

ACTION PLAN FOR THE IMPLEMENTATION OF THE NPL RESOLUTION PROGRAM FOR THE PERIOD 2018-2020

Document JP:	NPL RESOLUTION PROGRAM FOR THE PERIOD 2018-2020
Action Plan:	ACTION PLAN FOR THE IMPLEMENTATION OF THE NPL RESOLUTION PROGRAM FOR THE PERIOD 2018-2020
Coordination and reporting	Ministry of Finance (MF)
Framework document JP:	Fiscal Strategy for 2019 with Projections for 2020 and 2021

General goal: Removal of obstacles identified in the system which prevent timely solving of non-performing receivables and establishment of the system which will prevent the accumulation of non-performing loans and the emergence of negative effects to credit activity endangering potential economic growth.						
Indicator(s) at the level of general goal (effect indicator)	Unit of measure	Source of verification	Initial value	Base year	Target value in the final year of AP	Final year of AP validity
Value of sold portfolios of state creditors	billions of euros (nominal)	MF	0	2018	1.042	2020
Share of gross non-performing loans in total loans	%	NBS	6.4%	Third quarter 2018	Average value at the level of eastern and southeastern Europe (currently 4.2 percent) in compliance with the report <i>NPL Monitor for the CESEE Region</i> ¹	2020

¹ Source: <http://npl.vienna-initiative.com/>

Specific goal 1.1: Resolution of non-performing claims of banks in bankruptcy as well as claims in the name and for the account of the state

Indicator(s) at the level of the specific goal (outcome indicator)	Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
Value of sold portfolios of state creditors	billions of euros (nominal)	MF	0	2018	0.242	1.042

Measure 1.1.1: Sale of the pilot portfolio

Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ²	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Financial	DIS	February 2019	GGF	-	-	PJ	No
Indicator(s) at the level of measure (result indicator)		Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
Value of sold receivables of pilot portfolio of approximately 242 million Euros nominal value		billions of Euros (nominal)	MF	0	2018	0.242	0

² The codes of program activities and projects in the program budget are presented and within these the funds are provided while in Annex 4 the names of program activities and projects are given per codes

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.1.1.1 Assessment of the value of security instruments and collectability of receivables of the pilot portfolio	DIS	Hired consultant	25/10/18	Donor - GGF	-	-	PJ	Contracted funds
1.1.1.2 Market Sounding on the interest of potential investors related to the proposed portfolio cession	DIS	Hired consultant	14/12/18	Donor - GGF	-	-	PJ	Contracted funds
1.1.1.3 Preparation of Tender documentation, which apart from the Tender sale procedure (i.e. Process Letter), also contains the review of the receivables portfolio (i.e. Data tape), draft of the Binding offer and draft of the Contract on the cession of receivables portfolio.	DIS	Hired consultant	10/10/18	Donor - GGF	-	-	PJ	Contracted funds
1.1.1.4 Preparation of Data Room Rules.	MF	DIS, IFC, PwC	10/10/18	Donor - GGF	-	-	PJ	Contracted funds
1.1.1.5 Analysis of the Rulebook and the proposal and addition with the purpose of the portfolio sale	MF	DIS, IFC, PwC	10/10/18	Donor - GGF	-	-	PJ	Contracted funds
1.1.1.6 Publication of the advertisement on the receivables portfolio cession	DIS	Hired consultant	11/10/18	Donor - GGF	-	-	PJ	Contracted funds
1.1.1.7 Assessmen of the indicative receivables value from the perspective of an investor	DIS	Hired consultant	14/12/18	Donor - GGF	-	-	PJ	Contracted funds
1.1.1.8 Finalization of the contract on the cession of receivables portfolio by the advisor, which will be	DIS	Hired consultant	10/01/19	Donor - GGF	-	-	PJ	Contracted funds

available to potential investors.								
1.1.1.9 Deadline for the submission of the Binding offer	DIS	-	07/02/19	Donor - GGF	-	-	PJ	Contracted funds
1.1.1.10 Deadline for the conclusion of the pilot portfolio	DIS	Hired consultant	28/02/19	v - GGF	-	-	PJ	Contracted funds

Measure 1.1.2: Sale of the large portfolio							
Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ³	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Financial	DIS ⁴	January 2020	Donor or loans	-	-	PJ	No
Indicator(s) at the level of measure (result indicator)		Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
The value of sold receivables of the great portfolio of approximately 800 million Euros of nominal value		billions of Euros (nominal)	MF	0	2018	0	0.8

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.1.2.1 Hiring of an authorized auditor or expert witness	DIS	MF	29/04/19	Donor or loans	-	-	PJ	Programming
1.1.2.2 Implementation of the process of selection of the advisor for the sale of great portfolio	DIS	MF	29/04/19	Donor or loans	-	-	PJ	Programming
1.1.2.3 Hiring of a supplier for virtual, or physical (optional), data room by DIS	DIS	MF, selected advisor	31/05/19	Donor or loans	-	-	PJ	Programming
1.1.2.4 Assessment of the value of security instruments	DIS	Selected advisor	15/07/19	Donor or loans	-	-	PJ	Programming

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⁴ During the sale of the "great" portfolio of DIS it is necessary to additionally consider the most efficient mechanisms of inclusion of other state financial creditors, based on the existing Memorandum on Cooperation.

and receivables collectability of the pilot portfolio								
1.1.2.5 Defining of the content of the great portfolio by DIS and the decision on the sale initiation	DIS	MF, selected advisor	15/07/19	Donor or loans	-	-	PJ	Programming -
1.1.2.6 Process Letter, with the Procedure on the delivery and improvement of Binding offers. It contains also the review of the receivables portfolio (i.e. Data tape), draft of the Binding offer and draft of the Contract on the cession of receivables portfolio.	DIS	MF, selected advisor	9/08/19	Donor or loans	-	-	PJ	Programming
1.1.2.7 Publication of the advertisement on the great receivables portfolio cession	DIS	MF, selected advisor	30/09/19	Donor or loans	-	-	PJ	Programming
1.1.1.8 Finalization of the contract on the cession of the great receivables portfolio by the advisor, which will be available to potential investors.	DIS	MF, selected advisor	31/10/19	Donor or loans	-	-	PJ	Programming
1.1.2.9 Deadline for the submission of the Binding offer	DIS	-	30/11/19	Donor or loans	-	-	PJ	Programming
1.1.2.10 Deadline for the conclusion of the sale of great portfolio	DIS	MF, selected advisor	31/12/19	Donor or loans	-	-	PJ	Programming

Measure 1.1.3: Solving of the remaining portfolio of State creditors							
Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ⁵	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Financial	DIS ⁶	December 2020	Donor or loans	-	-	PJ	No
Indicator(s) at the level of measure (result indicator)		Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
The value of the solution of the remaining portfolio expressed as percentage of the portfolio total nominal value		%	MF	0	2018	15	80

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.1.3.1 Selection of the advisor for the preparation of the analysis and proposal for solving the remaining portfolio	DIS	MF, selected advisor	30/03/20	Donor or loans	-	-	PJ	Programming
1.1.3.1 Preparation of the analysis and proposal by the hired advisor and submission to MF and DIS	DIS	MF, selected advisor	30/03/20	Donor or loans	-	-	PJ	Programming
1.1.3.2 Preparation of the proposal on the manner(s) of solving the remaining portfolio by DIS	DIS	MF, selected advisor	30/06/20	Donor or loans	-	-	PJ	Programming

⁵ The codes of program activities and projects in the program budget are presented and within these the funds are provided while in Annex 4 the names of program activities and projects are given per codes

⁶ During the sale of the remaining part of the portfolio of DIS it is necessary to additionally consider the most efficient mechanisms of inclusion of other state financial creditors, based on the existing Memorandum on Cooperation.

Specific goal 1.2: Improvement of the bankruptcy framework						
Indicator(s) at the level of the specific goal (outcome indicator)	Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
Increase of the <i>Doing Business</i> indicator for solving bankruptcy	%	WBG Doing Business	60.78	2019	62	65
Share of the sale realized via Internet portals in the total number of all realized sale	%	ALSU	0	2018	0	10

Measure 1.2.1: Establishment of the Internet portal for online auction of bankruptcy assets							
Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation on period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ⁷	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Provision of goods and services	MECON	January 2020	Donor - IFC / One part not provided	-	-	PJ	Yes
Indicator(s) at the level of measure (result indicator)	Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP	
Existence of a functional portal for the sale of the assets acquired in bankruptcy	Internet portal for the sale of assets of bankruptcy debtors	ALBA	-	2018	-	Launch of an Internet portal for the sale of assets of bankruptcy debtors	
Share of sale realized via Internet portals in the total number of all realized sale	%	ALBA	0	2018	0	10	

⁷ The codes of program activities and projects in the program budget are presented and within these the funds are provided while in Annex 4 the names of program activities and projects are given per codes

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.2.1.1 Analysis of a regulatory and administrative framework,	MECON	ALBA	30/06/19	Donor - IFC	-	-	PJ	Contracted funds
1.2.1.2 Execution of the project assignment and public call for the execution of the Internet portal	MECON	ALBA	31/08/19	Donor - IFC	-	-	PJ	Contracted funds
1.2.1.3 Execution of the legal framework required for the establishment of the portal for the sale of assets of bankruptcy debtors	MECON	ALBA	30/09/19	Donor - IFC	-	-	PJ	Contracted funds
1.2.1.4 Implementation of software and hardware solution	MECON	ALBA	30/11/19	Not provided	-	-	PJ	Funds are not provided
1.2.1.5 Launch of the Internet portal for the sale of assets of bankruptcy debtors	MECON	ALBA	31/03/20	Not provided	-	-	PJ	Funds are not provided
1.2.1.6 Activities related to the promotion of the operation of the portal (preparation of brochures, multilingual material, communication for the portal promotion)	MECON	ALBA	31/03/20	Donor - IFC	-	-	PJ	Contracted funds

Measure 1.2.2: Improvement of the profession of bankruptcy administrator through trainings							
Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ⁸	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Information-educational	MECON	January 2020	Donor – IFC	-	-	PJ	No
Indicator(s) at the level of measure (result indicator)		Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
The number of held trainings for national standards		Number	ALBA	-	2018	2	0

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.2.2.1 Organization of trainings for the use of the portal for the sale of bankruptcy assets	MECON	ALBA	31/01/20	Donor - IFC	-	-	PJ	Contracted funds

⁸ The codes of program activities and projects in the program budget are presented and within these the funds are provided while in Annex 4 the names of program activities and projects are given per codes

Measure 1.2.3: Improvement of the operation of bankruptcy courts							
Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ⁹	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Information-educational	MECON	January 2020	Donor - IFC	-	-	PJ	Yes
Indicator(s) at the level of measure (result indicator)		Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
The number of held trainings for national standards		Number	ALBA	-	2018	2	0
Analysis of the application and amendments to the Rulebook on the Fundamentals and Measures for the Designation of the Reward for the Performance and Compensation of Costs of Bankruptcy Administrators		New Rulebook	ALBA	-	-	-	Passing of the new Rulebook on the Fundamentals and Measures for the Designation of the Reward for the Performance and Compensation of Costs of Bankruptcy Administrators

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.2.3.1 Execution of the amendments to the Rulebook on the Fundamentals and Measures for the Designation of the Reward for the Performance and	MECON	ALBA	31/01/20	Donor – IFC	-	-	PJ	Contracted funds

⁹ The codes of program activities and projects in the program budget are presented and within these the funds are provided while in Annex 4 the names of program activities and projects are given per codes

Compensation of Costs of Bankruptcy Administrators								
1.2.2.2 Organization of the training on the amendments to the Law on Bankruptcy, National Standards for the Management of Bankruptcy Estate and other bylaws	Judicial Academy	MECON, ALBA	31/12/19	Donor – IFC	-	-	PJ	Programming

Measure 1.2.4: Preparation of the new regulatory framework for the bankruptcy of entrepreneurs							
Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ¹⁰	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Regulatory	MECON	June 2020	Donor – IFC	-	-	PA	Yes
Indicator(s) at the level of measure (result indicator)		Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
Preparation of the legal solution which regulates the bankruptcy of entrepreneurs		Proposal of a legal solution	MECON	-	2018	-	Publication of the Draft legal solution at the Ministry of Economy website

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.2.4.1 Establishment of the working group for the execution of the draft of legal solution of the entrepreneur bankruptcy	MECON	ALBA	31/03/19	Donor - IFC	-	-	PA	Contracted funds

¹⁰ The codes of program activities and projects in the program budget are presented and within these the funds are provided while in Annex 4 the names of program activities and projects are given per codes

1.2.4.2 Execution of the analysis of the existing legal framework important for the bankruptcy of entrepreneurs	MECON	ALBA	30/06/19	Donor - IFC	-	-	PA	Contracted funds
1.2.4.3 Execution of the analysis of the effects of options and consultative document	MECON	ALBA	31/08/19	Donor - IFC	-	-	PA	Contracted funds
1.2.4.4 Preparation of the draft of the Law on Bankruptcy of Entrepreneurs	MECON	ALBA	30/06/20	Donor - IFC	-	-	PA	Contracted funds

Specific goal 1.3: 2.5. Activities aimed at the prevention of new NPL accumulation

Indicator(s) at the level of the specific goal (outcome indicator)	Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
The number of newly-emerged non-performing loans	billion dinars	NBS	86.7	Average in the period 2015 - 2018	60	50

Measure 1.3.1: 2.5.1. Development of study on corporate indebtedness and prevention of NPLs in the Serbian real sector

Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ¹¹	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Regulatory / Provision of goods and services	MECON	December 2020	Financial Sector Advisory Center (FinSAC) – WBG12	-	-	PJ	Yes

¹¹ The codes of program activities and projects in the program budget are presented and within these the funds are provided while in Annex 4 the names of program activities and projects are given per codes

¹² Resourcing for this activity is currently under negotiation

Indicator(s) at the level of measure (result indicator)	Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
Preparation and adoption of recommendations for the organization of the regulatory framework ¹³	Number of adopted recommendations	Working group for solving of non-performing loans	-	2018	Impossible to determine before the execution of the study on corporative indebtedness and prevention	-

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.3.1.1 Execution of the project assignment and public call for the execution of the study	MECON	MF, IFC	31/05/19	Donor - FinSAC	-	-	PJ	Negotiations
1.3.1.2 Designation of the „early warning” signal based on historic trends of business activities of companies in Serbia	MECON	MF, IFC	30/09/19	Donor - FinSAC	-	-	PJ	Negotiations
1.3.1.3 Execution of recommendations with regards to legal framework, competences and activities aimed at prevention of the emergence of new non-performing loans	MECON	MF, IFC	30/11/19	Donor - FinSAC	-	-	PJ	Negotiations
1.3.1.4 Adoption of recommendations by the Working group for solving non-performing loans	MECON	-	31/01/20	-	-	-	PJ	-

¹³ Passing and amendments to the bank regulation are exclusively in the competence of the National Bank of Serbia

Measure 1.3.2: 2.5.2. Development of tools for the purpose of prevention and forestalling of financial distress and an outreach campaign							
Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ¹⁴	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Information-educational	SCC	November 2019	Financial Sector Advisory Center (FinSAC) – WBG ¹⁵	-	-	PJ	No
Indicator(s) at the level of measure (result indicator)		Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
Creation of a portal dedicated to prevention and forestalling of financial difficulties		Functional information portal	SCC	-	2018	-	Existence of a functional portal

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.3.2.1 Execution of tools and information portal on timely recognition of financial difficulties	SCC	MECON	31/10/19	Donor - FinSAC	-	-	PJ	Negotiations
1.3.2.2 Implementation of information campaign on the portal	SCC	MECON	31/10/19	Donor - FinSAC	-	-	PJ	Negotiations

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¹⁵ Resourcing for this activity is currently under negotiation

Measure 1.3.3: 2.5.3. Improvement of the legal framework for the application of the Law on Deadlines for Obligation Settlement in Commercial Transactions							
Measure type	Body in charge of the implementation (implementation coordination) of the measure	Implementation period	Source of financing	Estimated financial funds per sources of financing in 000 RSD.		Connection with (PA/PJ) ¹⁶	Necessary changes / passing of regulations (yes-no)
				In the year t+1	In the year t+2		
Regulatory	MF / MECON / MJUS	December 2020	Donor or loans	-	-	PA	Yes
Indicator(s) at the level of measure (result indicator)		Unit of measure	Source of verification	Initial value	Base year	Target value in the year t+1	Target value in the final year of AP
Loss of the company due to uncollectable receivables as the percentage of the total income of the company		%	European Payment Report	2.9	2018	2.9	2.5
Introduction of the obligation that the court expert witness dealing with the appraisal of the real estate value must be a licensed appraiser pursuant to the Law on Appraisers of Real Estate Values		2019		-	2018	-	The proposal of amendments to the Law on court expert witnesses adopted at the Assembly.

Name of the activity:	Body which conducts the activity	Bodies partners in conducting of the activity	Deadline for the activity completion	Source of financing	Total estimated financial funds per sources in 000 RSD		Connection with program budget (PA/PJ)	Resourcing status
					2019	2020		
1.3.3.1 Ex post analysis of the application of regulations including B2B and G2B transactions	MF	MECON	31/03/20	Donor or loans	-	-	PJ	Negotiations

¹⁶ The codes of program activities and projects in the program budget are presented and within these the funds are provided while in Annex 4 the names of program activities and projects are given per codes

1.3.3.2 Execution of the amendments to the Law on Payment Deadlines	MF	MECON	31/05/20	Donor or loans	-	-	PJ	Negotiations
1.3.3.3 Implementation of promotional activities	SCC	MF, MECON	31/07/20	Donor or loans	-	-	PJ	Negotiations
1.3.3.4 Introduction of the obligation that the court expert witness dealing with appraisal of real estate values must be licensed appraiser pursuant to the Law on Appraisers of Real Estate Value.	MJUS	-	31/12/20	-	-	-	PJ	-

ABBREVIATIONS

Ministry of Finance	MF
Ministry of Economy	MECON
Agency for licensing of bankruptcy administrators	ALBA
Ministry of Justice	MJUS
International Financial Corporation / World Bank group	IFC / WB
Good Governance Project	GGF
European Bank for Reconstruction and Development	EBRD
Deposit Insurance Agency	DIS
Business Registers Agency	BRA
Serbian Chamber of Commerce	SCC
Export Credit and Insurance Agency	ECIA
Association of Accountants and Auditors of Serbia	AAAS
Memorandum on Cooperation concluded among MF, DIS, Development Fund, Bank Postanska Stedionica, and ECIA	Memorandum on Cooperation (MoC)
DIS, ECIA, Development Fund and banks in bankruptcy combined	State creditors