Annex I

Terms of Reference

The Serbian State Agency for the Protection of Intellectual Property Rights, the Grantee, which is otherwise known as the Intellectual Property Office (IPO) is responsible for:

- Administering procedures for the recognition of intellectual property rights;
- Serving as a liaison between economic agents and, in general, providing public access to legal and technical intellectual property related information;
- Initiating and implementing laws and regulations in the area of intellectual property; and
- Implementing obligations assumed through various international agreements covering the intellectual property (IP) field.

The purpose of this Technical Assistance (TA) is to enable the Grantee to reach beyond its mission understood narrowly as its primary administrative tasks, and to successfully perform its wider role in furthering awareness, enforcement, innovation and economic applicability of IP assets. The TA shall be conducted in three (3) parts:

1. Evaluate current operations and challenges and utilize available resources and prepared documents and studies, and work with the Grantee to define the vision, mission, strategy, and revised operations, organization, budgeting plan and related action (transformation) plan to transition the IPO into a modern, efficient and effective institution for managing operational issues, effectively support its constituents, and initiating and implementing legal and regulatory legislation related to Intellectual Property Rights (IPR) protection in Serbia;

2. Assist the Grantee in preparing presentations on the transformation plan for the appropriate governing authority; and

3. Provide on-site support implementing the recommended and approved transformation plan.

Task 1: Background Research and Trip/Project Preparation

Task 1.1: The Contractor shall research the Serbian political, economic, scientific, commercial and trade context, with particular focus towards issues that affect Serbia's ability to foster a sustainable environment that encourages national innovation and commercial exploitation of technologies, and to compete to attract foreign investment and participate in regional and global trade.

Task 1.1. DELIVERABLE: The Contractor shall develop a detailed bullet point list, with references as are appropriate, outlining priority concerns and issues that affect Serbia's ability to foster a sustainable science and technology environment that encourages national innovation and commercial exploitation of technologies, and to compete to attract foreign investment and participate in regional and global trade.

Task 1.2: The Contractor shall prepare for in-country work by thoroughly reviewing the following documents, familiarizing itself with the Serbian business and trading context, and by communicating with the Grantee as it begins research and prepare to draft Best Practices Case Studies.

Resources for the preliminary in-country research shall include but not be limited to the following:

- Published documents by the *Serbian American Chamber of Commerce (AmCham) IPR Committee*, including but not limited to:
  - Articles and information profiled at the AmCham website (www.amcham.yu/index.asp), including the AmCham IPR Policy Paper (www.amcham.yu/documents/AmCham_IPR_Policy_Paper.pdf)
    - Information from the 2005 IPR Conference (http://www.amcham.yu/amcham_news.asp?lang=&news=21)
- World Bank: *Public Financial Support for Commercial Innovation.* Europe and Central Asia Knowledge Economy Study Part I, January 2006 (www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2006/05/04/000012009_20060504143652/Rendered/PDF/360640ECA0rev0Knowledge01PUBLIC1.pdf)
- Four (4) reports that were prepared by the European Community Assistance for Reconstruction, Development and Stabilization (CARDS) National program, which shall be shared with the Contractor at the launch of the TA. (These four reports including their referenced attachments are on file with the Grantee). The reports are as follows:
  - *Institutional Assessment of IPO,* Report on Expert Mission to IPO, European Patent Office; Belgrade, 20 – 24 March, 2006 by Patrick Vermeesch, including the following attachments:
    - Organizational Structure and Staff of IPO, February 2006
    - Patent Grant Proceedings (P), Flowcharts (8 pages), P. Vermeesch, March 2006
      - Flowchart A: From P-Filing to Publication of P-Application
      - Flowchart B: From P-Publication to P-Grant/Refusal
      - Flowchart C: From Petty Patent (MP) Filing to MP Grant
      - Flowchart D: MP to Term Extensions
    - Workflow Diagrams – Distinctive Signs Proceedings (5 pages)
      - Trademark (TM) registration proceedings (YU TMReg sema1.jpg)
      - Invalidity and Revocation of a Trademark: (YU TMInval sema2.jpg)
      - TM Certificate of registration: (YU TMCertif sema3.jpg)

        - TM Change recording proceedings: (YU TMChange sema4.jpg)
        - Design registration proceedings: (YU DesignReg sema5.jpg)
    - *Report on Expert Mission on the IPO of Serbia and Montenegro*, Yvan Jasselin, Belgrade, March 01-02, 2006 (13 pages)
    - *Information System Department*, CARDS National 2004 project, Jasminka Reljin, Head of IS Department, IPO/Belgrade, February 13, 2006 (four pages)
    - *Information Dissemination Department*, Marija Radosavljevic, B.Sc.Tech., Head of Information Dissemination Department (6 pages)

- *Global Resources' Serbia IPO Definitional Mission (DM) Report*, prepared on behalf of the U.S. Trade and Development Agency, including its Contacts section (July 2006)
- Country, economic, financial, institutional and other national and sector (e.g., impacting technology commercialization and security) resources including but not limited to the U.S. Department of Commerce's *Serbia Country Commercial Guide 2004 and 2006* (available at www.doc.gov), World Intellectual Property Organization (WIPO) and Patent Cooperation Treaty (PCT) publications/guidelines for effective IPR national management, international cooperation, etc.

Best Practices Case Studies (BPCS)

- The Contractor shall develop a list of four country IPO Case Studies. Two Case Studies must be of the United States and Romania; the other two country Case Studies shall be selected by the Contractor for the relevance or appropriateness of these models to the Serbian context and at least one of these two Case Studies shall be of a European IPO office. This aspect of Task 1 will provide the vehicle for initial interactions between the Contractor and Grantee, as the Grantee must approve the selection of these other two country/case examples.

  The purpose of the BPCS is to provide the Grantee information regarding the pros, cons and applicability of select national level IPO organizational models to the Grantee's goal to become modern and efficient. The BPCS shall provide the Grantee documented perspectives as to the "best practices" from each country's IPO, with insight as to how each of these best practices may (or may not) apply to Serbia.

  Some of the areas to evaluate include:
    - Organizational structure, including reporting relationships (e.g., within the organization, and from the organization to an outside Board of Directors, governance body, government, etc.);
    - Cost Structure;
    - Methodology for determining and adjusting fees (as needed);

- Performance metrics;
- Policies and procedures;
- Training and human resource development budgets;
- IT infrastructure, including security and back-up methods, and disaster recovery planning;
- Relationship of the IPO to, and communication with, stakeholders;
- Relationship/costs of working with international agreements, branch offices, etc.;
- Relationship of the IPO to IPR legislative and enforcement bodies;
- Others TBD by Contractor.

The Contractor shall conduct the research and identify best practices for managing a national IPO for review and approval by the Grantee prior to launching Task 2.

Task 1.2 DELIVERABLE: The Contractor shall prepare a report containing the four BPCS. The BPCS shall focus upon three elements. These are:

1. Identify best practices for managing a national IPO;
2. Provide comments and/or suggestions for ensuring the appropriate best practices for transforming the Serbian IPO;
3. Develop a strategy for implementing the best practices (by order of priority) for the Grantee.

Task 1.3: The Contractor shall develop a TA schedule, clearly identifying each team member's role and planned participation in the TA.

The Contractor shall share this TA schedule with the Grantee for comment and approval, ensuring that the Grantee can provide office space and work with the Contractor during the proposed time period(s).

Throughout the TA, the Contractor shall ensure that all activities dovetail as much as possible with the CARDS National project and that the European Commission and/or CARDS National project management team are aware of the USTDA-funded TA for the Grantee, especially if the European Commission and/or related organizations elect to launch a project that evaluates legislative and/or enforcement issues associated with IPR in Serbia.

Upon approval of the TA schedule by the Grantee, the Contractor shall commence travel planning and continue research as preparation for the in-country assignment.

Task 1.3 DELIVERABLE: The Contractor shall prepare a TA schedule, clearly identifying each team member's role and planned participation in the Project.

Task 2: Conduct the IPO Institutional and Operations Analysis; Draft Recommendations for Transforming the Agency; Share Draft Recommendations with Key Stakeholders in a Public Interactive Seminar

Task 2.1: The Contractor shall establish a baseline for comparison of the current organization by understanding the Serbian context, and profiling the current operations (IP sectors within the IPO), related workloads and cost and fee structures.

Task 2.1.1: The Contractor shall meet with relevant in-country individuals and institutions based on the above research, and recommendations by the Grantee. The focus of the meetings shall be on clarifying issues and challenges that were documented by the Grantee, CARDS National project, USTDA DM, Am-Cham previous reports, stakeholders, and related organizations interfacing with the Grantee. To expedite this Task, the Contractor shall meet with these individuals and/or institutions in groups. The Contractor shall ensure that discussions focus on operational concerns, and that focus is retained towards the detailed nature of the forthcoming TA Tasks. The meetings are not intended for general discussions about IPR concerns in Serbia, but rather to help focus the Contractor towards operational details that need consideration as part of the TA.

Task 2.1.1 DELIVERABLE: The Contractor shall list and describe any new operational concerns that have not been previously documented by the Grantee, CARDS National project, USTDA DM, Am-Cham, stakeholders, and related organizations interfacing with the Grantee.

Task 2.1.2: The Contractor shall profile the Grantee's current operations, and related workloads and cost of performing each of the operations. With the assistance of the Grantee, the Contractor shall evaluate the most recent workloads within each division, sector (department), and related institutional functions from the current year in total, and within each division's, sector's, and related institutional function's recognized sub-categories, as appropriate.

For example, within the patent sector, the Contractor shall evaluate the total recent workload for patents, and then evaluate the total by each patent sub-category (e.g., chemistry, software, etc.).

Areas for analysis include:

- Patent Sector;
- Distinctive Signs Sector;
- Copyright and Related Rights Division;
- Information Services Sector;
- Registers and General Affairs Sector;
- Director General's Office; and
- International Cooperation Division.

Task 2.1.2 DELIVERABLE: The Contractor shall produce a table that identifies each of the current IPO operations, related workloads and cost of performing each of the operations.

Task 2.1.3: The Contractor shall analyze the workload and cost of administrative services (information services sector, registers and general affairs sector, Director General's office and international cooperation division) required to support each of the organizations that utilize their services.

Using this administrative services workload and cost data, the Contractor shall establish an algorithm/financial model that distributes administrative services costs to the specific sectors, departments, and sub-categories, as appropriate, that they support. The Contractor shall evaluate the total cost of each sector and sector sub-category of the IPO relative to the public service that it provides.

Task 2.1.3 DELIVERABLE: The Contractor shall prepare the algorithm/financial model (the current operating baseline) that distributes administrative services costs to the specific sectors, departments, and sub-categories, as appropriate, that they support. From this analysis, the Contractor shall clearly identify - both qualitatively and quantitatively - how effectively the costs of these administrative services are allocated to the organizations that utilize them.

Task 2.1.4: The Contractor shall obtain from the Grantee the current fee structure for each of the services that it provides.

The Contractor shall obtain information regarding all revenues that the IPO receives, in total, and by sector and sub-category, as appropriate.

The Contractor shall identify revenues received from within Serbia and revenues received from outside Serbia.

The Contractor shall then use the cost model for each of the sectors and their sub-categories to compare the total cost of each sector to the revenues that they receive.

The Contractor shall also identify how different costs are incurred by the IPO, relative to the origin of the IP request and the fees being charged/received.

Task 2.1.4 DELIVERABLE: The Contractor shall prepare documentation identifying the above analysis, highlighting the differences between the costs to the IPO for performing an IP service and the revenues received for that activity (e.g., a variance analysis of costs to revenues).

Task 2.2: *Modeling a Transformed IPO Organization*

Task 2.2.1: *Best Practices Case Studies (BPCS)*

After Contractor and Grantee have established a baseline model that identifies the IPO's current cost, fee and revenue structures, and have extensive documentation as to how the current organizational design and relevant workloads may or may not be meeting the public's needs, the Contractor and Grantee shall review how core areas evaluated within the BPCS may have applicability for redefining (transforming) the Serbian IPO.

Together, the Grantee and the Contractor shall review the deliverable from Task 1.2. The Contractor and the Grantee shall identify which organizational structures, including reporting relationships, cost structures, methodologies for determining and adjusting fees (as needed), performance metrics, policies and procedures, training and human resource development budgets, IT infrastructures, including security and back-up methods, and disaster recovery plans, relationships of IPOs to, and communication with, stakeholders, relationships/costs of working with international agreements, branch offices, etc., relationships of the IPO to IPR legislative and enforcement bodies, and other issues as determined by the Grantee and Contractor that may have applicability to the IPO so that the IPO can transition into a modern, efficient and effective institution for managing operational issues, effectively supporting its constituents, and initiating and implementing legal and regulatory legislation related to IPR protection in Serbia.

For Tasks 2.2.2. – 2.2.6 the Contractor shall use information and deliverables generated from Tasks 1, 2.1.1-2.1.4 and 2.2.1; research, documents and recommendations from the CARDS National project, input from their own experiences and expertise and from the Grantee to model how the IPO can transition into a modern, efficient and effective institution for managing operational issues, effectively supporting its constituents, and initiating and implementing legal and regulatory legislation related to IPR protection in Serbia.

Task 2.2.1 DELIVERABLE: The Contractor shall specifically identify which BPCS practices are being modeled or drawn upon for the Grantee, and how that specific model and best practice helps the Grantee to meet its redefined mission.

Task 2.2.2: *Policies and Procedures*

The Contractor shall:

- Analyze the IPO's current operating policies and procedures and recommend changes to current policies and procedures to increase the efficiency and effectiveness of the IPO;
- Evaluate current performance metrics and identify new performance metrics for the redefining IPO (example: time to first action, length of pending time until issuance of intellectual property right, etc.);
- Outline the market, IPO, and other conditions and circumstances that could arise that could warrant a potential evaluation and/or request for modifying fee structures;
- Develop processes and procedures for obtaining approvals from the appropriate governing authority for modifying fee structures;
- Identify an appropriate composition for a Board of Directors or governance body, ensuring it includes adequate representation of stakeholders involved with IPO activities. Suggestions for Board members include representative members of the

legal, commercial and scientific communities who manage and/or require IPR protection in Serbia (including possibly the Serbian Bar Association), the International Association for the Protection of Intellectual Property (AIPPI), innovators' associations, the Serbian government, including appropriate Ministries and including functions such as Customs and the Judiciary (commercial court, and ideally an IPR court), etc. It is noted that if political decisions have been implemented that identify that the IPO reports to the government, the Contractor shall still recommend how the Board or governance body may stay as is or be revised to include key stakeholders and parties affected by the IPO's operations.

- Identify new and/or modified reporting relationships for the IPO (e.g., within the organization, and from the organization to an outside Board of Directors, governance body, government, etc.)
- In cooperation with the Grantee, identify initiatives to make the IPO more efficient and effective in its public interface(s), for example, awareness raising activities, permanent free-of-charge services for providing legal information regarding IP protection, branch offices and public outreach (education, training, seminars), training activities in IP for the Judiciary, Police, Customs and public prosecution officials, etc.

Task 2.2.2 DELIVERABLE: The Contractor shall document recommendations in the policies and procedures areas that include, but are not limited to, all the areas for analysis listed above in Task 2.2.2, and the intended impacts of each of these recommendations on the efficiency and effectiveness of the Serbian IPO.

Task 2.2.3: *Operations Assessment*

The Contractor shall:

- Review the final detailed results (including all workflow processes and organizational diagrams and recommendations) of the CARDS National project, and with assistance from the Grantee, determine how much of the CARDS National project's recommendations have been implemented, and generate a realistic assessment regarding the remaining timeframes, schedules and activities that require implementation.
- Utilize the assessment regarding the remaining timeframes, schedules and activities that require implementation for the CARDS National project to evaluate impacts of the CARDS National project recommendations on the IPO's current and future workloads and work processes.
- With the assistance of the Grantee, evaluate the backlog of workloads within each division, sector (department) and related institutional function in order to identify the resources that the IPO requires in order to reduce the backlog so that it is comparable, by sector (department) and related sub-category and institutional function, as appropriate, with the backlog best practices identified in the BPCS. Areas for analysis include:
    - Patent Sector

  - Distinctive Signs Sector
  - Copyright and Related Rights Division
  - Information Services Sector
  - Registers and General Affairs Sector
  - Director General's Office
  - International Cooperation Division

(It is noted that some of the above components of the IPO may not have backlogs associated with them.)

The Contractor shall then utilize this information to develop a schedule for reducing the existing workload backlog so it is comparable with backlog best practices identified in the BPCS.

- In consultation with the Grantee, define what functions and services must be retained in the IPO, and which new functions and service areas are needed for a modern, efficient and effective IPO. Some of the functions and service areas to be considered include, but are not limited to, the following:
  - Creating a center for servicing the needs of small and medium size enterprises, entrepreneurs, and independent investors;
  - Developing branch offices;
  - Developing outreach seminars and educational activities, particularly focusing on new realities of intellectual property counterfeiting and piracy and their costs;
  - Any other functions and service areas as determined by the Grantee and Contractor.

Task 2.2.3 DELIVERABLES:

The Contractor shall:

- Generate a realistic assessment regarding the remaining timeframes, schedules and activities that require implementation for the CARDS National project;

- Utilize the realistic assessment regarding the remaining timeframes, schedules and activities that require implementation for the CARDS National project to evaluate impacts of the CARDS National project recommendations on the IPO's current and future workloads and work processes;

- Identify the resources that the IPO requires in order to reduce the backlog(s) so that they are comparable, by sector (department) and related sub-category and institutional function, as appropriate, with the backlog best practices identified in the BPCS. Prepare the schedule, by sector or subcategory as may be appropriate, for reducing the existing workload backlog so it is comparable with backlog best practices identified in the BPCS;

- Define what functions and services must be retained in the IPO, and which new functions and service areas are needed for a modern, efficient and effective IPO. Document how the retention or addition of new functions and service areas will impact the current workload, projections for future workloads, and corresponding annual operating expenses.

Task 2.2.4: *Human Resources*

The Contractor shall:

- Evaluate the relationship of the current staffing to current and future functions with respect to the skills required to perform each function efficiently and effectively;
- Based on the proposed redefinition of the IPO, define new staffing functions that support these retained and newly defined function and service areas (for example, the need for a new or revised role for an internal budget/finance manager for the IPO);
- Based on the proposed redefinition of the IPO, ensure that there are common approaches and methodologies for each work assignment;
- In cooperation with the Grantee, evaluate where and if it is appropriate to modify salary structures, based on changing and/or redefined qualifications; workloads for departments; function; and individual staff members; and
- Based on the proposed redefinition of the IPO (e.g., retained and recommended new functions and service areas), evaluate what education and professional development activities are required to ensure staff members are sufficiently capable of performing each task efficiently and effectively.
- Evaluate how structured work exchange and mentoring programs between the United States Patent and Trademark Office (USPTO) or other national Patent and Trademark Offices and the Grantee could benefit the Grantee and the designated Patent and Trademark over an extended period of time. The Contractor shall evaluate how structured work exchange and mentoring programs could provide a best practices, hands-on work assignment for Serbian IPO staff members, while also providing parallel international exposure and experiences for Patent and Trademark Office staff members at the Serbian IPO. The Contractor shall evaluate how ongoing exchange and mentoring programs shall include, but not be limited to, internships at commercial enterprises so that the Serbian IPO's staff members could gain "hands on" experience with commercial enterprises' practical concerns relative to IPR management. The Contractor shall evaluate the pros, cons, costs and concerns associated with these potential structured work exchange and mentoring programs.

Task 2.2.4 DELIVERABLES: Utilizing all recommendations prepared as part of Tasks 1 and Task 2 to date, create an Organizational Plan for transforming the IPO.

The Contractor shall:

- Develop an Organizational Plan that addresses the core areas evaluated in Task 2.2.4 including but not limited to the required skills for staff positions, new functions and service areas, common approaches and work methodologies for each work assignment, retained and/or modified salary structures, and the required education and professional development activities for staff positions;

- Document how structured work exchange and mentoring programs between the United States Patent and Trademark Office (USPTO) and/or other national Patent and Trademark Offices and the Grantee could benefit the Grantee over an extended period of time. The Contractor shall evaluate the pros, cons, costs and concerns associated with the potential structured work exchange and mentoring programs, and provide a suggested implementation plan;

- In addition to creating an efficient and effective work environment, the Contractor shall ensure that the Organizational Plan includes creative methodologies that can assist the IPO to become a prestigious employment avenue, including concepts as to how the IPO can continue to develop a work environment that encourages staff members to professionally develop and enjoy their work.

Task 2.2.5: *Create the new IPO Operating Baseline*

The Contractor shall:

- Estimate expenses associated with any recent (2004 forward) and upgraded information technology infrastructures including potential staff training, maintenance, upgrades, replacement, etc.;

- Identify any other new expenses that the quantitative and qualitative research and analyses performed to date at the IPO have uncovered (e.g., office space needs, branch location expenses, training, etc.);

- Utilizing similar analysis and formats constructed for the Task 2.1.3 deliverable, the Contractor shall produce a new financial model (e.g., new operating baseline) that identifies each of the fully-loaded cost areas (e.g., cost of each sector, department, and sub-category, as appropriate, and the related administrative functions that support it) associated with the Organizational Plan recommended in Deliverable 2.2.4;

- The Contractor shall compare the new operating baseline cost structure to the baseline IPO cost structure developed in Task 2.1.3.

Task 2.2.5 DELIVERABLES:

The Contractor shall:

- Construct the new operating baseline cost structure to transition the IPO into a modern, efficient and effective institution for managing operational issues and initiating and implementing legal and regulatory legislation related to IPR in Serbia, and ensure that all initial new expenses are included;

- Prepare an analysis that compares the new operating baseline prepared in Task 2.2.5 to the original operating baseline prepared in Task 2.1.3.

Task 2.2.6: *Fees*

Based on the new baseline operating model, the Contractor shall create an initial fee structure(s) that covers Intellectual Property examinations as well as incorporates sufficient funds for ongoing training and education, equipment maintenance, equipment and capital upgrades, outreach and education for related organizations (Commercial Court Enforcement, Customs, Police, etc.), and related functions (which shall be recommended with justification by the Contractor) for the IPO to function in a modern and efficient manner.

Task 2.2.6 DELIVERABLE: Utilizing similar analysis and formats constructed for the Task 2.1.4 deliverable, the Contractor shall construct the Grantee's new operating cost baseline and fee structure (e.g., a variance analysis of costs to revenues). Identify how the new fee structures can meet the costs of the Grantee's new organizational model and its associated operating costs.

Task 2.3: *Seminar*

Working with the Grantee, the Contractor shall organize a Seminar. The Grantee shall provide the Seminar facilities (e.g., Seminar room), and together with the Grantee, shall determine the stakeholders who shall attend. The Contractor shall prepare a visual electronic presentation that will be shared with the stakeholders of the IPO including but not limited to representative members of the legal, commercial and scientific communities who manage and/or require IPR protection in Serbia (including possibly the Serbian Bar Association), the International Association for the Protection of Intellectual Property (AIPPI), innovators' associations, the Serbian government, including appropriate Ministries and including functions such as Customs and the Judiciary (commercial court, and ideally an IPR court).

This presentation shall provide a brief overview of the TA to date, and describe the IPO's proposed new organizational model, including recommended revised and/or new functions and services, and include an overview of the proposed new fee structures. The presentation will include general descriptions of how the proposed new fee structures will cover the expenses associated with developing and managing a modern, efficient and effective IPO. The Seminar will be organized to allow for a question and answer period, and the Contractor shall document all queries, concerns and/or suggestions that arise from this exchange with the Grantee's stakeholders.

The purpose of the Seminar is to increase the transparency of the IPO, to improve its potential effectiveness in serving its community, and for the Contractor to obtain feedback that it will utilize as it works with the Grantee to finalize the recommended new Organizational Plan and associated operating infrastructure.

Task 2.3 DELIVERABLE: The Seminar, including the copies of visual electronic presentation. Documented queries, concerns and/or suggestions that arise from this exchange with the Grantee's stakeholders.

Task 2.4: *Response to Seminar Feedback*

The Contractor shall meet with the Grantee to discuss the queries, concerns and/or suggestions that arose from the Seminar/exchange with the Grantee's stakeholders. Following these meetings, the Contractor shall revisit the deliverables from Tasks 2.2.4 and 2.2.5. and revise the Organizational Plan and associated new operating baseline cost structure as may be needed and/or deemed appropriate.

Task 2.4: DELIVERABLE: The Contractor shall revise the Organizational Plan and associated new operating baseline cost structure as may be appropriate.

Task 2.5: *Developing the IPO Five Year Operating Plan and Budget, and new IPO Operations Manual*

The Contractor shall utilize the new Organization Plan and new operating baseline to develop a five year operating plan and related budgetary practices, and a new IPO Operations Manual.

- Utilizing historical workload data, and research and deliverables performed to date as part of the TA, project the IPO workload over a five year timeframe (including managing the workload backlog) and define the appropriate (revised) composition of the workforce and its associated cost structures, ensuring that new functions and service centers are incorporated into this five year IPO operating plan and budget;

- In cooperation with the Grantee, develop a realistic schedule for implementing the five year IPO operating plan and budget. Identify internal changes such as office relocations, staff training, launch of new operations, etc., and identify start-up (one time) and ongoing expenses associated with external activities (for example: installation of 3 new branch locations over an 24 month timeframe or ongoing seminars and communications with stakeholders);

- Identify all aspects of the newly defined organization and operations that should be documented within an Operations Manual that will provide operational guidance for the IPO's management and staff. Ensure that areas such as policies and procedures, budget and cost control, facilities, external activities, human resources, information technology as well as all other operating components of the IPO are evaluated and discussed with the Grantee.

Task 2.5 DELIVERABLES:

The Contractor shall:

- Create a five year operating plan and related budgetary practices, including work force requirements, capital investments, implementation of special initiatives (establishing branch offices, education and training, public outreach, etc.), pro forma income and balance sheet statements, with special attention to deferred revenue liabilities, and any other factors that the Contractor and Grantee have identified for implementation as part of the transformation and ongoing operations of the IPO;

- Develop an Operations Manual that documents the changes in the IPO, reasons for the redefined IPO, and clearly documents all revised and new policies and procedures, budget and cost control activities, facilities management, external activities management, new roles and human resources plans (including general management and specific staff responsibilities, related compensation and professional development plans, etc.), information technology needs, as well as all other operating guidelines to ensure that the redefined IPO can operate in a modern, effective and efficient manner.

Task 2.6: *Restructuring the IPO*

The Contractor shall work with the Grantee to develop a proposed implementation schedule and action plan, with milestones, for restructuring and transforming the IPO.

Task 2.6 DELIVERABLE: The Contractor shall prepare a proposed implementation schedule and action plan, with milestones, for restructuring and transforming the IPO.

Task 3: Assist the IPO in preparing presentations on the new organization and operating plan for the appropriate governance body

Working with the Grantee, the Contractor shall prepare the Grantee to approach the appropriate governance body that provides authorization for implementing the IPO's restructuring and transformation plan. The Contractor shall prepare a visual electronic presentation, summarizing the IPO's core mission and strategy, its current cost and revenue situation, and how the proposed transformation can transition the IPO into a modern, efficient and effective institution for managing operational issues and initiating and implementing legal and regulatory legislation related to Intellectual Property Rights protection in Serbia. The Contractor shall draw upon deliverables from Tasks 1 and 2 (e.g., original and new/recommended cost and revenue structures, and related operating methodologies) as are appropriate to support the Grantee with needed documentation and justification for seeking approval for the restructuring and transformation plan.

The Contractor shall also identify how the transformed IPO can provide a powerful magnet for national investment, can more effectively and efficiently meet the needs of the public and other stakeholders, and also serve as a core foundation for Serbia's technology innovation, and domestic, regional and international commerce. The Contractor shall include the proposed implementation schedule and action plan (e.g., Task 2.6 deliverable) as part of the presentation, as well as any other points that the Grantee and Contractor determine are relevant to obtaining approval for the restructuring and transformation plan.

The Contractor shall assist the IPO preparing for its delivery of the presentation and related communications with the governance body/decision makers.

Task 3 DELIVERABLES:

The Contractor shall prepare a visual electronic presentation, summarizing the IPO's core mission and strategy, its current cost and revenue situation, and how the proposed transformation can transition the IPO into a modern, efficient and effective institution for managing operational issues and initiating and implementing legal and regulatory legislation related to IPR protection in Serbia.

The Contractor shall include materials, including the proposed implementation schedule and action plan, that identify how the transformed IPO can provide a powerful magnet for national investment, can more effectively and efficiently meet the needs of the public and other stakeholders, and also serve as a core foundation for Serbia's technology innovation, and domestic, regional and international commerce.

Task 4: Provide on-site support implementing the recommended and approved IPO organizational restructuring and transformation plan

The Contractor shall work with the Grantee implementing the organizational and operations plan for restructuring and transforming the IPO.

As part of the implementation of the IPO transformation, the Contractor shall design and work with the Grantee to present a Seminar for the Grantee's stakeholders. The Grantee shall provide the Seminar facilities (e.g., Seminar room), and together with the Grantee, shall determine the stakeholders who shall attend. The Contractor shall prepare a visual electronic presentation that will be shared with the stakeholders of the IPO including but not limited to representative members of the legal, commercial and scientific communities who manage and/or require IPR protection in Serbia (including possibly the Serbian Bar Association), the International Association for the Protection of Intellectual Property (AIPPI), innovators' associations, the Serbian government, including appropriate ministries and including functions such as Customs and the Judiciary (commercial court, and ideally an IPR court).

This Seminar will describe the key facets of the transformation, along with its key milestones, and the IPO's planned changes in procedures, fees and related issues of public concern, IPO's new metrics for measuring performance, and any other attributes of the transforming organization that impact the stakeholders and would therefore be of interest. The Seminar will be organized to allow for a question and answer period, and the Contractor shall document all queries, concerns and/or suggestions that arise from this exchange with the Grantee's stakeholders.

The purpose of the Seminar is to increase the transparency of the IPO, to continue its active communications with its stakeholders, and to begin new processes for collecting, and when and where appropriate, utilizing stakeholder feedback to improve its efficiencies and effectiveness.

Task 4 DELIVERABLES:

The Contractor shall prepare a written report the relative success, failure and/or modification of each planned milestone within the organizational and operations plan for restructuring and transforming the IPO.

The Contractor shall prepare a written report on the Seminar, including copies of the visual electronic presentation.

The Contractor shall solicit feedback from the Seminar's attendees, which shall be collected by the Contractor and reviewed on an annual basis by the IPO as part of the IPO's annual evaluation of its operations and abilities to be a modern, efficient and effective service organization.

Task 5: Extended Support to the IPO during the Transformation Period

The Contractor shall continue to support the Grantee with their transformation, through on-site assistance, and if needed, international long distance communication (voice, e-mail) with the Grantee.

As part of the Task 5 support, the Contractor shall be on-site at least once a week. In addition to assisting with immediate operational, workflow and organizational concerns, the Contractor shall document challenges that are arising during the transformation period that need attention as they may be affecting the implementation of the recommendations from Tasks 1 - 4. The Contractor shall ensure that the challenges that arise during the work week are drafted and circulated among the Grantee, the Contractor, and the subcontractor, if any. The Contractor shall document action items and decisions that are implemented to answer these weekly challenges. The Contractor shall indicate how these action items ensure that the implementation schedule's milestones are achieved, or adapted as may be needed.

The Task 5 in-country and long distance support is intended to ensure that the IPO Director and his or her staff, with assistance from the Contractor, stay focused and continue to implement the recommendations from Tasks 1- 4 and the overall TA. The Contractor shall also investigate potential sources of assistance, so that the Grantee may investigate the possibilities of continued external advice and support as they operate their transformed organization after the TA is completed.

The Contractor, or subcontractor, if any, shall perform Task 5 for a minimum of three months and a maximum of six months as determined by the Grantee and Contractor.

Task 5 DELIVERABLES:

The Contractor shall:

- Document challenges that arise during the transformation period that need attention as they are affecting the implementation of the recommendations from Tasks 1 – 4;

- Document action items and/or decisions that are implemented to answer to these challenges, and identify how these action items ensure that the implementation schedule's milestones are achieved, or adapted as may be needed;

- The Contractor shall prepare monthly reports (total of 3) documenting successes, progress and challenges regarding the goals and implementation of the TA; and

- The Contractor shall identify sources of assistance, so that the Grantee may investigate the possibilities of additional external advice and support as they implement their five year operating plan for the IPO's transformed organization.

Task 6: Prepare a Final Report

The Contractor shall prepare and deliver to the Grantee and USTDA a substantive and comprehensive Final Report of all work performed under these Terms of Reference ("Final Report"). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents pursuant to Tasks 1 through 5 that have been provided to the Grantee. The Final Report shall be prepared in accordance with Clause I of Annex II of the Grant Agreement. The Final Report shall incorporate the findings, recommendations, and conclusions of the TA and will incorporate all other documents and/or reports provided pursuant to Tasks 1 through 5 above. It is the Contractor's responsibility to identify prospective U.S. Sources of Supply in the Final Report to be submitted to USTDA and the Grantee in accordance with Clause I of Annex II of the Grant Agreement. The U.S. Suppliers list will identify the capabilities of each of the suppliers.

The Contractor shall be responsible for compiling and submitting the Final Report to the Grantee and USTDA. The Final Report shall include copies of all relevant data and other supporting information used in the course of the TA. The Final Report, incorporating the edits and/or revisions on the draft version, will be completed in English within 10 days after receiving written comments from the Grantee.

The Contractor shall prepare a section of the Final Report that discusses the potential Developmental Impacts of the Project in Serbia. The Contractor shall focus on what economic development outcomes the TA will have, with focus paid to the projects that arise out of the TA. The Developmental Impact section should include where appropriate, any additional development benefits from these projects, including spin-off and demonstration effects. The analysis of potential benefits of the TA should be as concrete and detailed as possible, and the Contractor shall provide such analysis in the following areas:

- ***Infrastructure & Security:*** a statement on the infrastructure impact giving a brief synopsis.

- ***Market Oriented Reform:*** a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented.

- ***Human Capacity Building***: The Contractor shall address the number and type of positions that would be needed to construct and operate the proposed project(s) as well as the number of people who will receive training and a brief description of the training program.

- ***Technology Transfer and Productivity Enhancement:*** a description of any advanced technologies that will be implemented as a result of the project. A description of any efficiency that will be gained (e.g., "By changing the way task x is completed, y hours of delays could be eliminated).

- ***Other:*** any other developmental benefits to the project, including any spin-off or demonstration effects.

Notes:

(1) **The Contractor is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.**

(2) **The Contractor and the Grantee shall be careful to ensure that the public version of the Final Report contains no security or confidential information.**

(3) The Grantee and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.