

## ANNEX II: TERMS OF REFERENCE

“Provision of External provider for Legal and Procedural Optimization of PEP”

### Abbreviation Dictionary

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

## 1. BACKGROUND INFORMATION

### 1.1. Partner country

The Republic of Serbia

### 1.2. Contracting authority

Development Agency of Serbia

### 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 resources 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.

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 for favourable loans for SMEs is allocated, 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 project of which this contract will be a part is as follows:

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 development programs in future, funded from national or EU funds and provide inputs for adjustment of portfolio of support programs towards post-Covid recovery and longer - term development needs.

### **2.2. Purpose**

The purposes of this contract are as follows:

- To contribute to successful achievement of the purpose of the Action, which is to provide scaling up of very successful national program Programme for purchase of equipment PEP. 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 provide Contracting Authority, with technical assistance, expertise and consulting related to implementation of Legal and procedural optimisation of Programme for purchase of equipment;

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

- Full support to the Contracting Authority provided by Contractor to achieve results of successful implementation of the Action, in the scope of Legal and procedural optimisation of PEP
- Prepared General assessment and recommendations of the key legal aspects of the PEP which are largely based on the Final Report and recommendations of the State Audit Institution;
- Prepared Report and recommendations for in depth Legal and Procedural optimization of the PEP; including preparation of the draft documents and procedures for implementation of the PEP 2023.
- Capacity building programme for staff involved in the PEP implemented through organization of several sets of team building and training sessions on selected topics.
- Customised Legal and procedural support services on demand during the PEP implementation

## **3. ASSUMPTIONS & RISKS**

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

- 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;
- Not enough time to deliver and implement recommendations in time for PEP 2022;
- State Audit Institution Report not publicly available on time (first half of Dec. 21)

## 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.

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.

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

The Component 1 will implement the PEP in 2022.

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/LC
- 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 with accompanying documentation is available on <https://ras.gov.rs/javni-poziv-za-dodelu-bespovratnih-sredstava-u-okviru-programa-podrske-msp-za-nabavku-opreme-u-2021-godini>.

Technical assistance component will include independent audit of existing programme procedures from legal and procedural aspect and assure that procedures are transparent, open and applied on a fair and equal treatment basis in line with PRAG rules. For the purpose of this Action, following recommendations from audit, Ministry of Economy (MoE) will update existing PEP for formal adoption by the Government for program cycle in 2022. Subsequently, MoE will update PEP Instructions, as well as supporting documents.

### 4.2. Description of the assignment

The subject of this contract is Legal and procedural optimisation of PEP - independent audit of existing programme procedures from legal and procedural aspects:

- Legal and procedural optimisation ( in the first phase only key critical legal and procedural recommendations and in second phase detailed recommendations)
- Customised Legal and procedural support services on demand during the PEP implementation
- Capacity building of staff involved in PEP.

Assignment will consist of 2 components. First one will cover legal and procedural optimisation, and the Component 2 will cover Capacity building of staff involved in PEP.

### **Component 1 - Legal and procedural optimisation**

Ground for this activity will be the existing PEP set up from legal and procedural aspects, as well as Final Report of the State Audit institution. The legal and procedural optimisation will be two phases process:

- 1) In the first phase the Contractor will prepare General Assessment of key legal aspects largely based on the Final report of State Audit Institution, General assessment should only contain recommendations that address critical elements at the moment, if any, that are necessary and possible to implement in Program in 2022; General Assessment should not include procedural optimisation.
- 2) In the second phase, the Contractor will prepare **Detailed Report** on recommendations on Legal and procedural optimization of PEP including preparation of the draft documents and procedures for implementation of the PEP 2023 as well as all necessary actions that in this respect. Detailed report should contain recommendations from the Final report of State Audit Institution that require more time to be implement and are necessary to implemented in Program in 2023 (in debt analysis).

This activity will also include customised Legal and procedural support services on demand during the PEP implementation.

Provider will analyse full alignment of PEP with the relevant legislative framework and all legal and administrative acts should be scrutinized. Second segment of this scrutiny process, will build upon the results of the legal analysis, and focus on the analysing the procedural aspect of PEP in order to make PEP more user friendly and more efficient (e.g. eliminating unnecessary steps, unnecessary documentation, etc.). Under this audit of procedures, each procedure within the PEP (e.g. application of banks, selection of banks, application of SMEEs, selection of SMEEs, decision-making process, informing the applicants, complaint procedure, etc.) will be analysed and recommendations on its optimisation will be prepared.

### **Component 2 - Capacity building of staff involved in PEP**

Capacity building programme for the MoE and RAS and to limited extend to partner financial institutions will be provided. That will be achieved through organization of several sets of team building and training sessions on selected topics. These trainings will be related to introducing changes and alterations in PEP and MIS following provided recommendations, other areas of impact on PEP at least the following: recent changes in state aid policy, tax policy, administrative procedures) and new skills acquiring (recent changes in state aid policy, tax policy, administrative procedures, knowledge in the field of Company Law, knowledge in the field of Law on Electronic Document, knowledge in the field of Law on Administrative Procedures .

#### **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 is Serbian private micro, small and medium enterprises, including sole traders and co-operatives, engaged in manufacturing, construction and engineering.

Key target group of this contracts are employees in RAS and MoE and to limited extend partner financial institutions.

#### 4.5. Specific work

### Component 1. - Legal and procedural optimization of PEP

#### Indicative timeline for Component 1:

- General Assessment of key legal aspects largely based on the Final report of State Audit Institution and PEP Evaluation report 2016 – **End of December 2021 / First half of January 2022**
- **Detailed Report** on recommendations on Legal and procedural optimization of PEP including preparation of the draft documents and procedures for implementation of the PEP in 2023.-End of June 2022.
- Customised Legal and procedural support services on demand during the PEP implementation.-during the implementation of the Contract

#### Description of Component 1:

- Contractor will prepare General Assessment of key legal aspects largely based on the Final report of State Audit Institution, if any, that are necessary and possible to implement in PEP in 2022, as well as on PEP Evaluation report 2016.
- Contractor will prepare **Detailed Report** on recommendations on Legal and procedural optimization of PEP including preparation of the draft documents and procedures for implementation of the PEP 2023 as well as all necessary actions that in this respect.
- Contractor will analyse full alignment of PEP with the relevant legislative framework and all legal and administrative acts should be scrutinized.
- Contractor will provide elimination of any eventually legal inconsistency, as well as, strengthening legal prudence of PEP.
- Contractor will analyse the procedural aspect of the PEP - Second segment of this scrutiny process, will build upon the results of the legal analysis, and focus on the analysing the procedural aspect of the PEP in order to make the PEP more user friendly and more efficient. Under this audit of procedures, each procedure within the PEP (e.g. application of banks, selection of banks, application of SMEs, selection of SMEs, decision-making process, informing the applicants, complaint procedure, etc.) will be analysed and recommendations for optimization (e.g. eliminating unnecessary steps, unnecessary documentation, etc.) of the PEP will be prepared. Procedural aspect of PEP will provide evaluation of procedural implementation of Project.
- Contractor will provide Customised Legal and procedural support services on demand during the PEP implementation.

#### The following deliverables are expected under Component 1:

Outputs	Indicative timing
General Assessment of key legal aspects based on the Final report of State Audit Institution and PEP Evaluation report 2016, if any, that are necessary and possible to be implemented in PEP in 2022.	Completed and delivered to RAS by January 15 <sup>th</sup> 2022 latest.

Detailed Report on recommendations on Legal and procedural optimization of PEP including preparation of the draft documents and procedures for implementation of the PEP 2023, as well as all necessary actions that in this respect.	Completed and accepted by RAS by June 30 <sup>th</sup> 2022.
Customised Legal and procedural support services on demand during the PEP implementation	During the Contract implementation.

## Component 2. - Capacity building of staff involved in PEP

Capacity building activities which are subject of this Contract are part of Capacity Building Programme envisaged by the Action.

Indicative timeline for Component 2:

- **For preparation of the Capacity building programme with Training need assessment (TNA) – till August 2022**
- **For Capacity building programme implementation– August 2022 – August 2023**

### Description of Component 2:

Capacity building programme should be provided for the MoE and RAS and to some extent to partner financial institutions. That will be achieved through organization of several sets of team building and training sessions on selected topics.

These Training programme will consist of two pools of trainings. One pool (Pool 1) will be related to introducing changes and alterations in PEP following provided recommendations, and the other one (Pool 2) will focus on other areas of impact on the PEP (inter alia recent changes in state aid policy, tax policy, administrative procedures) and new skills acquiring, recent changes in state aid policy, tax policy, administrative procedures knowledge in the field Companies Law, knowledge in the field of Law on Electronic Document, knowledge in the field of Law on Administrative Procedures.

- Contractor will conduct TNA of staff involved in PEP, relying on Assessment/Report/recommendations on Legal and procedural optimization of PEP in order to define pool of trainings and team building sessions which aim is to introduce changes and alterations in PEP following provided recommendations (Pool 1). Pool 1 will cover at least 3 team building sessions with 6 days in total for approx. 25 trainees per session.
  - First team building sessions will be organized from August 2022 after Detailed Report is delivered and accepted by CA Curricula: Day 1 – presentation of Detailed Report conclusions related to legal aspects. Day 2 - presentation of Detailed Report conclusions related to procedural aspects.
- Contractor will prepare Capacity building programme that will consist of the TNA, proposed curricula for each training and proposed time line of trainings and team building sessions. Capacity building programme will also consist of Pool 2 that will entail trainings in the field of State aid policy, Tax policy, Company Law, Law on Electronic document, Law on Administrative procedures and other relevant topics. Pool 2 will consist of approximately 4 training modules - maximum of 8 training days in total; approx. 20 trainees per training module
- Some of workshop/training sessions should be planed in the form of the retreat (out of office, outside Belgrade) in order to gain full attention of the trainees.
- Contractor will implement Capacity building programme approved by Contracting authority and MoE. Contractor will provide trainers/experts for all trainings and team building sessions, as well as complete training material for participants and trainings additional

equipment. Contractor is obliged to develop complete training material in Serbian and in English if requested by CA (user manuals, guidelines etc.) Organization costs of trainings and team building sessions (venue and catering) are not subject of this contract and will be provided by contracting authority. Also, Contractor will bear travel and accommodation cost of trainees that participate at workshop/training sessions.

- All training materials should be available for use after the completion of the Contract (hard copy and on line versions).
- ❖ Training topics, as well as number of training days per training could be adjusted later according to TNA and with approval of Contracting authority/ MoE.

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

<b>Outputs</b>	<b>Indicative timing</b>
<b>Training need assessment of staff involved in PEP</b>	Completed and accepted by RAS by August 1, 2022
<b>Capacity building programme</b>	Completed and accepted by RAS by August 15, 2022
<b>Capacity building programme implementation</b>	Completed by August 31, 2023

#### 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 will appoint high-rank official to act as Project manager. Project manager would rely on the support of 4 additional RAS officials tasked with project management activities, as well as the team of 5 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. Having in mind that legal and procedural aspects of the PEP are under the MoEs jurisdiction, MoE will be the key stakeholder for this activity.**

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 intended start date is December 2021 and the period of implementation of the contract will be 21 months from this date. 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 such as copies of degrees or diplomas and employers' certificates, otherwise they may not be taken into account.

#### **Key Experts 1 and 2: Legal and Procedural specialists – (Expert with higher specific professional experience will be the Team leader)**

##### Qualifications and skills:

- University degree in the following field: Law
- General professional experience:

At least 10 years of general postgraduate work experience in the field of Law

##### Specific professional experience

- At least one expert has experience in work with or for governmental institutions and/or International Financial Institutions (IFI's) (preferably 3 years of work in a governmental institution and/or International Financial Institutions on the position of senior advisor or at least 2 years experience in projects in which the governmental institution and/or International

Financial Institutions were one of the partners in the implementation, of which on position of key expert on at least 1 project); the stated work experience must have been acquired in the last 8 years

- At least one expert has experience in drafting analyses related to projects that have as their subject a revision or implementation of the applied legal framework or drafting of the legal framework in the field of commercial law and/or public administration law (2 years experience in projects where subjects of audit were application of the legal framework in field of commercial law and/or law in the field of state administration, out of which on position of key expert on at least 1 project); the stated work experience must have been acquired in the last 8 years
- Experience with IFI's and EU funded projects will be considered as an advantage
- Experience in the field of SME support and Commercial Law will be considered as an advantage

Key expert's must be independent and free from conflicts of interest in the responsibilities they take on.

The contractor will provide 2 key experts with the above qualifications.

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

CVs for experts other than the two 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.

All experts that will be engaged to conduct trainings will have to fulfil following criteria:

- Have university degree in the specific area that is the topic of the training
- Have at least 5 years of experience in the specific area that is the topic of the training
- Excellent communication and presenting skills
- Experience in providing training to civil servants in the fields relevant to this project is considered as an advantage.

The costs for backstopping and support staff, as needed, are considered to be 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 supports 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:

<b>Name of report</b>	<b>Content</b>	<b>Time of submission</b>
Inception Report (recommended max. number of pages is 20 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 1 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 timesheets for Legal and procedural specialist for approval; each interim report should be accompanied with the invoice/ calculation and documentary evidence of the outputs delivered in the reporting period.	No later than 7 days after the end of each 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 for Legal and procedural specialist for approval.	Draft Final report - No later than 1 month before the end of the implementation period.  Final report - Within 7 days upon receiving RAS comments on the draft of Final report.
Training/team building sessions report	Each report should consist of all training material, lists of participants, training evaluation lists and short description of activity.	No later than 7 days after the end of each training/team building sessions

### 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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