

On the basis of Article 17, Paragraph 7 of the Decree on Terms and Conditions for Attracting Direct Investment (“Official Gazette of the Republic of Serbia”, 64/2006), delivers

**THE RULES OF PROCEDURE
ON CONTENT AND FORMAT OF THE APPLICATION FORM FOR ATTRACTING
FOREIGN DIRECT INVESTMENTS**

Article 1

The Rules of Procedure regulates the content and format of the application form for participation in allocation of funds for attracting direct investments.

Article 2

Application for participation in funds allocation (hereinafter referred to as “the Application”) is to be submitted to the Serbia Investment and Export Promotion Agency using the Form 1 – Application for Participation in Funds Allocation for Attracting Foreign Direct Investment, printed along with the Rules of Procedure as an attachment.

Article 3

The Application is submitted by the investor registered in the Republic of Serbia which independently realizes an investment project, or a domestic or foreign investor which directly invests a different company which is registered in the Republic of Serbia and will realize the project which is the subject of the Application.

Article 4

Documents to be submitted with the application:

- 1) Detailed business plan, i.e. a project plan for which funds are being applied as well as an analysis of its economic feasibility;
- 2) Original or certified photocopies of Balance sheets and income statements for the previous three years of operations with a report from an authorised auditor (if there is a legal obligation to have a certified auditor), while a foreign legal entity should submit both the original or a certified photocopy and a certified translated copy;
- 3) A projected balance sheet and income statement, as well as a report on expected cash flow of for the next three years of the investment project’s operations, starting from the date when the application is submitted;
- 4) An original or certified photocopy from the Serbian Business Registers Agency submitted by an Investor with their head office in the Republic of Serbia or a certificate from the respective registry of the state in which the Investor has their head office which is not to be older than three months and is certified by the competent institution, as well as a certified translation of the certificate;
- 5) written declaration of whether funds from the budget of the Republic of Serbia have been awarded for the same project and, if so, under what conditions.

Article 5

The request for the awarding of funds is to be submitted on Form 2 – Request for Awarding of Funds, which is printed with the Rules of Procedure and attached as part of the application.

Article 6

The request for the awarding of the final increment of funds is to be submitted on Form 3 – Employment Dynamics, which is printed with the Rules of Procedure and attached as part of the application.

Article 7

These Rules of Procedure enter into force on the first day following their publication in the “Official Gazette of the Republic of Serbia.”

**APPLICATION
FOR PARTICIPATION IN PROCEDURE FOR AWARDING FUNDS FOR
ATTRACTING DIRECT INVESTMENTS**

Applicant – Investor:

.....
(Name of investor and location of investor's headquarters)

Application submission for awarding funds for the realization of investment project

.....
.....

(Investment project title and location)

I. WRITTEN STATEMENT OF ACCEPTANCE OF CONDITIONS FOR AWARDING OF FUNDS

Applicant – Investor:

.....

Person responsible on Investor's behalf:

.....

We hereby declare that we accept the terms and demands laid forth in the Decree on terms and conditions for attracting direct investment

Furthermore, we hereby declare that neither the Investor nor the company realizing the investment project (if the investment project is not realized directly by the Investor):

- fulfills legally-defined conditions for initiating bankruptcy proceedings or is currently involved in bankruptcy proceedings
- has previously received funding for the same purpose from the budget of the Republic of Serbia.
- has not reduced their register equity in the past 12 months by more than 50% or below the legally-mandated minimum;
- does not have outstanding obligations towards the Republic of Serbia;
- was not founded nor is majority owned by the Republic of Serbia.

Furthermore, we hereby declare:

- the investment project is not in the fields of primary agriculture production, hospitality, retail, synthetic fiber production or coal;
- activities involving the purchase, construction, reconstruction and equipping of production facilities which are the subject of the investment project have not been undertaken without the necessary licenses and permissions for the construction, reconstruction or adaptation which have not been issued earlier than three years from the date of submission for awarding funds;
- the company realizing the investment project has not significantly reduced its number of employees nor issued a plan for reducing redundant workers in accordance with the regulations which determine labor relations within one year from the date of submission of this application;
- all information and documents which comprise this application are accurate and complete. All documents submitted are certified copies of original documents.

Place and date:

Company seal:

Signature of authorized
representative:

II. BASIC INVESTOR INFORMATION

1.	Company name:			
2.	Year founded:			
3.	Company activity:			
4.	Official address:			
5.	Identification number:			
6.	Telephone number, fax number and e-mail address:			
7.	Website:			
8.	Legal representative(s):			
9.	Contact person:			
10.	Position in the company:			
11.	Annual sales/turnover in the previous year (in euros)			
12.	Annual sales/turnover in the year of application submission (in euros)			
13.	Number of full-time employees in the last 2 years (by business sector)			
	Research and development	Manufacturing	Marketing and sales	Administration / other
20__.				
20__.				
14.	Number of full-time employees in the year of application submission:		
	Research and development	Manufacturing	Marketing and sales	Administration / other
20__.				
15.	Planned number of full-time employees in the following three years (per year and business sector)			
	Research and development	Manufacturing	Marketing and sales	Administration / other
20__.				
20__.				
20__.				
16.	Holders of a 10 percent stake or greater (state owner name and percentage)			
17.	The municipality where the investment project will be located/realized			
18.	Investment value in euros			

III. GENERAL INFORMATION ABOUT THE INVESTOR

Strategic orientation of the company. Business goals for the following 3 to 5 years with regards to the investment project in the Republic of Serbia.

Please state:

- Founding and current status of the company, information regarding stock exchange movement, if the company is listed on a stock exchange;
- Milestones in the company's operation (in chronological order);
- business results to date and future expectations regarding the role and contribution of the investment project relative to future activities;
- information regarding realization of similar investment projects in the country of the company's founding or in other locations;
- economic feasibility of the investment project.

1) MOST IMPORTANT PRODUCTS AND SERVICES

	Most important products/services	Share in aggregate sales (in %)	Share in aggregate exports (in %)
1.			
2.			
3.			
4.			
5.			

2) SALES FIGURES AND MARKETS TO WHICH PRODUCTS/SERVICES ARE EXPORTED

		Total sales in last 2 years of operation (in euros)		Current year
		20__.	20__.	20__.
1.	Sales volume			
2.	Export volume			
	(market 1): _____			
	(market 2): _____			
	(market 3): _____			
	Other markets: _____			

IV. THE INVESTMENT PROJECT – INFORMATION SHEET

- Company which will realize the investment project (Beneficiary of Funds):

.....

- Current number of full-time employees:
- Sector (activity) in which the investment project is being realized:
- Location of investment project (city / municipality):
- Investment project completion date (to include date when full employment envisaged by investment project is realized):.....
- Value of investment into fixed assets envisaged by the investment project (in euros)
:.....
- Number of full-time jobs that will be created by the investment project that the company will be obligated to create by the agreement on awarding of funds:.....

1) INVESTMENT PROJECT DESCRIPTION AND GOALS

Please describe the economic feasibility and goals of the investment project. Provide a brief description of planned investments in land and building structures, planned goods / services, as well as an outline of the technological process.

2) COMMERCIAL ASPECT OF THE INVESTMENT PROJECT

Marketing strategy:

- product development strategy;
- market positioning and target market share;
- distribution, etc.

3) SWOT ANALYSIS OF THE LEGAL ENTITY

INTERNAL FACTORS			
POSITIVE FACTORS	S-(strengths):	W-(weaknesses):	NEGATIVE FACTORS
	1. 2. 3.	1. 2. 3.	
	O-(opportunities):	T-(threats):	
	1. 2. 3.	1. 2. 3.	
EXTERNAL FACTORS			

4) COMPETITION ASSESSMENT:

- Competitors operating in the Serbian and other markets (advantage, size, free capacities, etc.);
- Advantages/disadvantages of the product, i.e. service relative to competitor products and services
- Estimate of purchasing power and supplier capacities (estimate of the share of Serbian suppliers relative to total aggregate supplies).

5) MARKET RESEARCH ANALYSIS (In the Republic of Serbia and export countries):

- market growth outlook;
- envisaged market share;
- factors impacting demand;
- factors impacting profit.

6) INVESTMENT PROJECT FINANCIAL PLAN

Determine the investment value through individual group of assets (fixed assets):

Value of fixed assets (in euros) Tangible assets	In the year of application submission 20__.	In the following three years			Total
		20__.	20__.	20__.	
Land: (surface area and type)					
Buildings / facility capacities					
Manufacturing equipment					
Other equipment					
Intangible assets					
Patents / licenses, etc.					
Total (in euros):					

7) COSTS OF THE INVESTMENT PROJECT

Please assess the costs/expenses of the proposed investment project:

Type of costs / expenses in euros	Value in euros
Infrastructural equpping/completion of the site:	
1.	
2.	
3.	
Construction / purchase / reconstruction / capacities:	
1.	
2.	
3.	
Purchase of plant / machinery and equipment:	
1.	
2.	
3.	
TOTAL (in euros):	

8) SOURCES OF FUNDING FOR THE PROPOSED INVESTMENT PROJECT

Total (in euros) Sources of funding	Current year 20__,	In the following three years			Total
		20__.	20__.	20__.	
Equity capital (foreign)					
Equity capital (domestic)					
Bank loans <i>(please specify expected interest rate)</i>					
Bonds <i>(please specify expected interest rate)</i>					
Other sources of financing: <i>(Please specify the type and interest rate)</i>					
TOTAL					

9) EMPLOYMENT OF NEW WORKERS ENVISAGED BY THE INVESTMENT PROJECT

Please specify the needs for new employees to be recruited for each year of the proposed investment project over the next three-year period:

FULL-TIME STAFF	In the year of application submission 20__.	In the following three years			Total
		20__.	20__.	20__.	
Research and development					
Manufacturing					
Marketing and sales					
Administration					
Other					

The investor, i.e. the Beneficiary of Funds is committing by contract to create _____ new job positions during a period of three years from the contract signing date as envisaged by the proposed investment plan.

10) ADDITIONAL TRAINING TYPES AND COSTS

Please specify the additional education and training types and their costs for the previously stated job positions for the next three years:

	Costs of additional training (in euros) Type of additional training	In the year of application submission 20__.	In the following three years			Total
			20__.	20__.	20__.	
Research and development						
Manufacturing						
Marketing and sales						
Administration						
Other						

11) SHARE OF INVESTMENT FOR TECHNOLOGY AND DEVELOPMENT

Briefly describe:

- The company's plan for research and development (R&D) activities;
- The scope and time frame for investments in R&D equipment;

12) PERMANENT IMPACT OF THE INVESTMENT PROJECT ON THE REPUBLIC OF SERBIA

Assessment of different effects on the Republic of Serbia based on a cost/benefit analysis:

In millions of DINARS	Current year	In the following three years			Total
		20__.	20__.	20__.	
LABOR COSTS					
Aggregate net salaries/fees					
Aggregate contributions for pension and disability, health insurance and insurance and unemployment insurance					
Aggregate taxation on salaries/fees					
Aggregate profit tax					
CORPORATE INCOME TAX					
SERVICES WHICH WILL BE ACQUIRED WITHIN THE TERRITORY OF THE REPUBLIC OF SERBIA					
Electricity					
Telecommunications					
Professional education/training					
Premises - leasehold					
Insurance premiums					
Fuel					
Other (please specify)					
CONTINUOUS PROCUREMENT OF PRODUCTS IN SERBIA (please specify)					

13) ENVIRONMENTAL IMPACT ASSESSMENT

Provide an assessment of the proposed investment project's impact on the environment by highlighting the following issues:

- How does the investment project impact the exploitation of natural resources (water, air, mineral and raw materials, plants and animals)?
- Does the investment project considerably impact natural resources, even if it does not threaten their particular nature and their capacity to regenerate and reproduce?
- Does the investment project envisage extensive utilization of natural resources that would greatly reduce their capacity to regenerate?
- Does the execution of the investment project generate emissions and energy release beyond limited values into the water, air, and soil? Does it also state the limited values of such emissions (in accordance with the Republic of Serbia official regulations)?
- Does the technological process of manufacturing envisage wastewater treatment? Does the technological process of manufacturing utilize materials which may lead to environmental pollution?

14) A BRIEF EXPLANATION OF THE REASONS THAT JUSTIFY THE APPLICATION FOR THE FUNDS AND THE SIGNIFICANCE OF THE FUNDS FOR THE INVESTMENT PROJECT

15) OBJECTIVES OF THE INVESTMENT PROJECT

Please specify the objectives aimed to be achieved by executing the investment project and list the criteria for assessing achieved objectives.

Strategic objectives for the period of 3 to 5 years		Indicators / criteria
Economic		
Marketing		
Developmental, technological		
Human resources		

(2) Manager of the investment project and his/her references

First name and surname	
Professional qualification and job title/position	
Area of work	
Experience acquired with similar investment projects (number of years)	
Total years of experience	

APPENDIX: References of the investment project manager.

V. INFORMATION ON THE BENEFICIARY OF FUNDS

(if the project is not realized directly by the Investor)

1.	Company name/firm:			
2.	Year founded:			
3.	Company activity:			
4.	Official address:			
5.	Identification number:			
6.	Telephone number, fax number and e-mail address			
7.	Website			
8.	Legal representative(s):			
9.	Contact person:			
10.	Position in the company:			
11.	Annual sales/turnover in the previous year (in euros)			
12.	Annual sales/turnover in the year of application submission (in euros)			
13.	The average number of employees in the last 3 years (by business sector)			
	Research and development	Manufacturing	Marketing and sales	Administration / other
20__.				
20__.				
14.	Number of full-time employees in the year of application submission:		
	Research and development	Manufacturing	Research and development	Administration / other
20__.				
15.	Planned number of full-time employees in the following three years (per year and business sector)			
	Research and development	Manufacturing	Marketing and sales	Administration / other
20__.				
20__.				
20__.				
16.	Holders of a 10 percent stake or greater (state owner name and			

	percentage)	
17.	The municipality where the investment project will be located/realized	
18.	Investment value in euros	

VI. GENERAL INFORMATION ON THE BUSINESS OF THE BENEFICIARY OF FUNDS

Please state:

- Founding and current status of the company, information regarding stock exchange movement, if the company is listed on a stock exchange;
- Milestones in the company's operation
- business results to date and future expectations
- information regarding realization of similar investment projects
- economic and technological feasibility of the investment project
- any funds which may have been awarded previously for the same project or similar projects

1) MOST IMPORTANT PRODUCTS AND SERVICES

	Most important products/services	Share in aggregate sales (in %)	Share in aggregate exports (in %)
1.			
2.			
3.			
4.			
5.			

2) SALES FIGURES AND MARKETS TO WHICH PRODUCTS/SERVICES ARE EXPORTED

	In euros	Previous 2 years		Current year
		20__.	20__.	20__.
1.	Sales volume			
2.	Export volume			
	(market 1): _____			
	(market 2): _____			
	(market 3): _____			
	Other markets: _____			

EMPLOYMENT DYNAMICS

The creation of new employment shall be determined as a net increase of the number of employees in the legal entity of the Beneficiary of Funds and only takes into account workers who are newly employed on a full-time basis. New vacancies must be created within three years from the day of the signing of the contract on awarding funds.

Please provide supporting documents proving the existence of new employees (forms M-3A) for each new employment.

NEW JOB POSITIONS		
NU MBE R	NAME AND SURNAME	DATE EMPLOYED
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
...		

Place and date:

Company seal:

Signature of person
responsible