

STREAMLINING PERMITS & INSPECTIONS REGIMES ACTIVITY (SPIRA)

SCOPE OF WORK

A. Background

Since signing the Dayton Peace Agreement in 1995, Bosnia and Herzegovina (BiH) has slowly but steadily moved from a position of recipient of post-conflict humanitarian relief to a country that is beginning to address seriously the challenges of establishing a market-oriented economy within a democratic framework. This political and economic evolution is far from complete: broad-based economic development is still not on the horizon and BiH continues to need international assistance in its ongoing reform efforts.

Broad-based economic development depends heavily on a healthy SME sector that can produce goods and services for export and domestic consumption, provide jobs, and finance a reasonable level of government services. Experience has shown that such development fosters economic prosperity, security and social stability. For SMEs, a healthy business sector is one that enables them to absorb and reduce costs, manage and avoid risks, and obtain sufficient revenues to achieve profitability and even expand. Today, the climate for SMEs in BiH is not healthy.

In April 2004 in order to support the United States Government (USG) in its assistance to BiH, the United States Agency for International Development (USAID) conducted a participatory expert analysis of economic development gaps in the environment for SMEs, known as "SME Roundtable." Participants identified numerous priorities¹ that must be addressed to attain self-sustaining growth and development. These priorities provide clear insights into the strategic development needs of BiH over the next five years. One of these priorities is reducing the costs of doing business by streamlining convoluted permit and inspection regimes.

Currently in BiH there are more than 120 laws which apply to starting a business, obtaining permits and conducting inspections. Of these, at least 65 apply to permits and inspections. Several laws may regulate a single permit and different levels of governments or different ministries have jurisdiction over the prerequisites for a permit. In addition, many municipalities are not computerized, and networks do not exist between different levels of government offices.

The result is that entrepreneurs must make numerous trips to municipal, cantonal (in FBiH), entity and state government offices and other institutions (i.e., banks, public utility

¹ SME Gap Analysis, May 2004, USAID/Sarajevo

companies, etc.) to complete a permitting process. Often they must make multiple trips to the same government office to submit or obtain physical documents. Moreover copies of the same documents are often required to obtain different permits and authorizations. Many entrepreneurs complain that they are unclear on the procedures for starting their business and obtaining permits prior to embarking on the processes. This results in a fair amount of re-work.

The costs of doing business in BiH are far too high. This begins at business start-up, from business registration (which is inappropriately expensive, complex, and time consuming) and through various permits and inspections for legal pursuit of business objectives. The net result is a large number of entrepreneurs avoiding the costs of formal sector activity through the “informal sector.” These legal, regulatory and administrative barriers must be reduced if the SME sector is to thrive.

SPIRA is aimed at reducing these barriers over the next four years through well-defined, targeted assistance. SPIRA will provide expert technical assistance, hardware and software, collaborative involvement of public and private sector stakeholders, and sufficient training to ensure effective implementation.

SPIRA directly supports the Mission Strategy by reducing legal, regulatory, and administrative barriers facing SMEs with an aim at fostering private sector-led growth and employment, which is the overarching theme of SO 1.3, “Accelerated growth and development of private enterprises,” and associated Intermediate Results 1.3.3, “SMEs Effectively Compete in a Market Economy.” This activity will also contribute to Program Area, “Economic Prosperity and Security” and Program Component, “Improve Private Sector Growth.”

B. Goal of SPIRA

The goal of SPIRA is to remove obstacles facing SMEs in the areas of permits and inspections, with the overarching goal of reducing legal, regulatory, and administrative barriers to SMEs. The European Union (EU) Charter for Small Enterprises outlines several lines of action to develop the best possible environment for small businesses, which it urges its member states to follow. SPIRA will also assist BiH in complying with these outlines by addressing the following key lines of action from the Charter:

- Cheaper and faster start-up;
- Better legislation and regulation;
- Improve communication between public authorities and the small business sector; and
- Develop stronger, more effective representation of small enterprises’ interests at all levels

C. Overview of SPIRA

SMEs complain that permits and inspections are among the greatest constraints to their entry and success in the formal economy.² They are also a common font of potential corruption and abuse of power. According to a draft UNDP Early Warning Systems regional report, BiH has the most burdensome permit and inspection regime in the region. As a result, reforms in these areas will have a tremendous positive impact on growth and competitiveness by lowering absolute and comparative costs of doing business.

Many of the problems arise from a lack of transparency and accountability in these processes, in part because of confusing laws, regulations, and overlapping jurisdictions. Rent seeking behaviors of canton and municipal governments compound the problems by adding unnecessary permit requirements. The USG will build on past and existing efforts to overcome continuing challenges in this area, using three inter-related approaches:

- *Define the Parameters.* Subsequent to the “SME Roundtable” USAID commissioned an exhaustive assessment³ of permit and inspection requirements at selected governmental levels. This assessment has provided the foundation for additional assistance to rationalize and reduce these permit- and inspection-related administrative burdens. It serves as a basis for collaborating with the World Bank and the Office of High Representative (OHR) to support their work on the draft inspectorate law while providing assistance to streamline the permit regimes.
- *Reduce Burdens to SMEs.* Technical assistance will be provided to reduce and streamline various requirements for permits and inspections, and standardize fees across jurisdictions while attempting to ensure municipal revenue neutrality. All fees must be based on clear written requirements, which is not the case today.
- *Establish Accountability.* BiH needs to establish administrative accountability on several levels. First, accountability is a function of transparency, so it is important to disseminate and distribute information on administrative mandates, described above, including information on the rights of SMEs. Second, accountability requires appeal and enforcement. Businesses must have the right to complain and a mechanism where complaints can be heard. USAID will provide assistance to establish institutional capacity to monitor and evaluate officials’ compliance with their mandates. Such accountability structures will also help to establish stronger civil society relationships by restoring confidence in government, something that is currently quite low in BiH.

D. Activity Objectives

² SME observations are taken from *Analytical Report and Administrative and Regulatory Costs Survey for Bosnia and Herzegovina*, World Bank, April 2002; *Bosnia & Herzegovina, Commercial Legal Framework and Administrative Barriers to Investment*, Foreign Investment Advisory Service, March 2001 (the “FIAS Report”); *Doing Business in 2004, Bosnia & Herzegovina, Country Profile, World Bank 2004*; *Bosnia and Herzegovina Enterprise Policy Performance Assessment*, OECD, September 2003; and Bulldozer Initiative, Phase I, OHR (undated).

³ Assessment of SME Permitting and Inspection Process in Bosnia and Herzegovina, Volumes 1 and 2, November 2004, USAID/Sarajevo.

1. Streamline permitting procedures to start and operate businesses, and initiate and assist in the implementation of legal reform.

Independent craft shops are self-employment or partnership businesses with premises. Independent craft shops include retail shops, food and beverage companies, and craft shops, and register at the municipality, whereas limited liability and joint stock companies register at a court. The United Kingdom's Department for International Development (DFID) has facilitated development of a Framework Law and is in the process of developing an automated system that will reduce the time required for court registration for limited liability and joint stock companies from 60 days to 5 days. The automated system that will be residing in first instance courts will communicate electronically with the Tax Administration to obtain tax ID number. It will also communicate the registration to the municipality. However, there are many additional post-registration procedures that DFID's project does not address, which must be addressed in order to streamline the entire registration and post-registration processes. After the business is registered at the court it must then return to the municipality, the Canton, and the entity for 15 additional steps at a cost of a minimum of 30 additional days and over KM 500. These steps can be further improved.

In addition, there are approximately 34,000 independent craft shops in BiH and the start-up process is equally burdensome as that for limited liability companies or joint stock companies. SPIRA is designed to streamline both post-registration of limited liability and joint stock companies and registration and post registration of independent craft shops. USAID's Democracy Office (DEMO) has been making significant improvement in this area through its one-stop-shop initiatives. Nevertheless, these initiatives do not necessarily look at the origins of these burdensome procedures – unnecessarily cumbersome Entity and/or Cantonal legislation that triggered these administrative procedures at the municipal level – nor the procedures extending beyond the municipal level. At a minimum, the entire registration and post-registration process lasts 32 days and costs KM 520, this leaves significant room for improvement. The following should be addressed to achieve this objective:

- Eliminating unnecessary bureaucratic and duplicate procedures;
- Review and recommend provisions of laws to be amended for approval by CTO;
- Amending legislation to enable the improvements;
- Assisting counterparts in enacting the amended legislation;
- Streamlining the remaining procedures;
- Networking relevant government institutions;
- Developing and delivering training to staff at government institutions; and
- Conducting public awareness campaigns.

2. Streamline construction permitting procedures, amend legislation, and implement them.

Many of the permits required for construction are necessary in order to ensure public safety. However, the processing time for the three key permits, Urban, Building, and Use, are excessive. In addition, a fair number of duplicate requirements exist. For instance, proof of the Urban Permit is required to obtain the Building Permit. However many of the documents required to obtain the Urban Permit are also required to obtain the Building Permit. Steps required in Zenica to obtain a construction permit are 18 at a cost of KM 670 and 277 days while in RS they are 23 at a cost of KM 2,500 and 430 days. Fees vary depending on the size and nature of construction. The number of days is the minimum number required, however in reality, it takes a lot longer. One of DEMO's activities, the Governance Accountability Project (GAP), is planning to address shortcomings of the Urban Permit. SPIRA will work closely with GAP to address shortcomings of the other permits and associated issues for the entire construction permitting processes. Additionally, SPIRA will introduce EU requirements related to construction codes and assist BiH in implementing these requirements. The following should be addressed to achieve this objective:

- Eliminating unnecessary bureaucratic and duplicate procedures;
- Streamlining the remaining procedures;
- Amending legislation to enable the improvements, incorporating EU construction codes;
- Assisting counterparts in enacting amended legislation;
- Networking relevant institutions;
- Developing and delivering training to staff at government institutions; and
- Conducting public awareness campaigns.

3. Network municipalities and other government institutions and develop an inspection management system.

Permits

This objective will build on existing donor activities to create a computer network for information exchange between municipalities and other government institutions, in order to improve business start-up and permitting procedures by linking different levels of BiH governments. Based on the Assessment, there are opportunities to employ automated interfaces, especially between cantons and municipalities. There may be other opportunities, within the budgetary constraint, interfaces could be pursued.

USAID and other donors have substantial experience in automation of systems in BiH. To date 26 municipalities have been computerized and another 40 will be computerized over the next three years by USAID DEMO projects. USAID's Tax Administration Modernization Project (TAMP) has established computer networks throughout the country. USAID's Pledge Registry Project (PRP) has created a web-based automated system to record liens on movable property, which can be accessed via the internet. DFID's business registration project plans to implement a computer-based network of court registration for limited liability companies and joint stock companies by March 2005. All of these activities will facilitate the network.

In networking municipalities with other government institutions, the contractor will coordinate closely with the aforementioned projects, in particular USAID DEMO's Governance Accountability Project (GAP), to select the municipalities and other government institutions to be networked. Compatibility of systems amongst different institutions must be carefully considered in order for the networking to be successful.

The following should be addressed to achieve this objective:

- Conducting pilot network projects using the 66 computerized or to-be-computerized municipalities;
- Providing hardware and software to government institutions participating in the pilot projects;
- Amending the Law on Administrative Procedures to allow for the electronic exchange of data and the creation of a law regulating protection of data confidentiality;
- Developing and delivering training to staff at government institutions; and
- Conducting public awareness campaigns.

Inspections

This objective seeks to develop and implement an inspection information management system whose outputs will be used by the inspectorate management as well as a SME rights advocacy group like the Bulldozer Committees, new Socio-economic Council, Employers Federation, Regional Economic Development Agencies, etc. The inspectorate management will use the data to monitor inspectors' compliance with their mandates and standards. The SME rights advocacy group will use the data to monitor possible misuse of the inspection authority.

SPIRA will facilitate the development of a mechanism(s) to disseminate and distribute information on various inspections, especially scopes, nature, objectives, frequencies, geographic coverage, etc. to the advocacy group(s), which will be able to solicit complaints and suggestions from the SMEs. The advocacy group(s) will work closely with relevant government institutions to resolve the complaints. Ultimately the advocacy group(s) will monitor and evaluate inspectors' compliance with their mandates as a countervailing force to the inspectorates.

Mostly through public campaigns and provision of technical assistance already called for in other objectives the following should be addressed to achieve this objective:

- Developing and implementing an inspection management information system;
- Equipping the inspectorates with hardware and software that enable inspection planning and monitoring;
- Developing and implementing mechanisms to disseminate and distribute information on administrative mandates, including information on the rights of SMEs;

- Developing and implementing mechanisms through which SMEs can complain and complaints can be heard; and
- Providing assistance to establish institutional capacity to monitor and evaluate officials' compliance with their mandates.

The reduced number of interfaces between government regulators and businesses, an automated information management and tracking system, and the increased capacity to monitor and evaluate officials' compliance with their mandates would all contribute to reducing corruption. In other words, SPIRA introduces transparent and accountable processes to business permits and inspection activity and, as a result, should contribute to reducing corruption.

4. Streamline inspections complementing other donors' efforts.

Entity level drafts of procedural laws on inspection are being facilitated by the World Bank. The new laws will consolidate inspections within a single Inspectorate in each entity. At the time of this writing, OHR and the World Bank are working on the draft combined inspectorate law for the Federation. RS has enacted a combined inspectorate law. The USAID Administrative Law and Procedural Systems Reform Project (ALPS) is developing procedural manuals for inspectors which outlines such issues as proper behavior of an inspector, general procedures for conducting an inspection and how to write a report. Training for inspectors will be provided by a combination of ALPS, the World Bank, and the government.

The work by WB, OHR and ALPS will not, however, govern technical inspection requirements and procedures beyond common behavioral aspects. For example, they will deal with how often a labor inspector should visit a company and what the code of ethics he should follow but will not govern how he should inspect minimum wage and social contribution requirement compliance.

The following should be addressed to achieve this objective:

- Reviewing and further streamlining the technical operations of the inspectorates;
- Developing technical manuals governing certain inspections most affecting SMEs;
- Developing and delivering training to staff at the inspectorates; and
- Conducting public awareness campaigns.

E. Tasks and Expected Results

Within 60 days of award, the contractor shall provide to USAID for approval, a work plan for activities under the contract for the four-year life of the activity. This work plan shall include a description of the principal tasks and assistance activities to be undertaken by the contractor over the life of the contract under each project task, a proposed schedule for such activities, a listing of the principal counterparts for each proposed activity, and a description and estimate

of the amounts of short-term expertise, training and other support resources that would be required to provide the assistance proposed. In assisting counterparts in enacting legislation possible activities could include collaboration through a concentric circle and providing training.

The work plan shall also include a description of what each assistance activity or combination of activities is expected to accomplish and its baseline data and will indicate how and to what extent those accomplishments will contribute to the achievement of the overall targets and benchmarks for the project. It shall further include a performance-monitoring plan including results indicators.

The work plan shall be updated annually, or more frequently as conditions warrant, due no later than 30 days before the beginning of the succeeding year. Forms and substance of the succeeding work plans will be prescribed by the CTO. Given the complexity of the government structure in BiH, consisting of 14 governments and over 180 ministries, it is difficult to predict whether policymakers will be supporting SPIRA throughout the duration of the activity. As policymakers' cooperation and commitments are essential in the successful implementation of SPIRA, the workplan may have to be adjusted before 12 months if conditions change.

In achieving the objectives related to legislation drafting and information system networking the contractor will form and work through working groups consisting of government lawyers, administrators, inspectors, and expert consultants as appropriate. In the Federation, both the Cantons and Entity should be represented. Working groups should be ethnically balanced in their representation. Depending on the tasks of a working group government representatives may include those from Ministries of Urban Planning, Physical Planning, Justice, Finance, etc. of different levels of the governments.

SPIRA will employ a concentric circle approach in obtaining buy-in from governments. It will have three working groups. The outer one would consist of all interested parties, such as governments, SMEs, business associations, educational institutions, etc. The middle one would be a working group that would propose changes to the laws based on recommendations from the outer group. The inner one would be a small group of government lawyers that would draft the amendments to existing laws. Through this process SPIRA will obtain buy-in from all parties and strengthen legislative capacity of government lawyers in the inner circle. USAID plans to fully incorporate key stakeholders inputs into legislation, automation, and other key tasks in order to mobilize political will and pressure in successfully driving the activity.

In streamlining or eliminating redundant bureaucratic procedures the contractor will be faced with decisions on what to do with fees which are sources of revenue for Cantonal and municipal governments. At the time of this writing, it is not clear when and how the value-added tax (VAT) revenue will be allocated to the lower levels of the governments. As a result, until it becomes clear that there is adequate replacement revenue for municipalities, fees should not be totally eliminated. Although the elimination of existing fees may be

outside the manageable interest of the contractor as it affects the budget of a government unit, where appropriate, it should be pursued. If there are opportunities to move revenue to municipalities from other levels of governments, they should also be pursued to the fullest extent. If constitutional changes are to occur giving more authority to municipalities, corresponding adjustments in fees must be proposed to compensate for additional work to be carried out by the municipalities.

Objective 1: Streamline permitting procedures to start and operate businesses, and initiate and assist in the implementation of legal reform (expected results – time required cut by 30% for independent craft shops and 30% for limited liability and joint stock companies).

- Review and update the process diagrams in the Assessment as necessary (within 120 days).
- Review and recommend provisions of laws to be amended for approval by CTO (within 240 days)
- Draft amended legislation as necessary to eliminate unnecessary bureaucratic and duplicate procedures and streamline the remaining procedures (within 360 days).
- Assist counterparts in enacting the amended legislation (within 720 days).
- Develop and deliver training to 500 staff at government institutions (within 1,440 days).
- Conduct public awareness campaigns (between 720 days and 1,440 days).

Objective 2: Streamline construction permitting procedures amend legislation, and implement (expected results – time required cut by 100%).

- Review and update the process diagrams in the Assessment as necessary (within 120 days).
- Draft amended legislation as necessary to eliminate unnecessary bureaucratic and duplicate procedures and streamline the remaining procedures (within 360 days).
- Assist counterparts in enacting the amended legislation fully incorporating EU construction codes (within 720 days).
- Develop and deliver training to 500 staff at government institutions (within 1,440 days).
- Conduct public awareness campaigns (between 720 days and 1,440 days).

Objective 3: Network municipalities and other government institutions (expected results – fully functioning network between different levels of governments) and develop an inspection management system (expected results – a fully functioning management system along with an advocacy group(s) that can monitor and evaluate officials' compliance).

Permits

- Form automation working groups consisting of government employees nominated by relevant government institutions, other donor representatives, and automation experts (within 360 days).
- Draft amended legislation to the Law on Administrative Procedures to allow electronic exchange of data and create a law regulating protection of data confidentiality (within 540 days).
- Assist counterparts in enacting the amended legislation (within 720 days).
- Develop networking plans using the 66 computerized or to-be-computerized municipalities (within 720 days). Pilot sites must cover both the Federation and Republika Srpska.
- Implement the networking plans (between 720 days and 1,080 days).
- Provide hardware and software to government institutions participating in the pilot projects (within 1,080 days).
- Developing and delivering training to 500 staff at government institutions (between 720 days and 1,440 days).

Inspections

- Developing and implementing an inspection management information system (within 540 days);
- Equipping the inspectorates with hardware and software that enable inspection planning and monitoring (within 540 days);
- Developing and implementing mechanisms to disseminate and distribute information on administrative mandates, including information on the rights of SMEs (within 720 days);
- Developing and implementing mechanisms through which SMEs can complain and complaints can be heard (within 720 days); and
- Providing assistance to establish institutional capacity to monitor and evaluate officials' compliance with their mandates (within 720 days).

Objective 4: Streamline inspections complementing other donors' efforts (expected results – fully functioning streamlined inspectorates with technical manuals used by at least three inspectorates).

- Review the status of the combined inspectorate and recommend ways to streamline the inspection process (within 180 days).

- Draft amended legislation as necessary to eliminate unnecessary bureaucratic and duplicate procedures and streamline the remaining procedures (within 360 days).
- Assist counterparts in enacting the amended legislation (within 720 days).
- Develop technical manuals governing three inspections affecting SMEs the most (within 720 days). Selection of the three inspections will be made in conjunction with USAID and must be approved by USAID.
- Develop and deliver training to staff at government institutions (within 1,080 days).
- Conduct public awareness campaigns (between 720 days and 1,080 days).

F. Relation to Mission’s Results Framework

The proposed tasks under SPIRA directly support the Mission Strategy by reducing legal, regulatory, and administrative barriers facing SMEs with an aim at fostering private sector-led growth and employment, which is the overarching theme of SO 1.3, “Accelerated growth and development of private enterprises,” and associated Intermediate Results 1.3.3, “SMEs Effectively Compete in a Market Economy.” This activity will also contribute to Program Area: Economic Prosperity and Security and Program Component: Improve Private Sector Growth.

G. Training

This task order is designed to deliver highly specialized technical assistance, institutional support, public campaigns, and automation to remove barriers to SMEs in an effort to make it easier for SME to start and operate with reduced bureaucratic burdens. Institutional support in the form of technical assistance and training will be provided to relevant government and non-government institutions.

Training will occur through daily operations of the contractor and counterparts under the implementation of this task order. In addition, the contractor will lead or conduct seminars and workshops on relevant topics for target audiences and other interested parties. To the greatest extent possible training should maximize resources by using local business service providers, Sarajevo Graduate School of Business, and other counterparts as appropriate.

H. Task Order Period

SPIRA is to be implemented under a task order of the SEGIR/Privatization II IQC. The period of this task order is for 48 months from the date of award.

I. Estimated Level of Efforts and Qualifications

Long-term expatriates:

COP – Sarajevo	920 days
Process Engineer/Process Analyst – Banja Luka	920 days

Networking Specialist - Sarajevo	690 days
Public Campaign Specialist	230 days

Short-term expatriates:

Construction Engineer/EURO Construction Codes Expert	120 days
Urban Planning Specialist	100 days
Labor Inspection Specialist	100 days
IT/Networking Specialist	360 days
IT system auditor	150 days
Administrative Procedure Law Specialist	200 days

Cooperating country professionals: 5,890 days

- Two (2) Lawyers (Sarajevo and Banja Luka)
- Two (2) Process Analysts (Sarajevo and Banja Luka)
- One (1) Construction Engineer (Sarajevo)
- One (1) Urban Planning Specialist (Banja Luka)
- One (1) Labor Specialist (Sarajevo)
- One (1) IT Networking Specialist (Sarajevo)

The contractor shall utilize to the greatest extent possible local law firms/faculty, architectural firms/faculty, Sarajevo Graduate School of Business, and local PR firms under subcontract to supplement the contractor's effort to streamline permits and inspections.

Qualifications of Long-term expatriate personnel:

NOTE: Years of experience are illustrative only and is indicative of the magnitude of the management and technical expertise envisioned by the positions.

Chief of Party: 15 years of relevant experience in process reengineering, process analysis, and/or administrative procedural laws, prior experience as team leader of sizeable complex operations or projects that went through process reengineering, past experience in working in developing countries, excellent interpersonal and presentation skills, and proven experiences in facilitating dialogue among various parties are required. COP will be based at Sarajevo.

Process Engineer/Process Analyst: 10 to 15 years of experience in process reengineering/process analysis, prior experience as team leader of sizeable complex operations or projects that went through process reengineering, past experience in developing countries, excellent interpersonal and presentation skills, and proven experiences in facilitating dialogue among various parties are required. This position will be based at Banja Luka.

IT Networking Specialist: 10 to 15 years of experience in networking large diverse computer systems in various locations.

Public Campaign Specialist: 10 to 15 years of international experience in large public campaign projects is required. A solid understanding of behavioral changes needed in significant process reengineering and experience to bring about those changes is required. This position must have a minimum of 3 years of experience in business advocacy development.

Qualifications of Cooperating country professional staff:

A minimum of 6 years of professional experience in the relevant field illustrated in the LOE section is required. Successful completion of a bachelor degree or graduate degree required.

J. Special Instructions

1. Management relationships: Technical direction during the performance of this task order shall be provided by Cognizant Technical Officer (CTO). The contractor shall seek and receive CTO's approval for: (i) all action plans and recommendations dealing with proposed changes in policy and training prior to implementation of any actions required to initiate the recommendations; and (ii) the technical qualifications of all expatriate advisors.
2. The duty post is Sarajevo and within BiH, as required, to complete the assigned tasks. For purposes of any entitlement travel, Sarajevo and/or Banja Luka as appropriate, is considered the post of assignment.
3. Logistics support: USAID will not provide any logistical support.
4. The contractor will maintain regular contact and meet periodically with CTO and/or USAID/BiH staff to discuss task order implementation status, issues, and opportunities.
5. Prior to having interviews with foreign or local press, releasing press releases, holding news conferences, or otherwise communicating with the news media regarding activities under this task order, the contractor will follow the USAID/BiH press policy and will consult with appropriate officials of the host country receiving assistance as well as Mission personnel concerning any such proposed communication. The contractor agrees to coordinate such communication with the host country and USAID/BiH as necessary to ensure that the role of the host country is accurately explained and described.
6. Requests for country clearance will be made a minimum of seven days prior to departure for BiH.
7. If the contractor would like to arrange a meeting with ministerial-level host government officials, it will obtain permission from CTO, and/or alternate CTO for such a meeting at least one week before any such meeting is likely to be scheduled.

8. The long-term advisors are to work five days per week in accordance with prevailing practices of USAID/BiH. A five-day workweek may be authorized in the United States.

9. The following language is taken from the Prime Contract: "In no event, will any understanding or agreement, amendment, change order, or other matter which modifies the terms of the contracts between the Contractor and any person other than the contracting officer be effectively and binding upon the US Government."

10. The contractor will adhere to the Mission's per diem policy in effect for the duration of the task order, and subject to change.

11. The contractor will recruit resident and short-term personnel with strong professional skills, distinguished in the above functional disciplines, with prior global and preferably regional experience in the functional areas described above. Some positions require developing country or international work experience in relevant fields. All candidates proposed must meet functional labor categories described above in their academic training and work experience. No home office generalist or administrative personnel who do not meet these functional labor categories described above shall charge their labor to this task order without Contracting Officer's advance approval. All staff should have an awareness of local culture and traditions and an understanding of the current economic situation in BiH. All personnel require initial CTO technical clearance and final contracting officer approval once specific candidates are identified and proposed. Compensation paid to all CCN staff must be in accordance with the Mission's local compensation plan.

12. This task order comprises a range of activities, counterparts, and participants, and therefore requires significant coordination and organization to endure coherence and consistency. The skills and expertise of the COP are critical to success of this effort and to the optimal use of resources. The COP will be based in Sarajevo office for the duration of the activity.

13. SPIRA will have a central office in Sarajevo and a regional office in Banja Luka. Each office will be initially staffed by both expatriate and Bosnian staff with complementary capabilities through the end of the 48th month. Over the duration of the contract, as the local staff becomes more capable, trained local staff shall assume greater responsibilities in the activity offices.

14. In order to perform the scope of work set forth above, the contractor shall provide the appropriate specialist personnel, meeting or exceeding the education and experience levels of the Functional Labor Categories indicated in the Prime Contract as illustrated in section I.

K. Reporting Requirements

The cover page of all reports prepared by the contractor shall include a descriptive title, the author's name(s), the activity name, the activity number, the contract and task order number,

the contractor's name, the name of the USAID activity office and CTO, and the publication or issuance date of the report.

The COP shall be responsible for delivery of draft reports, schedules, plans, and other documents that are described below. Such documents as schedules or plans that do not readily conform to the forgoing format will be presented in a form to be agreed to by CTO. All written documents will be provided in English on diskette in Microsoft Word 98 or newer version.

1. Monthly Status Reports: These are intended to be concise reports that summarize task order progress measured against the benchmarks and tangible results, as well as measured against work plans, and that identify implementation issues that may inhibit or enhance contractor performance. The reports should be submitted to USAID/BiH within five (5) business days of the end of each month.

2. Quarterly Performance Reports: These reports can follow the same format as the monthly status reports but should be cumulative for the quarter. These performance reports are to be reviewed in person with the CTO and USAID/BiH for the purpose of the necessity of correction or change in the scope of work or work plan.

3. Completion Report: At the end of the task order, the contractor shall prepare a completion report which highlights accomplishments against work plan, gives the final status of benchmarks and tangible results, addresses lessons learned during implementation and suggests ways to resolve constraints identified.

All reports must be submitted to the following address:

U.S. Agency for International Development
Economic Restructuring Office
Hamdije Cemerlica 39
Sarajevo 71000
Bosnia i Hercegovina

CTO for SEGIR/Privatization II
U.S. Agency for International Development
EGAT/EG
1300 Pennsylvania Avenue, N.W.
Washington, D.C. 20523

An informal flow of oral information and communication shall be established by the CTO with the OHR, other USAID implementers, government officials, other donors, the business community, and USAID. The COP or his/her designee is expected to attend meetings established by USAID. Close cooperation and collaboration with other technical assistance projects funded by USAID or other donors is required to ensure that technical assistance related to the activities under this SOW is applied effectively and without duplication.

L. Instructions for the Preparation of the Technical Proposals

See the solicitation cover page for instructions for the preparation of technical proposals.

M. Evaluation Criteria

See the solicitation cover page for the evaluation criteria.

N. Gender Consideration

In accordance with USAID's recognition that gender issues are important considerations in development, the contractor will look for gender implications or opportunities in SPIRA. The contractor will make its best effort to evaluate gender considerations and opportunities for participation in SPIRA, as well as to define gender-based barriers to achieving some of the tasks outlined in this task order. If such barriers are outlined, the contractor shall propose an approach to eliminate them in the proposal. The contractor will be required to report gender-disaggregated data as and when appropriate. As noted in the evaluation criteria in the solicitation, the technical proposal will address gender issues and this will be evaluated as part of the technical approach.