

Terms of Reference

Senior International Expert no.1 – Economic Expert

Cashless Initiative Serbia – Better way

For the purposes of implementation of activities stipulated in the „Cashless Initiative Serbia“ Project, NALED is engaging external expertise. The Project is implemented in Serbia by NALED, in partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Visa and MasterCard as the public private partnership, Develop PPP initiative. The Project commenced on August 15th, 2021, and it will be implemented until June 2024.

Context

In order to decrease the level of grey economy in Serbia, the activities envisaged under this Project aim to increase the number of cashless transactions. The importance of cashless payment has been recognized in the National Program for Countering Shadow Economy 2019-2020. that stressed the necessity to stimulate non-cash payments. Very important common factor for most types of shadow economy is that cash payments allow the seller not to report the transaction. Since cash payments leave no electronic trace, provide an incentive not to report the transaction and evade tax payment. Additionally, it has been recorded that the businesses as well as the citizens do not use cashless payments in a great extent. As estimated in 2018 more than 70% of citizens in the majority of transactions use cash, while the possible reasons are low level of information, distrust in the financial institutions and lack of an adequate infrastructure. This opportunity driven part of the shadow economy (“passive shadow economy”) can be reduced by promoting electronic payments.

The main objective of the Cashless Initiative Serbia Project is to stimulate cashless payments, in the private but also public sector, impacting the unfair competition between the subjects in the private sector, but also contributing to the higher collection of budgetary revenues, improvements of the quality of public services and the increasing of living standards of all citizens in the Republic of Serbia.

The Project activities among other focus on the analysis of the current situation from various points of view (legal analysis, business process analysis, behavioural finance analysis, grey economy analysis etc), with the main aim of identification of main obstacles for the faster development of this area and based on the results preparation of recommendations that should contribute to the increasement of cashless payments in Serbia.

Details and scope of activities

The Senior International Expert is engaged to create a comparative analysis of good practices for fostering and developing cashless payments in other countries in Europe and the world. The study and its conclusions are to be used to devise effective solutions applicable to Serbia with the goal of further improving cashless payments in the country. The project does not support the organization of surveys/research in conducting this study.

Key activities of Senior International Expert no.1 will include:

- 1) Creating the background study that aims to identify 3 countries, examples of good practice, which would be analyzed in detail in the following period, which includes:
 - a) Creation of the methodology framework of the study, which is agreed with the Project team;
 - b) Methodology framework contains minimum, but is not limited to, basic indicators that can indicate the level of development of cashless payments in the country and examples of the types of incentives used to encourage cashless payments (e.g., tax exemptions/facilities, subsidies, etc.) to be used as criteria for identifying 3 countries for detail analysis.

- 2) Preparation of a detailed comparative analysis for 3 selected countries, which includes:
 - a) Preparation of methodology for comparative analysis agreed with the Project team which includes:
 - i) Conducting desk research and meta-analysis;
 - ii) Meetings with relevant partners from selected countries (institutions, associations...).
 - iii) Note: The Project does not support organization of surveys! All materials relevant to the topic that were produced within the project will be delivered to the consultant by the Project team.
 - b) The detailed comparative analysis at a minimum must contain:
 - i) An overview of the strategic and legal framework that regulates and encourages cashless payments;
 - ii) An analysis of the market with the estimation of the level of participation of cashless payments, the participation of cash in transactions, the scope of the shadow economy (if there are studies that indicate this), the types of cashless payments that exist in selected countries, their representation among merchants, the costs of cashless payments for the economy and citizens (merchant fee, device price, etc.);

- iii) An overview of the support programs and incentives that exist in the selected countries to support the development of cashless payments, the scope of the support, the type of the support whether it be private funds or institutionalized support, whether they are targeting specific groups such as merchants or groups of citizens, whether there are tax incentives / exemptions, and if so - how do they function, do they target only certain merchants/citizens, etc;
 - iv) The method of promoting cashless payments, identifying in what way are different types of non-cash payment promoted and encouraged (raffle games, campaigns, discounts if payment is made non-cash...);
 - v) Overview and analysis of any innovative technological (software, hardware) solutions that encourage cashless payment in addition to the classic card payment method;
 - vi) Conclusions identifying which examples of good practices can be applied in Serbia, and how should they be modified to fit the specifics of Serbia. It must also contain which regulations should be changed in Serbia in order for such solutions to come to life.
- 3) Presentation of the comparative analysis results on the events organized within the project.
- 4) Conducting other activities in coordination with the Project team.

Deliverables

Expected deliverables for Senior International Expert no.1 by the end of October 2022 are:

- 1) Developed methodological framework of the study agreed with the Project team;
- 2) Final background study (that includes delivering the first draft, presenting it to the Project team and finalizing it in accordance with the comments)

The Senior International Expert no.1 has 6 days to complete this activity.

Expected deliverables for Senior International Expert no.1 by the end of February 2022 are:

- 3) Developed methodology for detailed comparative analysis agreed with the Project team
- 4) Final comparative analysis for selected 3 countries (that includes delivering the first draft, presenting it to the Project team and finalizing it in accordance to the comments).
- 5) Participation in minimum two events with the aim of presenting and promoting comparative analysis and project results.

The Senior International Expert no.1 has 13 days to complete this activity.

*Deliverables must be delivered in English and proofread by an expert after translation into Serbian.

Manner and deadline for application

The offer must contain at least:

- Financial offer of the expert, in gross amount, in euros
- CV of an expert proving qualifications

For additional questions about the project task, you can contact Dušan Kovačević d.kovacevic@naled.rs or Marko Danon m.danon@naled.rs

Note: This is a draft ToR and may be subject to change in agreement with the expert.