of participants consisted of SMEs representatives, with the main goal of learning how to attract the most suitable bank financing for their respective companies, the main principles of high-quality financial management, and good and bad habits of entrepreneurs that can have a significant impact on their loan capacity. The training session was organized over 4 days and was attended by approximately 50 companies (many more applied, but COVID-19 situation had a huge impact on attendance).

In the previous period, USAID CFG gathered all feedback and inputs from both bank employees and SMEs to generate one document that will serve as a **guideline for improving bank/SME relationship through knowledge improvement**, more attractive loan capacity of companies, more suitable bank products offering and ultimately, strong partnership relationships between banks and businesses. Based on gathered feedback, Eurobank expressed their willingness to pursue and improve their internal procedures which will ultimately improve bank/businesses relationship and influence a healthier bank portfolio on one side, and larger and more suitable bank products for businesses on the other.

Objective 2.3: Diversification of financial markets

2.3.1. Build equity funding ecosystem – regulatory framework completed and adopted, boosting the demand side and considering tax incentives ongoing

Building an enabling environment. CFG supported the emergence of the private equity market in Serbia through interventions on both the supply and demand side. CFG played a key role in developing and adopting the new Law on Alternative Investment Funds (AIFs) and accompanying bylaws, along with a set of tax incentives to spur local equity investment which will stay in focus in the new GoS workplan.

To further build a regulatory environment conducive to expanding equity financing, this quarter CFG continued to assist the MoF in designing and drafting the package of amendments to tax laws regulating AIFs, including a tax incentive scheme for investments into AIFs that will attract

greater domestic investment in private equity funds. These tax incentives are expected to further stimulate the emergence of local private equity and venture capital funds.

Highlight: CFG joins efforts with Serbia Innovates to further promote investments into AIFs and digital property

USAID CFG, together with Serbia Innovates organized a conference dedicated to tax incentives for investments in AIFs and digital property. The conference intended to raise wider public interest in tax incentives for investments in alternative investment funds and digital property. The event was held online on May 13th, with about 160 participants. USAID CFG and Serbia Innovates held two panels with Professor Dr. Kostic, Mrs Acanski (EY), Mr. Lončarević (KPMG), Mr. Janković (Securities Commission Republic of Serbia), Mrs. Tomić-Brkušanan (Digital Serbia Initiative), and Mr. Matanović (private company, ECD).

One of the conference's key conclusions is that the regulatory framework for alternative investment funds provides legal certainty, predictability and gives boost to the Serbian market to develop to its full potential. Currently, there are around 30,000 Serbian residents which may benefit from reduced annual personal income tax if they invest in AIFs in Serbia. However, institutional investors are most interested in real estate investment funds, so there should be space for introducing tax incentives for them as well. The first AIFs should be established in 2021. There are also other initiatives, including the Serbian Telecom which wants to establish a venture fund to finance innovative companies.



More detail on CFG efforts regarding AIF tax law improvements is provided under Objective 1.4. These efforts have resulted in the adoption of the AIF taxation framework, which are applicable as of early 2021. CFG continues to discuss tax incentives for corporate investors in AIFs with the MoF, to expand investment opportunities and provide more capital funding in the Serbian market.

CFG's work on setting up a regulatory framework for AIFs demonstrates early results. Serbian national telecommunications operator **Mobile Telecommunications Serbia (Telekom)** announced the establishment of venture capital fund for start-ups, the largest fund of this type in the region. The general director of Telekom, Vladimir Lucic, said that the company will invest EUR 25 million in the fund in the next five years (5 million per year). The new regulatory framework, i.e., the Law on Alternative Investment Funds and related tax regulations, have paved the way for venture capital funding such as the Telekom fund to become a standard way of financing, whereby large corporations invest in start-ups and digital ideas. In addition, a several investment firm, have applied for permission with the Serbian Securities Commission (SSC) to establish the local AIFs, under the procedures and requirements of the Law on AIFs. The application is currently pending SSC review and approval.

Boosting demand for equity financing. To support implementation of the new AIF Law and boost demand for equity financing, CFG has developed the self-reliant SMEs Equity Financing program. This training program prepares SMEs to attract investors and enables them to absorb equity financing. The program supports SMEs in negotiations with investors to overcome the lack of trust and improve understanding of equity financing within the SME community.

In the final phase of assistance, CFG has helped develop a long list of companies, updated and shared with investors. This included drafting a total of 15 “teasers” based on investor interest and requirements. **In Q2, one company**, part of CFG’s Equity Financing training and mentoring Program, **received EUR 2 million in equity financing. In addition, four more companies are in the final phase of negotiation with investment funds. Expected value of transactions is up to EUR 17 million.**

The first online invoice financing platform, Finspot, participated in this program. CFG supported Finspot to prepare for and negotiate with investors, including drafting negotiation documents and developing adequate financial models. Through this support, CFG helped them obtain the initial investment of working capital to launch platform operations in December 2020.

2.3.2. Support the creation of new online financing platforms used by SMEs: the first two online financing platforms – Ventu.rs, crowdfunding platform and Finspot, invoice financing platform – are launched.

Ventu.rs Platform: CFG supported the establishment and implementation of the first crowdfunding platform in Serbia, Ventu.rs, in coordination with the Austrian company Conda and Serbian company BDO. These firms invested approximately \$400,000 to support the platform’s launch, while CFG supported its launch and promotion, as well as the capacity of Serbian firms to apply for crowdfunding. Launched on November 3 as the first crowdfunding platform, digital financing solution and new non-banking financing source in Serbia in more than a decade, Ventu.rs is a gamechanger for the Serbian financial market, where banks are the main financing source in Serbia, with more than 90% of market share.

The target audience for the platform are SMEs with innovative business ideas and approaches with potential to grow. In most cases they are from the pool of local SMEs that have difficulty finding funding from existing sources, or start-ups. The success of the first campaign proves the potential of crowdfunding for Serbian SMEs. The campaign reached the goal of EUR 50,000 within 30 days, 15 days ahead of schedule.

Although CFG ended 2020 strong with several new campaigns in pipeline, the extremely negative development regarding the Covid-19 pandemic affected our activities in this area immensely. Companies are facing both organizational problems (due to a large number of employees on sick leave) and existential threats to their business models (due to postponed economic recovery and prolonged anti-pandemic measures). The latter are not confident about their ability to repay their potential crowd-investors and hesitate to raise any funds (e.g., artisan ice-cream producer St. Moritz), while the former simply do not at the moment have the human resources available needed to prepare a crowdfunding campaign. These firms have asked for some time to wait for their employees to return before proceeding. In both scenarios, crowdfunding campaigns have been put on hold for at least a month.

Two companies, Šumska tajna and Autology, have expressed firm interest in commencing their campaigns by the end of August, while several other are planning on doing so in the following months. Some of them being MIR Production (a TV and film production company), MODE (a fashion start-up), and E-paket (e-commerce/logistics start-up). However, although their commitment is unquestionable, the realization of their campaigns will probably strongly depend on the development of the Covid-19 situation.

There are also several potential clients that CFG is working with to prepare for a campaign later this year. These are companies are not yet ready for a crowdfunding campaign, but are implementing the team’s recommendations to become investment-ready in the near future (for example, the most famous local craft brewery Dogma is one such client). For some upcoming

clients, there are legal concerns that are currently in the process of being resolved, and for others a lack of proper business and financial planning prevents a campaign at this moment. CFG will continue to work with these companies to prepare them for an eventual crowdfunding campaign.

In next period, CFG will continue to support more campaigns on Ventu.rs as well strong promotion of the platform while educating SMEs on conditions and benefits of alternative financing. CFG will also educate and motivate local investors to invest in SMEs through Ventu.rs.

Finspot (PSE initiative): In addition to crowdfinancing, CFG supported the implementation of the first digital invoice financing (e-factoring) platform, Finspot.rs. The platform allows companies to upload their invoices and receive financing within 24 hours with affordable rates. This fintech solution is a breakthrough in an underdeveloped factoring market in Serbia that mainly serves large companies. During the pandemic, when SMEs are struggling with liquidity, the importance of this fintech solution cannot be overstated. **Finspot continues with making a breakthrough on the Serbian market, with significant number of invoices being processed and financed daily. Finspot's record in number of invoices financed was 131 commercial invoices over the course of one day.**

While CFG's focus was always on self-reliance of its initiatives, the team also forged partnerships with interested private sector and donor partners that can scale-up the impact and reputation of the two platforms and help build customers' trust in digital financing solutions that are still new to Serbian businesses. Visa started to support Ventu.rs and Finspot through their SME platform and other promotional activities. Next quarter, USAID's CFG will promote the Finspot platform by organizing a media brunch and utilizing other CFG communication channels.

2.3.3. Provide technical assistance to the GoS in regulating digital crypto-assets

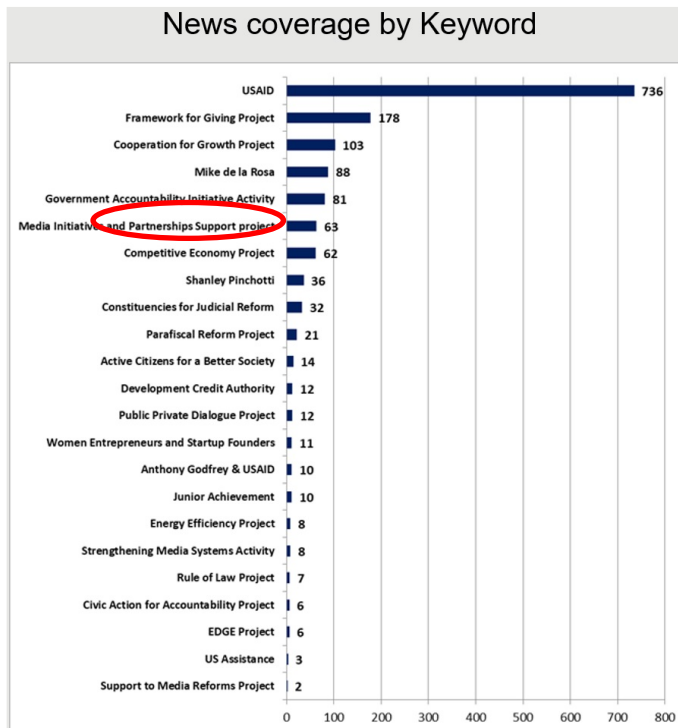
CFG has been at the forefront of regulation of the digitized economy. CFG supported GoS working group in regulating digital assets – tokens – as a source of external financing. The working group included the Prime Minister's Cabinet, MoF, NBS, the Securities Commission, MoTTT, the Ministry of Economy, the SCC, the Belgrade Stock Exchange, and CFG. The Law on Digital Assets was finally adopted in December 2020. The Law introduces new instruments for financing, such as initial token offering, allowing companies to raise capital by issuing digital tokens, and tokenized bonds. USAID CFG worked on tax incentives, with the aim of stimulating the introduction of cryptocurrencies into legal flows through investment in Serbian companies. The new regulation could potentially unlock up to EUR 2.5 billion and provide additional financing mechanism for MSMEs. *For details, see Section 1.4.*

CFG continued conducting outreach during Q2 2021 to the wider public, informing Serbian taxpayers on key features of the new taxation regime of digital assets. On May 13, 2021, CFG organized a joint conference dedicated to new sources of financing for innovative businesses with Serbia Innovates (a USAID funded project).

2.3.4. Increasing foreign capital available for financing

Reactivating reform coalition: Active communication with business associations unified around the idea of liberalizing the Foreign Exchange (FX) Law maintains on the same level of intensity that has been accomplished in Q1. The coalition is assessing the right time to resume advocacy activities, closely monitoring both political factors and the COVID-19 business environment. CFG and its coalition partners will continue to monitor implementation of this measure.

3. Outreach and Communication



Continued promotion of the USAID brand:

In 2021 CFG has continued with strong contribution to the visibility and media exposure of the USAID brand in Serbia. According to Media Monitoring Analysis for the first quarter of 2021, CFG is amongst the top three generators of the positive coverage for the USAID in Serbia.

Source: Quarterly Media Monitoring Analysis 2020, USAID Serbia, April 2021.

During the current reporting period, **CFG was highlighted in 40 media reports, which represents an ad value of more \$24,500.**

CFG Quarterly Media Exposure, Q2 2021

The project's media presence was based on the following topics in the second quarter of the year:

- › **The eCommerce Guide for Businesses** - Media outlets remained highly interested in the topic. During the 2nd quarter, RT Vojvodina published two video reports on this topic, including statements by Aleksandar Zaric.
- › **Findings of annual survey 1.000 business** - USAID CFG's findings about digital presence of Serbian firms were cited within the research of Serbian National Internet Domain Registry, published in April. We recorded more than 25 media reports on this occasion.
- › **Single VAT Rulebook** – the adoption of single Rulebook on VAT was one of the main topics in the reporting quarter. Slobodan Trivic wrote the article for the special edition of the monthly magazine "Biznis&Finansije", published in June.
- › **World Food Safety Day** – on the World Food Safety Day, Gordana Ristic, CFG food expert had live interview in the agriculture specialized TV show within the national TV B92.
- › **Tax incentives for investments in alternative investment fund** – in cooperation with recently launched USAID project "Srbija Inovira", CFG held the online conference on tax incentives for investments in alternative investment fund in May. Several media outlets reported, including the monthly magazine "Biznis&Finansije".
- › **The first online invoice financing platform, Finspot** - the Serbian media outlets continued to express the interest in the digital financing solutions supported by USAID CFG. The story about Finspot and interview with Jovan Milovanovic, co-founder of the fintech solution was published at highly rated website Sveonovcu.rs

Strengthening media relations: CFG continued to maintain existing and establish new media relations in the current quarter. CFG held six online meetings with editors and journalists from the following Serbian media outlets: RTS, Beta news agency, daily Blic, the newly established website Euronews.rs, as well as and the monthly magazine Biznis&Finansije.

TREND OVI

FINANSIJE TOP 2020/21

JEDINSTVENI PRAVILNIK O PDV-U

Zašto je ovaj propis toliko važan za privredu Srbije?

Jedinstveni Pravilnik o PDV-u je stupio na snagu 22. aprila, a počeo da se primenjuje od 1. jula ove godine. Ovaj propis sistematizuje i objedinjuje regulativu iz 27 pravilnika, pojašnjava određene nedoumice u primeni PDV pravila i olakšava obveznicima da usklade poslovanje sa pravilima PDV sistema.

*Piše: Slobodan Trivić**

Godinama unazad srpska privreda suočava se sa obimnom regulativom i velikim brojem pravilnika kojima je uređena oblast poreza na dodatu vrednost (PDV). U „Beloj knjizi“ Saveta stranih investitora u poreskim reformama iz oblasti PDV-a, ovaj problem zauzima prvo mesto. Sistem PDV-a je do sada bio uređen Zakonom o PDV-u, pomoću 27 pravilnika kojima se razrađuju pojedini instituti PDV-a, kao i tri uredbе kojima se propisuju posebna pitanja iz oblasti PDV-a. Dodatno, ovi propisi su propraćeni sa preko šest hiljada mišljenja Ministarstva finansija, što dodatno uslođuje primenu PDV propisa.

Suštinski, za bilo koje pitanje iz oblasti PDV-a, poreskom obvezniku nije dovoljno samo da konsultuje Zakon o PDV-u, već mora da pronađe u kojem pravilniku je konkretno pitanje detaljnije regulisano, zatim da proverii da li je Ministarstvo finansija izdalo mišljenje po tom pitanju, i na kraju da konsultuje praksu Poreske uprave. Tek nakon ovih koraka, može se reći da je obveznik sa dužnom pažnjom primenio propise iz oblasti PDV-a.

Prema globalnom istraživanju „Paying Taxes - The compliance burden“, revizorsko-konzultantske kompanije PwC, poreski obveznici zbog komplikovane poreske procedure troše za trećinu više vremena nego što je to potrebno na ispunjavanje svojih poreskih obaveza. Stoga je objedinjavanje svih pravilnika iz oblasti PDV-a, kao i njihovo unapređivanje, bilo neophodno i važno rešenje koje će srpskoj privredi uštedeti značajno vreme i olakšati ispunjavanje obaveza u sistemu PDV-a.

Pojašnjenja nedoumica i pojednostavljenje postupaka

Ministarstvo finansija je godinama nameravalo da izradi jedinstven Pravilnik o PDV-u, ali je započinjanje ovog obimnog i složenog posla stalno odlagano. Zato je USAID-ov Projekat saradnje za ekonomski razvoj ponudio podršku Ministarstvu finansija u izradi jedinstvenog Pravilnika. Uz pomoć poreskih stručnjaka iz konsultantske kompanije Deloitte, za devet meseci pripremljen je Predlog jedinstvenog Pravilnika o PDV-u.

O zahtevnosti i obimu ovog posla govore brojke i oblasti PDV-a na kojima se radilo. Zajedno sa Ministarstvom finansija, tim stručnjaka je objedinio 27 pravilnika o PDV-u u jedinstveni propis kojim se sprovode odredbe Zakona o PDV-u. Prema našim nalazima, stručni tim je pregledao oko 1.760 odredbi postojećih pravilnika o PDV-u sadržanih u oko 300 članova. Ukupno je izvršeno 350 intervencija na 266 odredbi, u vidu izmena, dopuna ili brisanja određene odredbe.

Intervencije su obuhvatile: pojašnjenja (rešavanje problema u tumačenju postojeće odredbe njenim izmenama ili izradom nove odredbe koja pojašnjava pitanja iz prakse); pojednostavljenje (neki postupak iz

Intervencije prema vrsti (% od ukupnog broja intervencija)

Vrsta intervencije	Procent (%)
Pojašnjenje	49.71%
Pojednostavljenje	30.00%
Normativno - tehničko usklađivanje	20.29%

34 FINANSIJE TOP 2020/21.

Početna Finansijski Fintech Novac Intervju Mišljenja Produkcioničke priče BIZ Info Edukacija

Home > Intervju > Sve je veća tražnja za faktoringom

SVE JE VEĆA TRAŽNJA ZA FAKTORINGOM

19.06.2021.

„Pandemija je uticala na sve delove privrede naše zemlje pa tako i na promet u oblasti faktoringa. Tolom 2020. godine, na osnovu podataka Privredne komore Srbije, promet faktoring uslugе je smanjio za oko 5% u odnosu na 2019. godinu. Pad u prošloj godini je očekivan ali je istovremeno daleko manji od predviđenog, preventivno jer je već u drugoj polovini 2020. godine stanje privrede počelo da se poboljšava“, kaže Jovan Milovanović, osnivač Finspot digitalne platforme za faktoring, za Sve o novcu i dodaje:

„Ako pričamo konkretno o našem iskustvu, s obzirom da je Finspot operativan od početka 2021. možemo reći da se tražnja intenzivira iz meseca u mesec kako se obim poslovnih aktivnosti povećava, te predviđam značajan rast prometa ove godine“.

Koja preduzeća, iz koje delatnosti, najviše koriste ovu uslugu, ako postoji neka statistika?

Faktoring kao usluga nije ograničena na određene industrije i ili se koristi od velikih firma. Poreske industrije kod kojih je faktoring privredno vrlo korisna su: izvozna i uvozna trgovina i obezbeđivanje dodatnog obratnog kapitala i likvidnosti. Piv delatnosti kod kojih je faktoring najrazvijeniji su: proizvodnja delatnosti, trgovina na veliko, usluge, poljoprivreda i transport.

Pored ovih delatnosti, razgovarajući sa stvarnim i potencijalnim klijentima, uočavamo da se tražnja intenzivira i u ostalim granama kao što su farmacija, građevina, i sl.

Od čega zavisi visina naknade koju klijent plaća za uslugu faktoringa i u kom roku klijenti dobijaju novac, na primer, oni koji koriste usluge Finspot-a?



FONDOVI

PORESKI PODSTICAJI ZA ULAGANJE U ALTERNATIVNE INVESTICIONE FONDOVE

Čekajući prvu lastu

Premda je u okviru Zakona o porezu na dohodak građana uveden poreski kredit za ulaganja u alternativne investicione fondove, ta mogućnost još uvek ne funkcioniše u praksi jer do sada u Srbiji nije osnovan nijedan takav fond. Upućeni očekuju da će se to desiti do kraja ove ili barem naredne godine, jer sada postoji jasan zakonski okvir, ali ocenjuju da je potrebno uvesti podsticaje i za pravna lica, kako bi ovo tržište zaista zaživelo.

Piše: Zorica Žarković

Građani Srbije koji plaćaju porez na dohodak, sada mogu da iskoriste poreski kredit uveden u okviru Zakona o porezu na dohodak građana, s ciljem da se podstaknu ulaganja u alternativne investicione fondove (AIF). Pravno rečeno, fizičko lice koje uloži novac u kupovinu investicione jedinice alternativnog investicionog fonda, ostvaruje pravo na poreski kredit na račun godišnjeg poreza na dohodak građana najviše do 50% ulaganja izvršenog u kalendarskoj godini za koju se taj porez utvrđuje.

Trenutno, takva mogućnost postoji samo na papiru, jer iako je Zakon o alternativnim investicionim fondovima stupio na snagu u aprilu prošle godine, do sada u Srbiji nije osnovan nijedan. Prema rečima Marka Jankovića, predsednika Komisije za hartije od vrednosti, ovoj instituciji je saradnje za ekonomski razvoj, u Komisiji očekuju da će, uprkos poremećajima koje je izazvala aktuelna pandemija, ovo tržište početi da funkcioniše do kraja ove, ili barem naredne godine.

Ko su potencijalni ulagači?

Za razliku od investicionih fondova u okviru privrednih društava, AIF nude šire mogućnosti ulaganja. Zato je, da bi se regulisala ova oblast, bilo potrebno da se poreski sistem u Srbiji prilagodi novoj finansijskoj realnosti. To je uključilo i temeljne izmene koje su omogućile da fiskalno transparentni alternativni investicioni fondovi koji nemaju status pravnog lica uđu u domaći poreski sistem, objašnjava Svetislav Kostić, profesor Pravnog fakulteta u Beogradu.

Ključni zadatak je bio da se obez-

Kako u Srbiji vlada velika glad za alternativnim mogućnostima ulaganja, Kostić smatra da pomenuti podsticaj može da motiviše ulagače ako se na tržištu pojave alternativni investicioni fondovi gde će minimalni ulog biti ispod 50.000 evra.

On vidi kandidate za ulaganja u oko 30.000 građana, koliko je prošle godine platio porez na dohodak, a kojih će po njegovom mišljenju ove godine biti i više zbog velikog povećanja zapošljavanja u IT sektoru, de-latnosti sa natprosečnim primanjima. Potencijalni investitori su pripadnici više srednje klase koji ne mogu da priušte zasebna privredna društva za upravljanje njihovim ulaganjima, ali imaju dovoljno novca za plaćanje u troškovno pristupačne investicione fondove.

„Ipak, ozbiljan nedostatak je nepostojanje poreskog kredita za pravna

IP 2020/21

ПОЛИТИКА

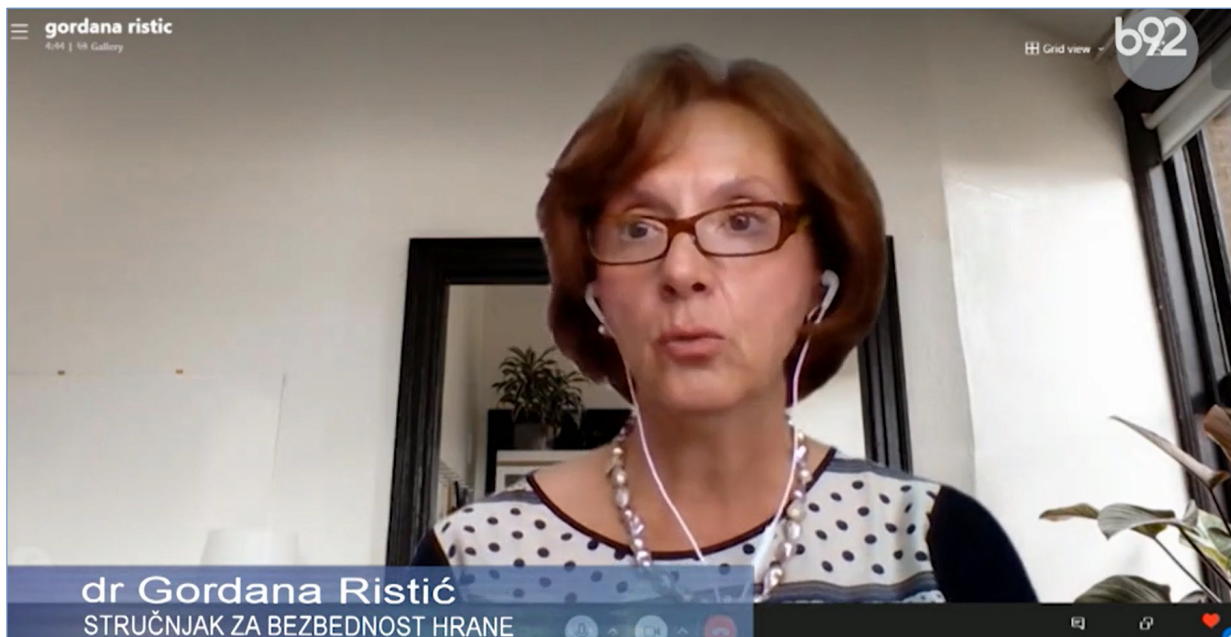
Svet Politika Društvo Pogledi Hronika Ekonomija Kultura Beograd Sport Region

Bez interneta nema biznisa



Čak 86 procenata mikro i 92 odsto malih preduzeća u Srbiji, koja aktivno koriste internet u poslovanju, ima svoj veb-sajt, pokazalo je istraživanje koje je krajem 2020. godine sprovela

(foto Pixabay)



Advertising value equivalent (AVE rating/AD value): Ad value refers to the cost of buying the space taken up by a piece of media coverage, had that coverage been an advertisement. The below chart demonstrates the ad value of CFG’s media coverage in Q2 2021.

	avg. paid PR	CFG	AD value
Digital	\$ 500.00	30	\$ 15,000.00
Print	\$ 900.00	8	\$ 5,700.00
TV	\$ 1,900.00	2	\$ 3,800.00
Total		40	\$ 24,500.00

Social media activities

CFG's presence remains strong on all social media channels. In the Q2 2021 CFG posted one news item daily. We continued to invest in digital marketing by promoting important posts on social media during the first three months of the year. This extra promotion helped the Project reach target audiences while boosting CFG's social media presence (both its reach and engagement), improving CFG's performance across all social media channels. The statistics per channel include:

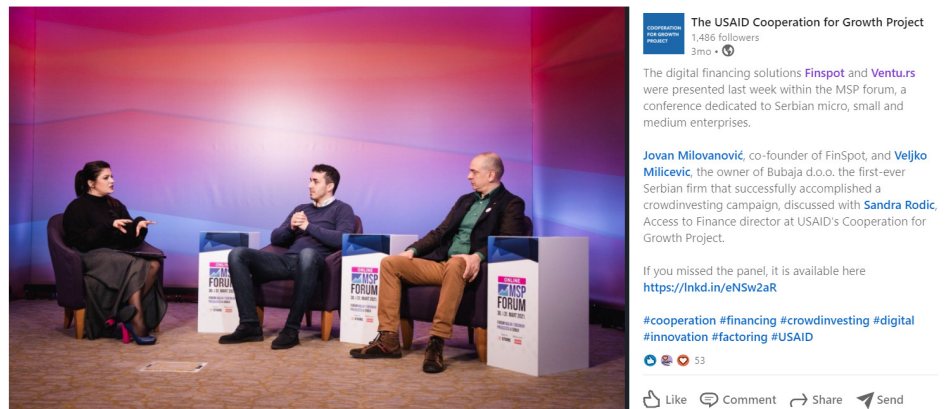
Facebook

- > Total Page likes: 6,167
- > Total estimated reach in Q2 56,290
- > Average monthly engagements in Q2: 1077



LinkedIn

- > Followers: 1,486 (+100 compared to the end of Q1 2021).
- > Average monthly impressions during Q2: 10,500
- > Average monthly new visitors during Q2: 108



Instagram

- > Instagram has still been the most efficient CFG social media communication channel with more than 157k impressions*.
- > Followers: 334 (+68 compared to the Q1 2021).

* **Impressions:** The number of times our content, whether a post or a story, was shown to users. While commonly confused with reach, impressions are the total number of times our content could have been viewed.



The most successful Instagram post in the Q2 in terms of impressions

YouTube

- > The following recordings were added to the channel in Q2:
 - SME forum 2021 – innovative digital financing solutions panel (FinSpot and Ventu.rs)
 - Video - Driving Road to Digital Transformation Guideline
 - Video - SMEs' Digital Maturity and Transformation Readiness Tool
 - Online presentation of eCommerce guideline for businesses to the members of Chamber of Commerce and Industry of Serbia
 - eCommerce online education recording – Deutsch Serbian Chamber of Commerce
 - Online conference “Tax incentives for investments in alternative investment funds”
 - Highlights from the online conference “Tax incentives for investments in alternative investment funds”
 - World Food Safety Day – Nenad Vujovic, Head of Agriculture Inspection in Serbia
 - Food safety online education - “Hygienic engineering and design in food industry plants”
- > Subscribers: 90 (+20 compared to Q1 2021)

Twitter

- > Followers: 1,616
- > Average monthly impressions Q2: 3,133.
- > Total impressions Q2: 9,399



Saradnja
@saradnja_

...

#eCommerce revolucija - 🍏 broj transakcija platnim karticama za online kupovinu roba i usluga u RSD povećan je 116%
🍏 vrednost transakcija platnim karticama za online kupovinu roba i usluga u RSD uvećana je 123,26%
🍏 broj online prodajnih mesta povećao se 81,68%
[@SrbNarodnabanka](#)



CFG Website

- > CFG website (saradnja.rs) was updated regularly.
- > Unique visits during Q2: 1,004

Spotlight: Events

Hybrid event Webiz - In April, USAID's CFG supported the mainstream digital conference in the region – WEBIZ.



CFG discussed e-commerce and innovation at the WEBIZ Conference on April 8th. CFG led a panel devoted to innovation in e-commerce and innovative financing paths it can bring at virtual conference Webiz. This edition focused on innovation and women's empowerment.

As one of the fastest-growing trends amid coronavirus pandemic, e-Commerce was the inevitable topic of the conference. Aleksandar Zaric, the USAID CFG Business Environment Director, moderated the panel dedicated to the successful e-Commerce story of the high-flying Serbian start-up "60 seconds". Recognized as one of the global ecommerce raising stars just one year from launch, this

Serbian start-up obtained an investment from one of the world's most reputable brands – L'Oreal – through UK start-up accelerator and venture studio Founders Factory.

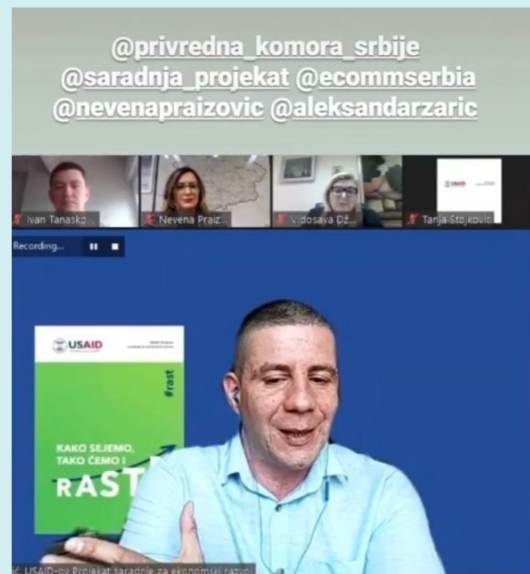
Ivan Kadic, co-founder of "60 seconds", presented the success of his unique e-Commerce idea to more than 250 online attendees. Special guest Alice Sandelson from the start-up accelerator and venture studio Founders Factory, UK, joined the event and presented opportunities that this British investment fund provides small businesses with all around the world.



e-Commerce education for businesses – CFG continued to provide e-Commerce education for businesses. In cooperation with Ministry of Trade, Tourism and Telecommunications, the SCC, the Belgrade Chamber of Commerce, and the ECommerce Association of Serbia, CFG held free workshop with focus on Ecommerce Guide for businesses on April 14.

Panellists included:

- ✓ Vidosava Dzagic, Assistant Director of PKS - Belgrade Chamber of Commerce
- ✓ Nevena Praizovic, Legal advisor for e-commerce and Digital agenda development at MOTTT
- ✓ Dragan Stojković, professor at the Faculty of Economics, University of Belgrade
- ✓ Ivan Tanaskovic, eCommerce Association of Serbia
- ✓ Aleksandar Zaric, USAID's Cooperation for Growth Project.



128 Serbian businesses (including 62 female- owned companies) attended the online event. The discussion focused on the E-commerce Guide and underlined that the Guide can provide guidance on where businesses can register to hold online sales, which platform to use, how to advertise, how to deliver products and other important details about this crucial business model.

E-Commerce education for businesses – on April 21, CFG continued with the series of eCommerce educational activities for small businesses. In cooperation with the Deutsch-Serbian Chamber of Commerce (“AHK Serbien”) and the e-Commerce Association of Serbia, we conducted the educational webinar “eCommerce – a chance you should not miss”, dedicated to expanding the knowledge of small businesses about eCommerce.



- ✓ Biljana Milicevic, DHL International
- ✓ Vladimir Radosevic, Klett d.o.o.

Panellists included:

- ✓ Zorana Milidrag, eCommerce Association of Serbia
- ✓ Dijana Peskir, Deutsch-Serbian Chamber of Commerce
- ✓ Nevena Praizovic, MOTT
- ✓ Marko Ilic, eCommerce Association of Serbia
- ✓ Milos Radulovic, eCommerce Association of Serbia
- ✓ Ivan Beljic, DHL International

Almost 60 members of Deutsch-Serbian Chamber of Commerce attended the event, where the proven experts presented valuable pieces of advice regarding e-Commerce, one of the fastest-growing segments of both the Serbian and global economy.



Tax incentives for investments in AIFs – In cooperation with Serbia Innovates, a recently launched project supported by USAID, CFG shared \ knowledge and experience regarding the tax incentives for investments in AIFs.

Establishing the regulatory framework for the development of alternative investment funds provides legal certainty, predictability and provides an opportunity for the Serbian market to open and start developing at full blast – this was one of the key conclusions from the online conference dedicated to alternative investment funds in Serbia.

Currently, the perspective of tax incentives for investments into AIFs is that there are around 30,000 Serbian residents that may benefit from

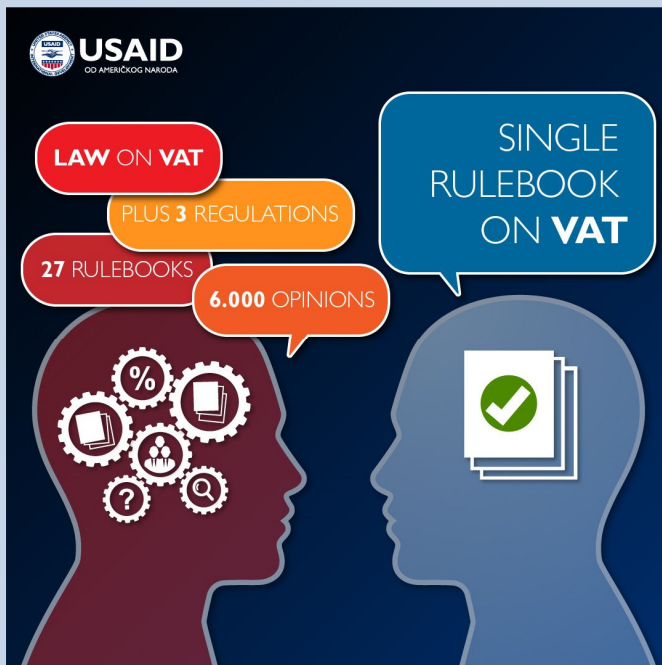
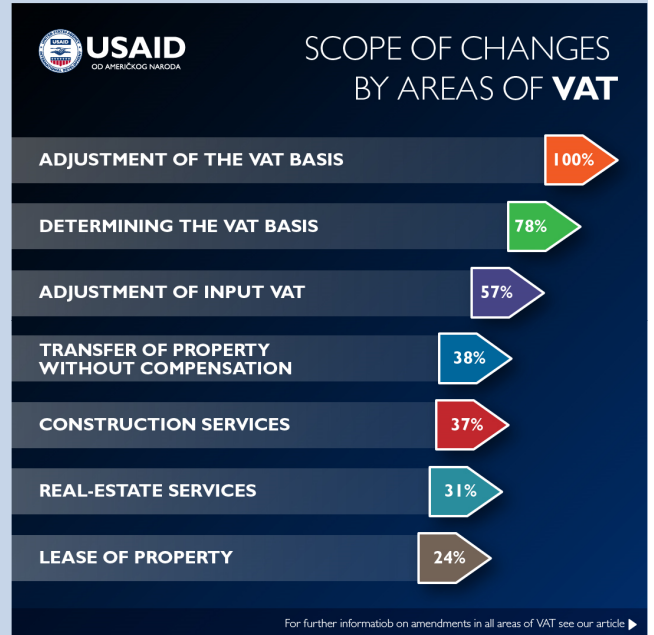
reduced annual personal income tax if they invest in AIFs in Serbia. On the other hand, institutional investors are most interested in real estate investment funds, so this part of the market is expected to have the fastest development pace in the Serbian market. The first AIFs are expected to launch this year, with an ongoing procedure for establishing the first private AIF in Serbia.

The online event was held on May 13th, gathering more than 160 participants. Besides both projects' representatives, key speakers were professor Svetislav Kostic, Gordana Acanski, Ernst and Young, Igor Loncarevic, KPMG, Marko Jankovic, Chairman at Securities Commission Republic of Serbia, Bojana Tomić-Brkusanin, Digital Serbia Initiative, and Aleksandar Matanovic, founder of ECD.rs.

Infographics

CFG continued with creation of infographics in the second quarter to enhance the online presence and visibility of our activities. As a valuable tool for visual communication, infographics grabbed the attention of our target groups but also helped them to better understand our key messages.

1. Single Rulebook on VAT



2. Erste bank “Step by Step” program

USAID FROM THE AMERICAN PEOPLE **ERSTE** Bank

STEP BY STEP PROGRAM

It is proven that the startups that receive mentorship support show better results than those that do not receive any support. As a partner of Erste bank in the program Step by Step, we established a strong mentorship network. Although the initial plan was to train up to 15 new mentors, high interest among the Erste bank staff produced a network of 29 mentors.

DURING THE SEVEN MONTHS:

- 101 STEP-BY-STEP CLIENTS RECEIVED MENTORING SUPPORT
- 2 SOCIAL ENTERPRISES
- 200 MENTORING SESSIONS WERE PROVIDED IN TOTAL
- 84 STARTUPS RECEIVED MENTORING SUPPORT
- 15 AGRICULTURE HOUSEHOLDS

In addition to customized banking product, all clients received financial education and mentoring support, all intending to help them make suitable business decisions. Borrowers granted a loan also got a business mentor, who provided them the pieces of advice on the business development over 12 months, as well as support in setting and monitoring their development goals.

3. e-Invoicing

USAID FROM THE AMERICAN PEOPLE

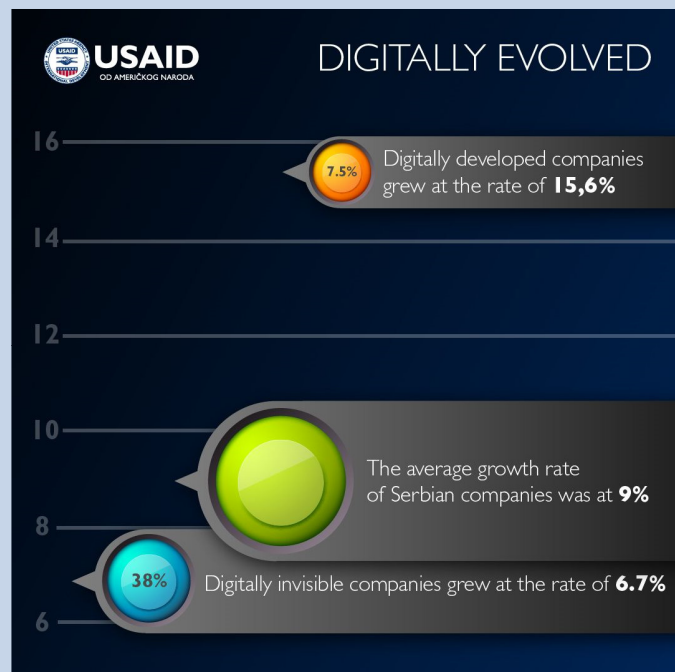
eINVOICING LAW ADOPTED

The infographic features three digital devices: a smartphone, a tablet, and a laptop. Each device displays a document icon with a green downward arrow, symbolizing the adoption and use of e-invoicing technology. Dotted lines connect the devices, suggesting a network or flow of information.

4. World Food Safety Day



5. Findings of the Annual Survey of 1,000 businesses relating to digitally evolved companies:

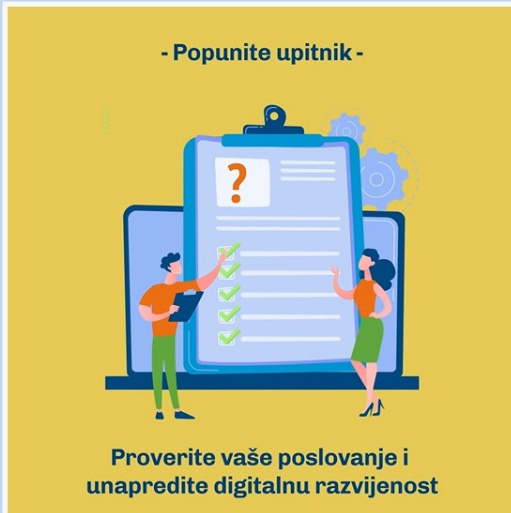


Video production

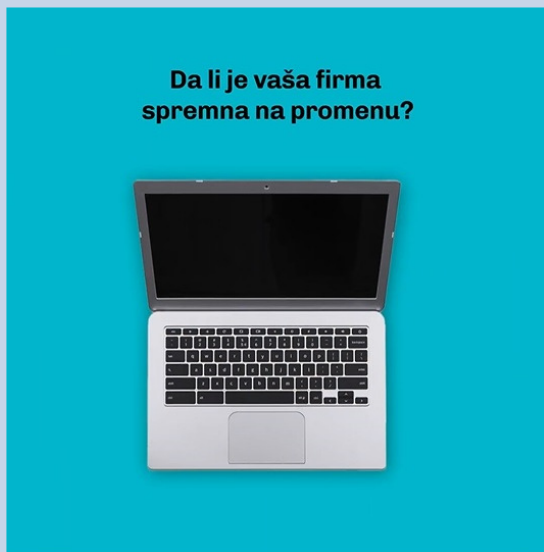
CFG boosted the social media presence by production of video content, aimed at further promotion of two online tools for assessing SMEs' digital maturity and readiness. In the first phase of communication activities these tools have already been promoted through various activities, including online events, PR activities, and social media promotion. In the second phase, CFG wanted to take a step further to engage more small businesses to use

these tools and learn more about digital transformation for free. Short video materials were promoted on social media channels.

1. SMEs' Digital Maturity and Transformation Readiness Tool – VIDEO available [here](#)



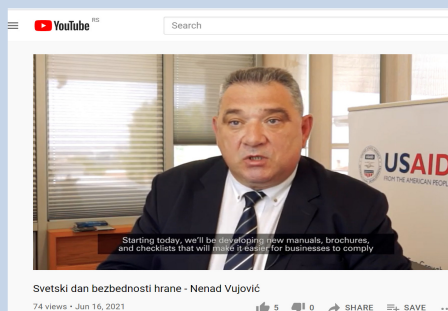
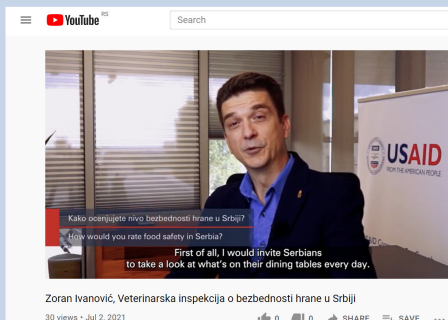
2. Driving Road to digital transformation guideline – VIDEO available [here](#)



3. Food Safety day initiative, CFG production of videos with the MoA representatives

<https://www.youtube.com/watch?v=0sw0vyN5kTg&t=70s>

<https://www.youtube.com/watch?v=65LbiULvIFM>



4. Activities planned for the next Quarter

Objective 1: Improved Business Environment and Related Administrative Efficiency in Selected Areas

- > Continue partnering with the e-Commerce Association Serbia in outreach and promotion.
- > Finalize the Action Plan for the GoS adopted Strategy for Digital Skills Development for 2020-2024.
- > Develop final version of the digital platform that will allow e-registration of food business operators to promote alternative inspection policies and compliance.
- > Develop a campaign to promote the digital platform and food safety compliance in general, to publicize all related instruments and activities CFG has implemented (in close collaboration with MoA, NALED, FAO and other actors active in the food sector)
- > Continue with outreach activities for promotion of the tax framework regulating AIFs and digital asset and investments through these channels.
- > Develop online educational event on taxation with comprehensive guidance to Serbian investors and SMEs on the opportunities arising from CFG's assistance to MoF (tax incentives, AIFs, digital assets, improved VAT regulation, etc.)
- > Continue liaising with Serbian taxpayers and business associations on application of VAT compliance in doing business.

Objective 2: Improved SME Access to Finance

- > Prepare and support new crowdfunding campaigns on the Ventu.rs platform.
- > Promote Finspot's invoice trading services to broaden the awareness of its benefits and attract new SMEs to apply factoring as external source of financing
- > Supervise implementation of CFG's Recommendations on establishment and implementation of the B2B platform and provide the GoS' Working Group with further guidance on implementing the B2B e-invoicing system.
- > Take part in educational and promotional events for relevant stakeholders of the e-Invoicing platform with the MoF and the EU Project.
- > Broaden SMEs' knowledge of dobarzabanku, engage to motivate banks to use it with SME clients, and follow-up with Visa on promotion of the dobarzabanku platform.
- > Through offline and online media channel outlets (expert articles, tv and radio appearances), further promote online tools that assess digital maturity and readiness of SMEs.
- > Conduct further advocacy activities, including expert assistance on the initiative to amend the Foreign Exchange Operations Law.
- > Provide further technical assistance to the MoF in implementing the tax framework regulating AIFs and digital assets (joint activity with BEE);

Annex 1: Persons Trained and Number of Person-Hours Trained

CFG Technical Assistance Provided — Number of People, Q2 2021

USAID CFG Technical assistance provided, Q2 2021								Educational Reach (views on June 30)							
Activity Name	Date	Location	Component	Beneficiaries	Number of People, Total	Number of People, Female	Person Hours	Total Edu Reach	Saradnja YouTube	ICT HUB YouTube	ECS YouTube	SAM YouTube	Cofin dustria Serbia	Srbija Inovira	AFA YouTube
Total					455	198	1,362	12,063	2,265	3,504	5,347	588	181	88	90
Training					99	73	449	64	64	0	0	0	0	0	0
Hygienic Engineering and Design in food processing plants I	23.06.2021	Online	BE	MSMEs	36	27	180	43	43	...	...	...	...	...	...
Hygienic Engineering and Design in food processing plants II	24.06.2021	Online	BE	MSMEs	40	31	200	21	21	...	...	...	...	...	...
Food safety in hospitality	24.06.2021	Novi Sad/Online	BE	MSMEs	23	15	69	0	...	...	...	...	...	...	...
Knowledge sharing, business ecosystem meetups					356	125	913	394	306	0	0	0	0	88	0
Ecommerce guide for businesses - Serbian Chamber of Commerce	14.04.2021	Online	BE	MSMEs	128	62	256	151	151	...	...	...	...	...	...
Tax incentives for investments in alternative investment funds	14.05.2021	Online	BE	MSMEs	161	25	322	177	89	...	...	...	...	88	...
Ecommerce - educational seminar	21.04.2021	Online	BE	MSMEs	67	38	335	66	66	...	...	...	...	...	...

Educational reach on June 30. cumulative result from previous period events.		Q1 2021 Q2/Q3/Q4 2021 events	11,605	1,895	3,504	5,347	588	181	0	90
Guide for e-merchants, press conference	24.03.2021		128	128	...	...	...	...	...	...
Online educational seminar - E-commerce	08.02.2021		103	103	...	...	...	...	...	...
Online educational seminar - E-commerce - Confindustria	24.02.2021		269	88	...	...	...	181	...	...
Educational seminar- E-commerce	03.12.2020		395	395	...	...	...	...	...	...
Ecommerce academy - Marketplaces - how to choose the best platform?	13.10.2020		220	...	...	220	...	...	...	...
Ecommerce. academy - How to lead Ecommerce project, Choose the right platform, WordPress	15.10.2020		78	...	...	78	...	...	...	...
Ecommerce academy - Zoom discussion	20.10.2020		56	...	...	56	...	...	...	...
Ecommerce academy - Introduction to Digital Marketing and email marketing, advertising strategy	22.10.2020		182	...	...	182	...	...	...	...
Ecommerce academy - Marketing that sells, SEO strategy	27.10.2020		114	...	...	114	...	...	...	...
Ecommerce academy - Zoom discussion	29.10.2020		46	...	...	46	...	...	...	...
Ecommerce academy - Black Friday!	03.11.2020		104	...	...	104	...	...	...	...
Ecommerce academy - Zoom discussion	05.11.2020		58	...	...	58	...	...	...	...
Ecommerce academy -Com Experience & DVM	10.11.2020		285	...	...	285	...	...	...	...
Ecommerce academy -Customer Journey	12.11.2020		30	...	...	30	...	...	...	...
Ecommerce academy -Zoom discussion	17.11.2020		237	...	...	237	...	...	...	...
Ecommerce academy -Security, e-payments	19.11.2020		91	...	...	91	...	...	...	...

Ecommerce. academy -Security, instant payments, fraud prevention	24.11.2020
Ecommerce academy -Zoom discussion	26.11.2020
Ecommerce academy -Processes and organization in the background successful e-commerce business, logistics	01.12.2020
Ecommerce academy - Rights and Obligations	03.12.2020
Ecommerce academy - Zoom discussion	08.12.2020
Ventu.rs Platform Presentation for Journalists	04.11.2020
Business survey 2020	12.11.2020
E-commerce academy - Modul 4 - e-commerce operations	30.06.2020
E-commerce academy - Modul 4 - e-commerce operations I	02.07.2020
E-commerce academy - Modul 4 - e-commerce operations - Zoom discussion	02.07.2020
E-commerce academy - Modul 5 - e-commerce payments	07.07.2020
E-commerce academy - Modul 5 - e-commerce payments I	09.07.2020
E-commerce academy - Modul 5 - e-commerce payments II	09.07.2020
E-commerce academy - Modul 5 - e-commerce payments - Zoom discussion	09.07.2020
E-commerce academy - Modul 6 - agile pm and hosting	14.07.2020
E-commerce academy - Modul 6 - agile pm and hosting I	16.07.2020
E-commerce academy - Modul 6 - agile pm and hosting - Zoom discussion	16.07.2020
E-commerce academy - Modul 7 - choose the right platform	21.07.2020

44	...	...	44	...	...	...
163	...		163	...	...	...
86	...	...	86	...	...	...
63	...	...	63	...	...	...
151	...	...	151	...	...	...
17	17	...	...	...	...	...
172	172	...	...	...	...	...
101	...	...	101	...	...	...	...
74	...	...	74	...	...	...	...
81	...	...	81	...	...	...	...
114	...	...	114	...	...	...	...
59	...	...	59	...	...	...	...
64	...	...	64	...	...	...	...
68	...	...	68	...	...	...	...
112	...	...	112	...	...	...	...
108	...	...	108	...	...	...	...
95	...	...	95	...	...	...	...
34	...	...	34	...	...	...	...

E-commerce academy - Modul 7 - choose the right platform I	23.07.2020
E-commerce academy - Modul 7 - choose the right platform II	23.07.2020
E-commerce academy - Modul 7 - choose the right platform III	23.07.2020
E-commerce academy - Modul 7 - choose the right platform - Zoom discussion	23.07.2020
E-commerce academy - Modul 8 - digital visual merchandising	04.08.2020
E-commerce academy - Modul 8 - digital visual merchandising I	06.08.2020
E-commerce academy - Modul 8 - digital visual merchandising Zoom discussion	06.08.2020
E-commerce trends in Serbia - eCommerce as the key to success in modern times (with SAM)	15.09.2020
Matchmaking #7 - ecommerce	22.09.2020
Matchmaking #7 - digital marketing	23.09.2020
Matchmaking #7 - Access to finance	24.09.2020
Specifically for SME - E-commerce	01.07.2020
Digital transformation methodology for small and medium enterprises - Matchmaking #6	29.07.2020
E-commerce academy - Modul 1 - Zoom discussion	05.06.2020
E-commerce academy - Modul 2 - Zoom discussion	11.06.2020
E-commerce academy - Modul 2 - Zoom discussion	18.06.2020
E-commerce academy - Modul 3 - e-commerce from A to Z - Zoom discussion	25.06.2020
E-commerce academy - Modul I - .com experience I	02.06.2020
E-commerce academy - Modul I - .com experience II	05.06.2020

34	...	...	34	...	...	...	...
35	...	...	35	...	...	...	...
29	...	...	29	...	...	...	...
41	...	...	41	...	...	...	...
62	...	...	62	...	...	...	...
30	...	...	30	...	...	...	...
98	...	...	98	...	...	...	...
588	...	...	...	588	...	...	...
209	17	192	...	...	...	...	...
302	12	290	...	...	...	...	...
79	8	71	...	...	...	...	...
202	74	128	...	...	...	...	...
245	11	234	...	...	...	...	...
246	...	...	246	...	...	...	...
248	...	...	248	...	...	...	...
98	...	...	98	...	...	...	...
189	...	...	189	...	...	...	...
351	...	...	351	...	...	...	...
128	...	...	128	...	...	...	...

E-commerce academy - Modul 2 - e-comm marketing	09.06.2020	133	...	...	133	...	...	...	...
E-commerce academy - Modul 2 - e-comm marketing II	11.06.2020	130	...	...	130	...	...	...	...
E-commerce academy - Modul 2 - e-comm marketing III	16.06.2020	112	...	...	112	...	...	...	...
E-commerce academy - Modul 2 - e-comm marketing IV	18.06.2020	135	...	...	135	...	...	...	...
E-commerce academy - Modul 3 - e-commerce from A to Z	23.06.2020	167	...	...	167	...	...	...	...
E-commerce academy - Modul 3 - e-commerce from A to Z I	25.06.2020	163	...	...	163	...	...	...	...
Webinar - How to adjust your business in times of crisis?	08.04.2020	230	117	113	...	...	...	...	...
Webinar -How to make a good use of state aid measures?	12.04.2020	1,794	148	1,646	...	...	...	...	...
Webinar - E-commerce	15.04.2020	281	89	192	...	...	...	...	...
Webinar - Banks and small business: new strategic partnership	22.04.2020	234	39	195	...	...	...	...	...
Webinar - digital business model design in practice	29.04.2020	158	17	141	...	...	...	...	...
Webinar - labor law and GDPR during a crisis	06.05.2020	158	35	123	...	...	...	...	...
Webinar - How to 'feed' and 'defend' the liquidity of Serbian enterprises during and after crisis	03.05.2020	195	83	112	...	...	...	...	...
Webinar - Financing in a crisis - easier with digitalization	17.06.2020	93	26	67	...	...	...	...	...
Webinar - E-commerce Workshop	01.05.2020	90	...	...	...	...	...	...	90
Public discussion – Proposal of the Codification of VAT Rulebooks	30.06.2020	225	225	...	...	...	...	...	...
Hygienic engineering and design in food industry plants	18.05.2020	91	91	...	...	...	...	...	...