

Summary

USAID/Serbia Country Strategic Plan 2011 – 2015

Serbia's democratic, economic, and social development is central to the future prosperity and political stability of Southeast Europe. The United States seeks to engage Serbia as a constructive partner on bilateral, regional, Euro-Atlantic and global issues.

USAID's Country Strategic Plan (CSP) for Serbia covers the period 2011-2015 with the overall strategic goal to support Serbia in its vision to be democratic, prosperous and integrating into Euro-Atlantic institutions.

The CSP includes two Assistance Objectives that address key economic and democratic reforms and are targeted to areas where assistance is most needed and where USAID can have the greatest impact. In developing this strategy, USAID worked closely with local stakeholders including counterparts in the Serbian Government, private sector, and civil society, and took into consideration the assistance portfolios of other donors and partners.

Through the CSP, the United States will assist Serbia in implementing critical reforms necessary for the country to complete its economic and democratic transition into the EU and other international institutions. The strategy focuses on building prosperity and increasing democratic practices, both of which are fundamental to Serbia's Euro-Atlantic integration. Therefore, USAID's assistance is targeted to facilitate reform in areas where hurdles to European integration remain.

USAID's Assistance Objectives

USAID's strategy includes two Assistance Objectives: (1) A More Competitive Market Economy; and (2) Democratic Structures Strengthened. Other broad development factors that are critical to Serbia's advancement are integrated into the USAID portfolio, as appropriate. These include transparency and accountability, gender, youth, reduced regional imbalances, national minorities' inclusion, use of public-private partnerships, and regional and cross-border cooperation.

Assistance Objective 1, *A More Competitive Market Economy*, reflects Serbia's progress achieved in developing a market economy and the need to focus future efforts on integrated policy and enterprise development that will lead to a more competitive market economy.

Improving Serbia's economic competitiveness will enable it to benefit from the opportunities of being part of the European Union and to meet the needs of its people in terms of job creation and improved public services. The term "competitiveness" encompasses a range of attributes and will require Serbia to implement a number of market reform measures. The World Economic Forum (WEF), in its annual "Global Competitiveness Report," has defined twelve "pillars" of competitiveness. The pillars that are most relevant to Serbia and therefore will be addressed under this strategy include institutions, macroeconomic environment, goods

market efficiency, labor market efficiency, financial market development, and business sophistication.

This Assistance Objective supports Serbia's increased competitiveness by improving: (1) the business enabling environment; (2) private enterprise growth in selected sectors; (3) local economic development; and (4) the macroeconomic environment. Illustrative activities include:

- Business Enabling Environment Improved: Assistance might be provided to improve corporate governance, strengthen competition policy, help local governments improve the local business environment, and provide expert advice on policies, laws, and regulations.
- Private Enterprise Growth in Selected Sectors Increased: Assistance to agricultural and other high-potential sectors might include association development, skills training, international certifications such as ISO and Global Gap, marketing, and improving business linkages throughout supply and value chains.
- Local Economic Development Improved: Increased regional development could be supported through the creation of inter-municipal partnerships with civil society and private sector organizations to improve the local business environment and attract investment.
- Macroeconomic Environment Improved: Assistance could be provided to support stronger public financial management – including the implementation of new fiscal rules and the establishment of the Fiscal Responsibility Council – and expanding financial markets.

These are areas where USAID has a comparative advantage, where assistance will build on progress made to date, and where results may be achieved.

Assistance Objective 2, *Democratic Structures Strengthened*, is equally important to Serbia's integration within the European Union. Serbia now has most of its essential democratic structures in place and a government and public committed to EU accession. Therefore, USAID's strategic approach shifts towards improving the effectiveness, transparency and accountability of government institutions at the central and local levels; increasing judicial independence; supporting civil society to increase its capacity to engage in public life; and encouraging civil society and media to advance the public interest. USAID's approach includes assistance to enhance the effectiveness of political parties and their responsiveness to voter concerns, developing a legal and regulatory environment that supports Civil Society Organizations (CSOs), further support for CSO advocacy and fostering the concept of corporate social responsibility.

The USAID strategy encompasses both the demand and supply side of good governance, and responds to important public perceptions of the country's democratic challenges, as well as the key EU priorities of combating corruption and advancing rule of law through judicial strengthening. USAID is well-positioned to achieve results in this objective, given the country-wide reach of our programs and the

relationships developed in the course of our earlier work. This Assistance Objective pursues two key elements: improving government operations; and increasing civil society engagement in public life. Illustrative activities include:

- Government Operations Improved: Programs to enhance efficient, transparent and accountable provision of public services would focus on improving organizational strength of government operations, particularly at the local level; increasing access to information; strengthening institutions' ability to prevent corruption and be more responsive to citizens; and supporting electoral reforms. To strengthen governmental checks and balances, USAID will strengthen the judiciary and the parliament; support professional associations; provide expert advice on legal and regulatory issues; build capacity to reduce corruption; and help to implement institutional mechanisms to improve transparency.
- Civil Society Engagement in Public Life Increased: Initiatives could strengthen media and civil society organizations so they can better represent their constituents, serve as effective watchdogs and advance the public interest. Activities might include raising the professional and managerial standards of organizations, providing the capacity to conduct successful advocacy campaigns, promoting public-private partnerships and corporate social responsibility, and opening channels for public input to the governing process. Candidates and political parties could be advised on internal governance, constituent outreach, coalition building, and management and leadership.

The focus is to make government operations more transparent, efficient and accountable to the public, and to strengthen checks and balances for government authority through judicial and parliamentary reform. The strategy's second prong aims at building the capacity and engagement of civil society and media as effective public interest advocates, and improving the Government's responsiveness to the problems of ordinary citizens.

Cross-Cutting Areas

Several broad development factors are critical to Serbia's advancement and will be integrated widely into the USAID portfolio as appropriate, rather than implemented as separate activities. They include:

- Transparency and Accountability
- Gender
- Youth
- Improving Regional Imbalances and Social Inclusion
- Public-Private Partnerships
- Regional Cooperation

USAID Resources

Since 2000, USAID has provided nearly USD \$626 million to address areas that are important to Serbia's long-term development goals and U.S. interests.

USAID assistance programs will continue to support and advance key reform efforts in these areas.

Role of USAID Partners and Other Donors

USAID has close and frequent contact with its partners in the Government of Serbia and with other donors and organizations active in Serbia's development and will continue to work with these partners to ensure optimal coordination of assistance.

Conclusion

This is an exciting period in Serbia's development, especially with the potential for EU membership serving as a powerful incentive driving Serbia's reform. There are a number of outstanding opportunities to make a real contribution to Serbia's future as a stable, democratic country that can provide economic security and social opportunity for its people, ultimately integrated into the European Union and serving as a force for peace, security and regional development in Southeast Europe and beyond.