

## ANNEX II: TERMS OF REFERENCE

### “Provision of External provider for Evaluation of PEP”

#### List of abbreviations

RAS	Development Agency of Serbia
SME	Small and medium Enterprises
MoE	Ministry of Economy
PEP	Programme for purchase of equipment
CfP	Call for Proposals
IPA	Instrument for Pre-Accession Assistance
ToR	Terms of References
KPI	Key Performance indicators
MSI	Management information system

## 1. BACKGROUND INFORMATION

### 1.1. Partner country

The Republic of Serbia

### 1.2. Contracting authority

Development Agency of Serbia – “RAS”

### 1.3. Country background and current situation in the sector

Low competitiveness of Serbian enterprises is a result of challenges of the business environment faced by private sector. The Government has taken a comprehensive approach in addressing these challenges, aiming to reduce administrative costs by 15-20% until 2020. This resulted in a significantly improved ranking in the Doing Business Report, from 91<sup>st</sup> in 2014 to 48<sup>th</sup> place in 2018. More than 100 administrative fees have been abolished and it was made easier to deal with construction permits. Starting a business has been made simpler, the reliability of the land administration system was strengthened and enforcing contracts was made easier.

One of the elements of the business environment seriously affecting the competitiveness of Serbian enterprises is limited access to affordable finance. Over 69% of companies interviewed in USAID’s Serbia Business Survey 2017 reported that they did not borrow to finance operations and growth. According to the same Survey, 84% of SMEs are financed from their own sources. The situation is particularly worrisome for small companies. The financing gap based on the potential demand from, for example, micro enterprises in Serbia, is estimated between 938 – 1,036 EUR million. The micro-financing and venture capital investment are impeded by lack of legal framework, and the unfavourable offer of loans by the banking sector is caused by high requirements for collateral, low credit rating and limited transparency of financial statements of the loan applicants. Lack of affordable financing is preventing Serbian enterprises to modernize their production and to invest in innovation and commercialisation,

resulting in low productivity with only 9.2 % of manufacturing having high and medium high-technology products. This affects SMEs and particularly small companies with, for example, companies in the field of textiles, on average, using 35 years old machinery, followed by companies from the machine industry with equipment that is 34.5 years old . Equipment, tools and other productive resources are the most obsolete in the region of southern Serbia (41 years) and the least obsolete in the region of Bačka (18.5 years) and in Belgrade (20.5 years). Consequently, SMEs have less chance of producing high quality products able to compete on international markets on the basis of quality, quantity and unit costs.

The Competitiveness sector as a whole received EUR 1.782 billion of budget funds in the 2015-2018 period, which amounts to average of 5.78% of the total budgetary funds allocated to all sectors. In regard to the origin of resources, the Competitiveness sector was predominantly funded by allocation of the internal (national) resources. The funding from the internal resources amounted to 1.318 EUR billion, relative to 200 EUR million funding from the external resources. In the structure of external funding, international loans generally dominated over international donations and EU assistance. The disbursement rate of the loans is 71%, which is the second highest disbursement rate among all other sectors. The largest amount of funds was allocated to Entrepreneurship and Competitiveness, and Research and Development and Innovation. Over the four years, 78% of total funds for the sector were allocated for these areas, showing the Government's strategic commitment towards private sector support and the knowledge-based economy. In the 2015-2018, EUR 70 million were allocated for that purpose. In 2019-2021, it is planned that the sector receives EUR 1.376 billion of total allocations for all sectors. In the forthcoming three years, 9% (or 57 EUR million) of the internal resource's allocation for the Entrepreneurship and Competitiveness will be directed for the development of entrepreneurship. It will include support to SMEs to purchase equipment, invest in business operations and increase competitiveness of their products and services.

Serbia needs to push for higher profitability and productivity gains and higher investment rates among its SMEs through continuing creation of business-friendly environment, by simplifying and strengthening business operations and improving the quality of services. However, the enabling environment for businesses does not encompass only regulatory and administrative reforms. As part of the comprehensive approach, Serbia needs to continue to improve access to finance to SMEs and diversify existing funding mechanisms.

The sector strategy covering the Action relevant to the Terms of reference is **Strategy to support the Development of SMEs, Entrepreneurship and Competitiveness (2015-2020) (SME Strategy): Pillar 1:** Improvement of business environment Dimension 1: Establishment of stimulating regulatory framework in accordance with demands and abilities of SMEs **Pillar 2:** Improvement of access to sources of funding Dimension 3: Improvement of the ability of SMEs to access various sources of funding; **Pillar 4:** Enhancing the sustainability and competitiveness of SMEs Dimension 1: Improvement the efficiency of the institutional support to business operations and development of SMEs and entrepreneurship Dimension 3: Improvement the functionality of the national innovation system.

#### **1.4. Related programmes and other donor activities**

This Action is part of the Country Action Programme for the Republic Serbia for the year 2019-EU Support to Competitiveness, Research and Development and Innovation. Jointly with other actions from the Country Action Programme it will contribute to its overall objective to increase the competitiveness of the Serbian economy. Specifically, it addresses the need to strengthen the private sector's impact on the economy by increasing its business efficiency and their share in turnover, GDP and profitability. Through providing financial support for purchasing of new equipment, the Serbian companies will be more competitive and that leads to an increase in competitiveness of the Serbian economy. Regardless COVID-19 related support instruments, there are several national and regional EU funded project and initiatives which are relevant for improving access to finance for SMEs and with whom the proposed Action have supplementary

scope and development approach. The Western Balkan Enterprise Development and Innovation Facility (WB EDIF) is improving access to finance for SMEs through its Equity (ENEF and ENIF), Lending (Regional Competitiveness Programme) and Guarantee instruments (GF I, GF II and „EU for Serbia –financing for SMEs”). Total funding for Serbia so far is more than EUR 205 mil and more than 1 200 SMEs benefited from the interventions. Nevertheless, instruments of this platform mostly support loans for working capital, equity investments or loans for upgrading production processes to EU standards in the fields of environmental protection, product safety and quality and occupational health and safety. Some instruments from WB EDIF have been extended at national level in Serbia: through “EU for Serbia – Finance for SME” (IPA 16) - 20 mil EUR has been allocated for favourable loans for SMEs, while “EBRD SME Competitiveness Support Programme” got additional 10 million EUR funding for Serbia from the IPA 18 allocation. Important positive influence in terms of boosting banks credit activity towards SME sector have guarantee schemes financed from EU programs, i.e. COSME, EaSI and InnovFin. As already stated, the Action represents scaling up of well-established national PEP which has been developed with the support from USAID BEP program, while MIS software has been acquired with support from German bilateral co-operation.

## **2. OBJECTIVE, PURPOSE & EXPECTED RESULTS**

### **2.1. Overall objective**

The overall objective of the Action is to contribute to increase competitiveness of the Serbian economy.

Action “IPA 2019 – Direct Grant to the Development Agency (Action) of Serbia – Scaled up and technologically improved production capacity solutions among micro and small enterprises and entrepreneurs” shall contribute to increased competitiveness of the Serbian economy by supporting investment of micro, small and medium enterprises in modernization of production equipment and expansion of production.

The specific objective of the Action is to increase business efficiency of Serbian SMEs. In addition, action will strengthen capacities of national institutions to run complex future development of the programs, funded from national or EU funds and to provide inputs for adjustment of portfolio of support programs towards post- COVID19 recovery and long - term development needs.

The specific objectives of the Program could be summarized in the following micro and macro indicators:

- SMEs revenue growth;
- SMEs employment support;
- Internationalization of business and inclusion of SMES in the supply chains of large systems;
- Improvement of SMEs technological production processes;
- Improving SMEs competitiveness;
- Encouraging environmental protection;
- Improving the financing conditions of micro, small and medium businesses and entrepreneurs.
- Improving the Global competitiveness index (score)
- Maximizing the share of SMEs in the total turnover, GDP and profit of overall economy

## **2.2. Purpose**

Purpose of the Action is to provide scaling up of very successful national program Programme for purchase of equipment PEP, which has been implemented in partnership with commercial banks and leasing companies for several previous years. Action will enable more favourable financing terms for SME investment loans, in terms of lower interest rates offered by the banks and elimination of hard collateral (i.e. mortgage), as requested collateral. Hence, it will support recovery of investments in SME sector after COVID-19 slow-down of the project. Through providing financial support for purchasing of new equipment, the Serbian SMEs will expand and technologically improve production capacity which would lead to an increase in competitiveness of Serbian SMEs and consequently economy as whole.

To contribute to successful achievement of the purpose and the overall objective of the Action, the main purpose of this Contract is to provide adequate evaluation and analysis of successful national SMEs support program for purchase of equipment – PEP.

To fulfil the purpose of the Contract the Contractor shall provide the Contracting Authority the PEP evaluation methodology, overall impact evaluation of PEP implementation in the defined period, brief SMEs needs analysis and recommendations for the possible future long-term alteration of the program.

The project evaluation will provide an assessment of the design of the program its strategic relevance and its delivery. Expected outputs will be focusing on how the Program relates to the conditions on the ground, the level of commitment to key clients of the program and their needs as well as the coordination between the key partners to the program. The evaluation will also assess whether the program has achieved intended results and impacts, its sustainability and the lessons learned. Provided tools and methods will enable the Contracting Authority the further assessment of the Program.

Based on the evaluation results within a brief analysis, SMEs needs will be addressed, in order to improve the program design and structure and to fulfill the main objectives of the Action.

Based on the evaluation and the analysis the final outcome is expected to include the recommendations for the possible future long-term alteration of PEP.

## **2.3. Results to be achieved by the contractor**

The minimum but without limitation, of outputs, that are expected to be delivered by the contractor are:

- Detailed methodology used for PEP evaluation, work plan and explanations of instruments and resources used during the evaluation process
- The overall evaluation of PEP impact during the period of 2013-2019 of the Program implementation.

The evaluation report shall include sections highlighting:

- Qualitative and quantitative evaluation of the Program during the period of its implementation from the year of 2013 to the year of 2019. Special emphasis shall be placed on the quantitative evaluation of defined program key performance indicators in the period 2016-2019.
- The program implementation process, its background, issues, challenges, achievements/or lack of, missed opportunities.
- Conclusion on the overall program's success and individual components.

- Brief reference to the SMEs needs collected during the evaluation process.
- Executive summary of key findings including the recommendations for further alteration of PEP and lessons learned

### **3. ASSUMPTIONS & RISKS**

#### **3.1. Assumptions underlying the project**

- The Government maintains consistent policy and commitment to the EU accession;
- Existence of sufficient and efficient absorption capacities for EU funds within contracting authority administration and relevant stakeholders;
- Timely and efficient cooperation of all involved stakeholders and experts;
- Relevant legislation remains unchanged.

#### **3.2. Risks**

- Global trends in changes related to interest rate;
- Lack of interest of sub beneficiaries in post COVID period;
- Lack of interest of the financial intermediaries in post COVID period;

### **4. SCOPE OF THE WORK**

#### **4.1. General**

##### **Project description**

Development Agency of Serbia (RAS) and Ministry of Economy have been awarded direct grant from IPA 2019 Programme, “IPA 2019 – Direct Grant to the Development Agency of Serbia – Scaled up and technologically improved production capacity solutions among micro and small enterprises and entrepreneurs” in 2021.

The duration of implementation of Action (i.e. grant) is foreseen to be 48 months.

Action shall be implemented through three main Components: Component 0 – Management of the Action; Component 1 – Implementation of PEP; Component 2 – Implementation of the Technical Assistance support.

The Component 0 - Management of the Action includes the activities regarding the project management process, the procurement of external expert’s services as well as program supplies, all to achieve the purposes and the objective of the Action.

The Component 1 – implies to the implementation of the PEP in 2022 and to the Program Public Call.

The following activities under the Component 1 are envisaged:

- A1 - Establishment of the legal basis for annual PEP cycle, i.e. adoption of a Decree by the Government
- A2 - Implementation of the CfP for the banks and leasing companies and contracting short listed banks/Leasing Companies
- A3 - Launching CfP for grant beneficiaries and outreach
- A4 - Submission of grant application together with credit/leasing request and evaluation
- A5 - Contracting of sub-grant beneficiaries
- A6 - Payment
- A7- Monitoring of sub-grant beneficiaries and reporting.

Detailed PEP Programme Manual for the Public call in the year of 2021 and accompanying documentation is available on RAS websites following the link:

<https://ras.gov.rs/program-podrske-malim-i-srednjim-preduzecima-za-nabavku-opreme>

The Component 2 includes the Technical assistance in order to support the institutional strengthening and capacity building of the MoE and RAS, necessary for the smooth implementation of the PEP. Overall impact evaluation of PEP is one of the activity that will be provided under Technical assistance support.

The procurement of external expert services that is subject of this Contract is: “External provider of evaluation of PEP” and it is included within the Component 0 - Management of the Action.

#### **4.2. Description of the assignment**

The subject of this contract is engagement of external expertise which will be provided to Contracting Authority regarding the Action and PEP long-term improvement.

**This contract** is expected to include the following components:

- **Development of the evaluation methodology** for PEP
- **The overall evaluation** of PEP implementation in the determined period of time
- **Recommendations and guidelines** for long-term alteration and implementation of PEP program based on the overall impact evaluation and SMEs needs.

The detailed description of the Assignment and the work breakdown structure is stated within the point 4.5 of this document.

#### **4.3. Geographical area to be covered**

The contract shall be implemented in the Republic of Serbia.

#### **4.4. Target groups**

Key target group of this Action are PEP beneficiaries, domestic private micro, small and medium enterprises, including sole traders and co-operatives, engaged in manufacturing, construction, and engineering.

#### **4.5. Specific work**

The tasks and responsibilities of the contractor - External provider of evaluation of PEP shall be divided in to following Activities:

- **Activity 1** - Development of the evaluation methodology for PEP,
- **Activity 2** – Overall impact evaluation of PEP in determined period of time,
- **Activity 3** - Delivery of complete and comprehensive roof document - Executive report Recommendations and guidelines for long-term alteration and implementation of PEP program based on the Activities 1 and 2.

Detailed description of the Activities, timeline and outputs needed are stated hereinafter:

**Activity 1: Development of the evaluation methodology for PEP**

**Indicative timeline for Activity 1 (in total 2 (two) months counting from the date of the Contract signing).**

For preparation of the evaluation methodology for PEP: **2 (two) months in total, counting from the day of the Contract signing and 15 (fifteen) days prior to the submission of the final document** is the deadline for the submission of the first draft of the Report.

**Description of Activity 1:**

The Methodology should be developed for the purpose of PEP evaluation in the period 2013-2019, with a focus on the period 2016-2019.

Methodology should include qualitative and quantitative research and methods.

Qualitative and quantitative data must be collected, particularly from targeted beneficiary groups.

The qualitative and quantitative research should include but is not limited to:

- Desk review of existing documents, such as previous evaluation reports conducted during implementation of the program (MoE reports, RAS reports, other internal assessment reports and internal monitoring data).
- Interviews with beneficiaries/stakeholders, implementing agency and partners organizations (e.g., electronic survey of the PEP beneficiaries, field visits, interviews both telephonically and electronically, etc.).
- Methods of assessment and analysis of macro and micro impact of PEP as well as its sustainability, efficiency, relevance, and fulfilment of policy objectives.
- Methods regarding the identification of SMEs needs (Reference Sub-Activity 2.2 of this document)
- Development of qualitative and quantitative PEP Key performance indicators, such as macro indicators regarding policy objectives, efficiency, impact, and sustainability of PEP as well as micro indicators regarding efficiency, productivity, competitiveness, export capacities.
- Additionally, the developed methodology for the purpose of PEP evaluation should include and emphasize SMEs (targeted beneficiaries groups) micro key performance indicators based on the balance reports ratios and its change over period observed, such as:
  - The analysis of business income structure – vertical analyses (e.g., the proportion of revenue of goods sold vs. revenue of products/services in the total business income, export vs. sale within the national market)
  - The change of business income in the observed period of time- increase or decrease
  - The change of business income – products sold within national market and/or exported, in the observed period of time- increase or decrease
  - The change of the number of employees over time
  - Gross salary per employee and its change over time
  - The productivity per employee (business income per employee) and its change over time
  - The value of the equipment and its change over time
- Segmentation and segregation of beneficiaries e.g., by industry, region, core business, qualitative and quantitative indicators.
- Benchmarking development: e.g., in time, by industry, region, core business, qualitative and quantitative indicators. Control group determination and comparison between beneficiaries and non-beneficiaries method shall be included.

The contractor is expected to request and incorporate data sets from MoE and the agency – RAS.

The methodology must be customized, applicable, practical, and operational for further use of the PEP implementers.

**The following deliverables are expected under Activity 1:**

Outputs	Indicative timing
<b>Draft document –PEP Evaluation methodology</b>	Completed and delivered to the Contracting Authority 15 (fifteen) days prior to the end of <b>two month period from the day of the Contract signing.</b>
<b>Final document –PEP Evaluation methodology</b>	<b>Completed, delivered and accepted</b> as final to and by the Contracting Authority first day after the 2 (two) months period counting from the day of the Contract signing

**Activity 2: The overall impact evaluation of PEP**

**Indicative timeline for Activity 2 in total - 7 (seven) months counting from the day of delivery of the Final document –PEP Evaluation methodology):**

- For preparation, submission, and presentation of overall impact of PEP – Activity 2 **Inception Report<sup>1</sup> – in total 1 (one) month, starting from day of the Delivery of the Final document PEP Evaluation methodology.**
- For conducting of the **overall evaluation of PEP– in total 5 (five) months**, starting from the day of the delivery of the **Activity 2 Inception Report**
- For **preparation, submission, and presentation of overall impact of PEP report– in total 1 (one month):**
  - **15<sup>th</sup> days prior to the submission of the final Report** – deadline for the submission of the **Draft Report**
  - **Last day ending the seven month period from the date of the Activity 2 commencement** – deadline for the submission of the **Final Report**

The dynamics of the Activity 2 - The overall evaluation of PEP - will involve submission of inception, draft, and final report to key stakeholder authorities (both RAS and MoE). The final report will be jointly approved and adopted by key stakeholder authorities.

**Description of Activity 2:**

This contracted Activity includes both, qualitative and quantitative evaluation of the Program during the period of its implementation from the year of 2013 to the year of 2019. For this purpose, special emphasis will be placed on the quantitative evaluation of defined program key Performance indicators in the period 2016-2019.

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<sup>1</sup> **Activity inception report** is prepared by contractor-evaluator before going into the evaluation process. It should consist of detailed evaluator understanding of what is being evaluated and why. The report must answer the evaluation questions, implement adequate methodology, and propose eligible source data and collection data procedures. The inception report should propose work breakdown structure of the activities and resources used, schedule and deliverables. This report provides the contractor and Contracting Authority the chance to verify if they share the same understandings about the assignment and to clarify any misunderstanding.



The evaluation of the overall impact of PEP in the selected period of time shall be based on the methodology constructed under the 1<sup>st</sup> Activity of this Contract.

The overall impact evaluation includes the evaluation of the Program process as well as brief reference to the SMEs needs collected during the evaluation process.

## **The Activity 2 - The overall impact evaluation of PEP-consists of two sub-activities**

### **2.1. Sub -Activity – The PEP evaluation**

The overall evaluation of the PEP and its impact will be used to impartially assess relevance and fulfilment of policy objectives, efficiency, impact, and sustainability of the program, both on micro and macro point of view.

The overall evaluation of PEP should provide the asses of the:

- project design in terms of its relevance to the overall development situation at the national level; relevance to national strategies, and relevance to beneficiaries;
- cost-efficiency of programs interventions;
- relevance and effectiveness of the program’s strategy and approaches for the achievement of the project objectives;
- performance of the program in terms of effectiveness, efficiency, and timeliness of producing the expected outputs;
- quality and timeliness of inputs, the reporting and monitoring system and extent to which these have been effective;
- PEP Key performance indicators analysis and benchmarking

Evaluation report will consist of recommendations for further improvements in the implementation of the Programme to scale up successful experiences to improve SME performance, economic activity, and employment more efficiently.

### **2.2. Sub-Activity – Identified SMEs needs**

Based on the results of Overall impact evaluation of PEP, the expert service provider shall extract a resume-brief analysis of SMEs, PEP beneficiaries, needs regarding the PEP implementation. The information should be acquired during the implementation of PEP evaluation methodology – Reference Activity 2.1 applying the methodology defined within Activity 1 (e.g., electronic survey of the PEP beneficiaries, field visits, interviews both telephonically and electronically, etc.).

The Resume should include, but it is not limited to:

- beneficiaries strategy priorities (e.g. operational, financial),
- -the orientation towards innovative equipment (e.g. coverage of green economy, production of high value-added products, digital transformation, etc.),
- understanding of the PEP process by the beneficiaries, its visibility and availability,
- level of ease of PEP application process,
- financial burden regarding the interest loan rate,
- experience in doing business with financial institutions and program implementers during the PEP process,
- the impact of COVID-19 on doing business and decision making regarding the purchase of the equipment.

The brief report focusing on SMEs needs should be based on adequate segmentation and segregation of beneficiaries e.g., by industry, region, core business, size, qualitative and quantitative indicators, etc.

**The following deliverables are expected under Activity 2:**

Outputs	Indicative timing
<b>Activity 2 Inception Report</b> – the overall impact evaluation of PEP including the identification of SMEs needs	Completed and delivered to the Contracting Authority by the end of <b>1 (one) month period, counting from the day of the Delivery of the Final document PEP Evaluation methodology</b>
<b>Draft document</b> – the overall impact evaluation of PEP including the identification of SMEs needs	Completed delivered, and accepted to and by Contracting Authority one month prior to the submission of the <b>final Report</b>
<b>Final Report</b> the overall impact evaluation of PEP including the identification of SMEs needs	Completed, delivered, and accepted to and by Contracting Authority <b>not later than the last day ending the seven month period</b> from the date of the Activity 2 commencement
<b>Presentation</b> should be held to the Contracting Authority (e.g., Power point or similar). During the presentation the Service provider shall focus on presenting to the Contractor all relevant insights regarding the evaluation methodology as well as the results of the overall impact evaluation of PEP and SMEs needs analysis results. The presentation shall be held within the scope of Belgrade city centre. The organization cost of the presentation is included in the contract service price	Shall be held at the appointed time after the delivery of the Final document .

**Activity 3: Delivery of complete and comprehensive roof document -Executive summary- Recommendations and guidelines for long-term alteration and implementation of PEP program based on the Activities 1-2.**

**Indicative timeline for Activity 3 – in total 1 (one) month:**

- For the delivery of a **Draft Report** - Recommendations and guidelines for long-term alteration and implementation of PEP program, deadline is no later than 15 (fifteen) days prior to the submission of the **Final Report of Recommendations and guidelines for long-term alteration and implementation of PEP program**.  
For the delivery of **Final Report of Recommendations and guidelines for long-term alteration and implementation of PEP program** deadline is no later than 1 (one) month after the submission of the **Final Report the overall impact evaluation of PEP including the identification of SMEs needs** .

### Description of Activity 3:

The roof, executive summary, document shall include:

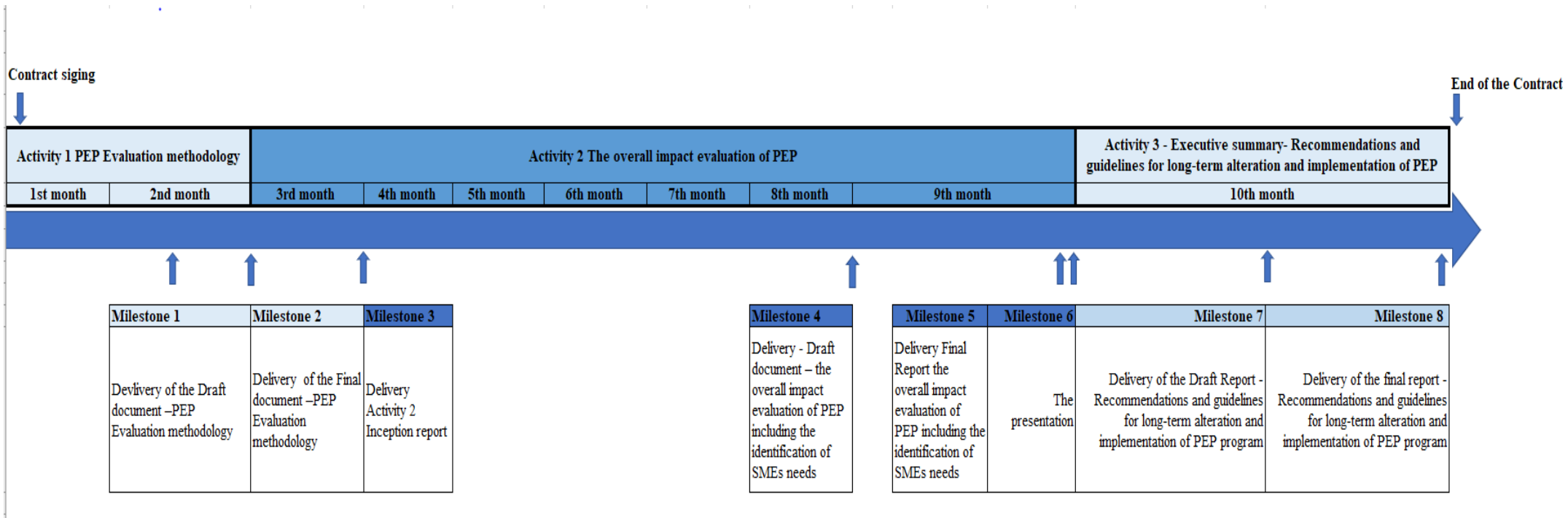
- Developed evaluation methodology for PEP
- Overall impact evaluation of PEP in determined period of time
- Brief SMEs needs identification report.
- Recommendations and guidelines for long-term alteration and implementation of PEP program

The roof documents should be concluded with comprehensive, detailed, impartial explanations about lessons learned, findings and segmented proposals for improvement on long-term basis.

### The following deliverables are expected under Activity 3:

Outputs	Indicative timing
<b>Draft Report-</b> Recommendations and guidelines for long-term alteration and implementation of PEP program	Completed, delivered, and accepted to the and by the Contracting Authority no later than 15 (fifteen) days prior to the submission of the <b>Final Report of Recommendations and guidelines for long-term alteration and implementation of PEP program</b>
<b>Final Report</b> Recommendations and guidelines for long-term alteration and implementation of PEP program	Completed, delivered, and accepted to the and by the Contracting Authority no later than 1 (one) month after the submission of the <b>Final Report the overall impact evaluation of PEP including the identification of SMEs needs .</b>

**Provisional Milestones breakdown for the Activities 1, 2 and 3**



## 4.6. Project management

### Responsible body

Development Agency of Serbia

### Management structure

The Contractor will work closely with 2 RAS Advisors in charge for PEP implementation that will be in charge for daily communication with Contractor.

Project Manager is responsible to give final approvals for tatted deliverables.

The overall team for implementation of the Action from which this contract is financed is comprised of:

**Development Agency of Serbia (RAS)** is the beneficiary of the direct grant and it is in charge of overall management and implementation of the entire Action. For the overall management of the Action, RAS appointed high-rank official to act as Project manager. Project manager works with the support of RAS work group - officials tasked with project management activities, as well as the team of individual experts. RAS Procurement unit and RAS Financial unit shall support the implementation of Action as well. Staff from IPA Unit of the MoE will also provide support to the Project manager.

**Ministry of the Economy (MoE)** is co-applicant and MoEs main responsibilities are preparation of the legal basis for PEP, launching Calls for Proposals (CfP) for selection of commercial banks and leasing companies, as well as a CfP to business entities for the award of grants, establishment and participation in Committee for selection of banks/ LCs and Grant Committee and oversees PEP implementation. MoE will ensure the national funding from the state budget, which is intended solely for PEP CfP in 2022. Commercial banks and leasing companies are involved in PEP implementation. They are receiving the applications for grants and requests for credit or financial leasing, performing administrative checks of the submitted grant application, approve credit or financial leasing requests and perform monitoring of sub-grant beneficiaries. Accredited regional development agencies provide technical assistance to RAS in the implementation of monitoring of earmarked funds used.

**Project Steering Committee (PSC)** will be established to perform overall monitoring and steering of the implementation of the Action.

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

RAS will provide to the Contractor all relevant materials, documentation, and information for the delivery of envisaged outputs.

## **5. LOGISTICS AND TIMING**

### **5.1. Location**

Republic of Serbia

### **5.2. Start date & period of implementation**

The period of implementation of the Contract will be 10 months from the date of the Contract signing. Please see Articles 19.1 and 19.2 of the special conditions for the actual start date and period of implementation.

## **6. REQUIREMENTS**

### **6.1. 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**

All experts who have a crucial role in implementing the contract are referred to as key experts. Key experts are defined, and they must submit CVs and signed Statements of Exclusivity and Availability.

Key expert mobilized under this contract must:

- Be proficient in English spoken and written.
- Have excellent communication, organizational, planning and time management skills.
- Be proficient in computer literacy: MS Office applications as a minimum.
- Be proficient in report drafting

Any qualifications, skills and experience stated in the respective CV of an expert must be substantiated by supporting documents (e.g. copies of degrees or diplomas and employers' certificates) otherwise they may not be taken into account.

#### **Key Experts: Specialist in the field of program, projects and policies evaluation and analysis, and methodology development**

##### **Qualifications and skills:**

- University degree in one of the following fields: Finance, Mathematics, Statistics, Organizational Science or similar.

##### **General professional experience:**

The contractor will provide at least 1 key expert.

The key expert shall possess:

- At least 7 years of general postgraduate working experience in the field of Finance, Mathematics, Statistics, and/or Organizational Science or similar field.
- Experience in the field of programs, projects and policies evaluation, analysis, methodology development and he/she should have reference in performing at least 2 evaluation, analysis and methodology development in the period of last 8 years.

- At least 5 years of relevant working experience within International Financial Institutions (IFI's) or Advisory or Audit company or similar, as senior manager, or engagement as key or senior expert in the relevant field within at least 2 long – term projects (more than 2 years duration, each), in the period of last 8 years,

The following expertise will be considered as advantage:

- Experience in presenting the task outcome to stakeholders
- Experience in working within SME support projects and programs
- Working experience within SMEs advisory or business support department
- Experience in the field of Project management and implementation
- Experience in working with public sector.

The key expert must be independent and free from conflicts of interest in the responsibilities taken on.

#### **Other experts, support staff & backstopping**

CVs for experts other than the three key expert's should not be submitted in the tender but 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 included in the tenderer's financial offer.

#### **6.2. Office accommodation**

Office accommodation for each expert working on the contract is not foreseen to be provided by the contractor. Contract authorities currently support adaptability to remote work conditions according to COVID conditions.

#### **6.3. Facilities to be provided by the contractor**

The contractor must ensure that experts are adequately supported and equipped for performing the services under this ToR.

#### **6.4. 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.

## 7. REPORTS

### 7.1. Reporting requirements

The contractor will submit the following reports in English in one original and one copy. In addition to any documents, reports and output specified above, the contractor shall provide the following reports:

Name of report	Content	Time of submission
Inception Report (recommended max. number of pages is 12 excluding annexes)	Analysis of existing situation, update the methodology of the project and its components. Set out detailed plan of work for the project indicating each activity, area of expertise and list of deliverables and identify the support personnel required.	No later than 3 week following contract commencement day.
Interim report	Short description of progress and outputs delivered considering ToR and technical and financial offer including problems encountered and planned work for the next 6 months; each interim report should be accompanied with the monthly progress report timesheets approved; each interim report should be accompanied with the documentary evidence of the outputs delivered in the reporting period.	No later than 7 days after the end of 6-month implementation period.
Final report	Description and summarising all achievements (technical and financial) including problems encountered and recommendations during overall implementation period considering ToR and technical and financial offer. Final report should be accompanied with the final invoice of the balance and documentary evidence of the outputs delivered in the last reporting period and monthly timesheets approved	Draft Final report - No later than 15 days before the end of the implementation period. Final report - Within 7 days upon receiving RAS comments on the draft of Final report.

### 7.2. Submission and approval of reports

Reports referred to above must be submitted to RAS advisors in charge for PEP implementation. The reports must be written in English and Serbian. The Project Manager, identified in the contract, is responsible for approving the reports. Two hard copies of the approved reports referred to above must be submitted to the CA Project Manager identified in the contract, together with the electronic version on flash drive or appropriate electronic memory media.



## **8. MONITORING AND EVALUATION**

### **8.1. Definition of indicators**

The tenderers are expected to propose a set of relevant indicators within their technical proposal (organisation and methodology section). All indicators should correspond to the results specified under section 2.3.

The Contractor should obtain all information about project progress and its implementation on request from Contracting Authority.

For monitoring project progress the Contractor will propose a set of relevant indicators in its technical proposal (organization and methodology section) which may be updated and agreed upon with the Contracting Authority during the inception phase of implementation of contract and periodically during project implementation as may be required. A good indicator should be readily quantifiable, well defined and relevant to the objectives of the project. It should be supportable by readily available data which should be capable of being accurately updated on a regular basis. The Contractor shall apply relevant indicators to all the tasks of the project, in order to control the progress of the project and to anticipate risks and constraints. Logical framework should be part of the proposal submitted by the Contractor, and shall set out in a systematic and logical way the project objectives and the relationships between them, the procedures for checking whether these objectives have been achieved, and the assumptions and factors outside the scope of the project which may influence its results.

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