ANNEX II: TERMS OF REFERENCE

1. BACKGROUND INFORMATION 2

1.1. Partner country 2

1.2. Contracting authority 2

1.3. Country background 2

1.4. Current situation in the sector 2

1.5. Related programmes and other donor activities 2

2. OBJECTIVES & EXPECTED OUTPUTS 2

2.1. Overall objective 2

2.2. Specific Objective(s) 3

2.3. Expected outputs to be achieved by the contractor 3

3. ASSUMPTIONS & RISKS 3

3.1. Assumptions underlying the project 3

3.2. Risks 3

4. SCOPE OF THE WORK 3

4.1. General 3

4.2. Specific work 4

4.3. Project management 4

5. LOGISTICS AND TIMING 4

5.1. Location 4

5.2. Start date & period of implementation of tasks 4

6. REQUIREMENTS 5

6.1. Staff 5

6.2. Office accommodation 7

6.3. Facilities to be provided by the contractor 7

6.4. Equipment 7

7. REPORTS 7

7.1. Reporting requirements 7

7.2. Submission and approval of reports 8

8. MONITORING AND EVALUATION 8

8.1. Definition of indicators 8

8.2. Special requirements 8

# BACKGROUND INFORMATION

## Partner country

Republic of Albania, Bosnia and Herzegovina, Republic of Serbia, Kosovo[[1]](#footnote-1)\*, Montenegro, Republic of North Macedonia

## Contracting authority

WESTERN BALKANS SIX CHAMBER INVESTMENT FORUM (WB6 CIF)

WB6 CIF is a regional association of national chambers of commerce and industry from Western Balkans, which is set up with the aim to increase involvement of business communities in the initiatives seeking to promote economic development of the Western Balkans, with particular focus on the activities supporting promotion of regional economic integration and cooperation and the integration of the Western Balkan region into the European Union. Its Permanent Secretariat–particularly the Secretary-General–is responsible for administrative and organisational tasks as well as the external representation of WB6 CIF, is responsible for providing the necessary technical and administrative support to the entire structure of WB6 CIF and for the overall management.

## Country background

According to the Commission’s Country Reports, all Western Balkan economies still need to reach the level of functioning market economy, capable of withstanding market forces and competitive pressure within the EU. Despite good recent developments, the average GDP per capita in the region remains nearly quarter that of the 27 EU members average and roughly 40% that of the CIS EU members (IMF, 2023).

Furthermore, the Western Balkans remain poorly integrated into the global and European markets despite the robust growth of exports of goods and services in previous years (30% for 2022). Compared to their peers in Central and Eastern Europe, where the share of export of goods and services in GDP average around 70% (63%, in large economies as Poland; over 90% in Slovakia and Hungary), the region lags significantly behind at 59% (2022). Also, the growth of exports of Central and Eastern European (CEE) countries to the EU in the pre-accession period was much faster.

## Current situation in the sector

Intra-regional trade has stagnated for many years but has grown significantly in the last two years (EUR 8,8 bn in 2022). The share of exports within the region remains small at around 14% despite the proximity and other trade promotion factors. The EU remains the dominant export market for all Western Balkan economies (EUR 35 bn in 2022); for most of the economies exports to the EU are 5 times bigger than to CEFTA parties. Today, the region’s exports to CEFTA and Germany are roughly the same, around 9 billion euros. Main trade barriers are procedural obstacles at customs, product safety requirements, including sanitary and phytosanitary measures and technical barriers to trade. There are place to resolve issues related to customs procedures, further alignment with EU norms and practices for reduce SPS/TBT barriers and conclusion of mutual agreements for conformity assessment procedures and certificates.

OECD reports that there is still room for improvement in integration of WB SMEs in European supply chains. The cooperation exists mostly in the final stages of the international supply chains in food, beverages and tobacco in addition to textiles and clothing, and mostly the intermediate stages of wood and cork, paper, printing and publishing, other non-metallic mineral products and fabricated metal products, as well as both first and intermediate stages of basic metals. The strongest export potential relates to machines and equipment and chemicals and plastics (GET, 2023). The product mix within the Western Balkan economies also explains the limited integration to date into European supply chains. Over 50% of the region’s manufactured goods are classified as “labor and resource intensive” or “low-skill and tech intensive”, in comparison to about 30% in the European Union. In contrast, only 18% fall into the category “high-skill and tech-intensive goods” in comparison to 27% in Central and Eastern Europe.

According to the World Bank's report, businesses in the Western Balkans face significant challenges in business internationalization and have less developed support systems. Although trading mostly with tariff-free markets, Balkan markets are burdened with significant non-tariff barriers. Exporters in the Western Balkans typically face bigger obstacles to doing business than those in CEE. Expanded regional co-operation represents a unique opportunity for Western Balkan economies to scale up and boost growth by making the most of intensified economic integration. Through resource- and knowledge-sharing networks, together with an enhanced regional trade, they are more likely to increase their productivity and competitiveness. Strengthened economic integration will also result in greater resilience to external shocks.

With almost 70% of the region’s exports directed towards the EU, all Western Balkan governments are working to adopt EU standards and harmonize technical regulations, with the adoption rate reaching 94%, up 3 percentage points since 2019. They are prioritizing SME efforts to increase export volume and to improve their complexity and sophistication. Since 2019, financial incentives for greening available to SMEs have been multiplied, albeit unevenly across the region. During the same period, the average regional share of SMEs offering green products or services increased 5 percentage points, to 25%; approaching the EU average of 32%. Most SMEs took at least one action to become more resource-efficient, often minimizing waste or saving energy or water

## Related programmes and other donor activities

In 2021 the leaders of the Western Balkans 6 adopted Common Regional Market Action Plan 2021-2024 (CRM AP) aiming as a catalyst for deeper regional economic integration and a stepping stone towards EU Single Market. The leaders agreed to enhance economic cooperation in the region by developing Common Regional Market, based on the EU rules and standards, to increase the attractiveness and competitiveness of the region and to bring the region closer to the EU markets. The Action Plan is based on the four freedoms and enriched with trade, digital, investment, innovation and industry areas. In the context of the CRM AP, WB6 CIF has been recognized as a voice of Western Balkans 6 (WB6) businesses, stating that “the private sector perspective and contribution will be ensured through close cooperation with WB6 CIF with a view to facilitating implementation of joint actions. At the same time, these actions will provide linkages and seek synergies with their European partners.” WB6 CIF has been involved in implementation of regional actions, jointly with other relevant organizations: Regional Cooperation Council (RCC), CEFTA, Transport Community (TC) and other supporting organizations/institutions.

With the Brussels Declaration from the EU-Western Balkans Summit from December 2023, the WB6 CIF has been recognized as one of the main stakeholders in the Common Regional Market, and for the first time has been tasked to work on preparation of an ambitious successor to the current Common Regional Market Action Plan before the current one expires in 2024. In line with the New Growth Plan for the Western Balkans, this entails, among others, aligning with the EU single market rules and opening relevant sectors and areas, incentivizing and implementing fundamental reforms with a view to close convergence gap with EU, advancing the four freedoms and improving sustainable economic growth.

# OBJECTIVES & EXPECTED OUTPUTS

## Overall objective

The overall objective of the project of which this contract will be a part is to contribute to solving two interlinked problems: insufficiently developed intra-regional trade and investment, and the competitive pressure of the EU Single Market.

## Specific objective(s)

The specific objectives (outcomes) of this contract are as follows:

* to obtain an adequate methodology for monitoring of CRM 2.0 implementation
* to update the Market Access Database with the data about critical raw material operators

## Expected outputs to be achieved by the contractor

The expected outputs of this contract are as follows:

* Output 1 to Outcome 1: set of criteria for identification of key performance indicators (KPIs)
* Output 2 to Outcome 1: report on pilot testing of KPIs, i.e. survey with 180 companies
* Output 1 to Outcome 2: minimum 60 WB6 companies dealing with critical raw materials entered into Market Access Database

# ASSUMPTIONS & RISKS

## Assumptions underlying the project

N/A

## Risks

N/A

# SCOPE OF THE WORK

## General

### Description of the assignment

The purpose of this contract is: 1) to provide support to Contracting Authority in monitoring the implementation of the Common Regional Market Action Plan 2025-2028, and 2) to map the companies from WB6 dealing with extraction and processing of critical raw materials, that is, the Market Access Database <https://www.market-access.wb6cif.eu/> .

### Geographical area to be covered

WB6

### Target groups

WB6 CIF, SMEs from WB6 and EU

## Specific work

The tasks are related to 2 themes:

A. Common Regional Market Action Plan 2025-2028 (CRM 2.0)

B. Market Access Database

**A. COMMON REGIONAL MARKET ACTION PLAN 2025-2028 (CRM 2.0)**

In order to assist the Contracting Authority in monitoring the implementation of the Common Regional Market Action Plan 2025-2028 (CRM 2.0), the Contractor is tendered to complete the following three groups of activities:

1. Develop set of criteria for identification of key performance indicators (KPIs) in relation to the goal of the CRM 2.0
2. Elaborate and justify KPIs selection
3. Pilot testing of KPIs

All outputs should be done in English, and delivered in electronic form.

**Activity 1: Develop set of criteria for identification of key performance indicators (KPIs) in relation to the goal of the CRM 2.0**

The mail goal of this activity is to develop set of criteria for identification of key performance indicators that would be used to monitor the implementation of the Common Regional Market Action Plan for the countries of the Western Balkans. The Contractor should have in mind the goal of the CRM 2.0 and excellent understanding of the Western Balkan economies and socio-economic environment.

The criteria for well-defined and effective KPIs should be:

* Realistic, achievable and relevant: KPIs are directly aligned with the strategic objectives. They measure activities that are critical to achieving desired outcomes and provide insights into areas that significantly impact the success of the CRM AP;
* Specific and Clear: Well-defined KPIs are specific and clearly articulated. They should focus on a particular aspect of the activity and provide a clear understanding of what is being measured. Vague or ambiguous KPIs can lead to confusion and hinder effective tracking of the activity;
* Quantifiable and measurable: They should be based on data that can be objectively collected, analyzed, and tracked over time. This allows for accurate and consistent measurement of the activity and enables meaningful comparisons and analysis;
* Time-bound: KPIs should be time-bound, meaning they have a specific timeframe in which they are measured. This allows for tracking progress and assessing performance over a defined period. Time-bound KPIs also provide a sense of urgency and help establish clear deadlines for achieving targets;
* Aligned with benchmarks or targets: Effective KPIs are often set in relation to benchmarks or targets. They provide a reference (base) point against which activity can be compared. Comparing actual performance to predetermined benchmarks or targets helps evaluate progress and identify areas for improvement in certain activity.
* Reliable and Accessible Data: KPIs rely on accurate and reliable data to provide meaningful insights. It is important to ensure that the data used for KPI measurement is trustworthy, regularly updated, and easily accessible;
* Balanced: A set of effective KPIs maintains a balance between different activities. A well-balanced set of KPIs provides a holistic view of performance and enables comprehensive evaluation of different activities.

Potential indicators include: border crossing efficiency, administrative barriers, integration of services, labour mobility, etc.

The phases in the implementation of this activity should include:

1. Review of relevant literature

2. Consultations with stakeholders

3. Development of criteria

4. Validation

**Activity 2: Elaborate and justify KPIs selection**

**Activity 3: Pilot testing of KPIs**

The purpose of this activity is to test the usability of the designed indicators through a pilot survey. Questionnaire for survey need to be prepared and then the survey conducted with 30 companies operating in different sectors in each of WB6 economies (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia), that is, 180 companies in total.

**B: MAPPING OF COMPANIES FOR MARKET ACCESS DATABASE**

The task refers to mapping of companies from the WB6 that are engaged in **extracting and processing** of **critical raw materials.**

The mapping should yield the inputs for an interactive on-line platform of the Contracting Authority, that is, the Market Access Database <https://www.market-access.wb6cif.eu/public> This website gives an insight into the information about each company which the contractor should collect.

Upon signing the contract, the Contractor will be instructed by the database administrator in which form to deliver the collected information, so that they can be entered into the on-line database.

The minimum number of identified business operators from WB6 should be 60.

The following are the links to some useful documents:

[European Critical Raw Materials Act](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1661)

[RMIS - Raw Materials Information System](https://rmis.jrc.ec.europa.eu/)

All results and outputs must comply with the latest Communication and Visibility Manual for EU External Actions concerning acknowledgement of EU financing of the project. (See <https://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions_en>

## Project management

### Responsible body

Permanent Secretariat of WB6 CIF

### Management structure

The institutional setup of WB6 CIF is made of the following organs: the General Assembly, the Managing Board, and the Permanent Secretariat. The General Assembly defines the overall strategic direction and monitors the Managing Board. The Managing Board has the overall decision-making power. The Permanent Secretariat –particularly the Secretary-General – is responsible for administrative and organisational tasks as well as the external representation of WB6 CIF.

In more details, the General Assembly is composed of the representatives of the six founding members and it meets at least once annually. Key tasks of the General Assembly are: to define the general guidelines for actions, to approve the WB6 CIF’s Financial Statements, to agree on an Annual Action Plan.

The Managing Board is composed of the presidents of the chambers of commerce of the WB6 economies (or their appointed representatives). It incorporates the main decision-making power of WB6 CIF and its Chairperson is the legal representative of the WB6 CIF. The Chairperson of the Managing Board is elected among its members for four years, after which another president takes over (rotation principle).

The Permanent Secretariat is led by Secretary General and Deputy Secretary General (in his/her absence). Both are appointed by the Management Board for four years.

In addition, in order to facilitate exchange of knowledge and practices in different fields and to advise decision-making bodies, WB6 CIF has initiated establishment of 9 thematic groups composed of one expert delegated by the chamber member, with additional possibility of involving business sector representatives (SMEs), in order to have more comprehensive approach with sectorial coverage.

### Facilities to be provided by the contracting authority and/or other parties

No facility will be provided by Contracting Authority or other parties.

# LOGISTICS AND TIMING

## Location

WB6, Italy, EU

## Start date & period of implementation of tasks

The intended start date is 20/12/2024 and the period of implementation of the contract will be until 15 March 2025. Please see Articles 19.1 and 19.2 of the special conditions for the actual start date and period of implementation.

In case the extension of the project duration takes place, the Contractor’s services, if need be, can be prolonged for an additional period of time. Remuneration amount would be agreed by an annex, depending on time of additional engagement and available budget.

# REQUIREMENTS

## Staff

Note that civil servants and other staff of the public administration of the partner country, or of international/regional organisations based in the country, shall only be approved to work as experts if well justified. The justification should be submitted with the tender and shall include information on the added value the expert will bring as well as proof that the expert is seconded or on personal leave.

### Key experts

Key experts are not required.

### Other experts, support staff & backstopping

The tenderer will have to demonstrate in their offer that they have access to experts with the required profiles. The contractor shall select and hire other experts as required according to the needs. The selection procedures used by the contractor to select these other experts shall be transparent, and shall be based on pre-defined criteria, including professional qualifications, language skills and work experience.

The costs for backstopping and support staff, as needed, are considered to be included in the tenderer's financial offer.

## Office accommodation

Office accommodation for each expert working on the contract is to be provided by the contractor.

## Facilities to be provided by the contractor

The contractor shall ensure that experts are adequately supported and equipped. In particular, it must ensure that there is sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities. It must also transfer funds as necessary to support their work under the contract and to ensure that its employees are paid regularly and in a timely fashion.

## Equipment

**No** equipment is to be purchased on behalf of the contracting authority / partner country as part of this service contract or transferred to the contracting authority / partner country at the end of this contract. Any equipment related to this contract which is to be acquired by the partner country must be purchased by means of a separate supply tender procedure.

# REPORTS

## Reporting requirements

The Contractor will submit the following reports in English by e-mail, in pdf format:

* report of minimum 2 pages, in free format, summarizing all activities performed in the initial phase since contract signing (ending with production of Business Analysis Report). Approval of the report constitute the base for interim payment.
* report of minimum 2 pages, in free format, summarizing all activities performed after approval of Business Analysis Report until completion of all tasks. The report must be accompanied by Statement on Maintenance. Approval of the report constitute the base for final payment.

## Submission and approval of reports

The report referred to above must be submitted to the project manager identified in the contract. The project manager is responsible for approving the reports.

# MONITORING AND EVALUATION

## Definition of indicators

The indicator of the successful implementation of the contract is “Services provided in timely, quality and quantity manner, as required in these Terms of Reference.

## Special requirements

N/A

1. [↑](#footnote-ref-1)