

ANNEX II: TERMS OF REFERENCE

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1. BACKGROUND INFORMATION

1.1. Partner parties

The Signatory Parties of the Central European Free Trade Agreement (CEFTA) 2006 (“Agreement”) (“CEFTA Parties”).

1.2. Contracting authority

The Secretariat of the Central European Free Trade Agreement 2006 on behalf of the CEFTA Parties (“the CEFTA Secretariat”).

1.3. Background

On December 19, 2006, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia, and the UNMIK on behalf of Kosovo in accordance with the UNSC Resolution 1244, signed an Agreement to amend and enlarge the Central European Free Trade Agreement.

Following the necessary ratification processes, the Agreement entered into force in 2007. On 1 July 2013, Croatia withdrew from the Agreement to join the EU.

The Agreement’s main objectives are, *inter alia*, to expand trade in goods and services, and foster investment by means of fair, stable and predictable rules, eliminate barriers to trade between the Parties, provide appropriate protection of intellectual property rights in accordance with international standards and harmonise provisions of modern trade policy issues such as competition rules and state aid. It also includes clear and effective procedures for dispute settlement and facilitates the gradual establishment of the EU-Western Balkans zone of diagonal cumulation of origin.

The Agreement fully conforms to the WTO rules and procedures and relevant EU *acquis*. Effectively implemented, the Agreement provides an excellent framework for the Parties to be prepared for EU accession, thus continuing the tradition of the original CEFTA, whose founding members are now in the EU.

In November 2020, the leaders of the Western Balkans 6 have adopted **Common Regional Market Action Plan 2021-2024**¹, as key policy framework for regional economic integration. CEFTA has been identified one of the key actors tasked to implement trade related regional actions.

The Action Plan is composed of targeted actions in four key areas:

- **Regional trade area:** free movement of goods, services, capital and people, including crosscutting measures, such as the Green Lanes, to align with EU-compliant rules and standards and provide opportunities for companies and citizens;
- **Regional investment area,** to align investment policies with the EU standards and best international practices and promote the region to foreign investors;
- **Regional digital area,** to integrate the Western Balkans into the pan-European digital market; and
- **Regional industrial and innovation area,** to transform the industrial sectors, shape value chains they belong to, and prepare them for the realities of today and challenges of tomorrow.

¹ <https://cefta.int/wp-content/uploads/2020/11/Common-Regional-Market-2021-2024-Action-Plan.pdf>

The **Economic and Investment Plan for the Western Balkans**² welcomes the complementarity of the Common Regional Market with the EU integration process as it will pave the way for a deeper economic integration with the EU Single Market. The implementation of sectoral agreements in this regional framework will be taken into account in the assessment of how prepared Western Balkan economies are for participation in the EU Single market in the given sector. In this respect, integrating the region more closely with the EU Single market before WB economies accede to the Union is the guiding principle of this Action Plan.

1.4. Current situation in the sector

2021 CEFTA Chairmanship of North Macedonia has identified free trade in services as one of its key priorities. More specifically, the Chair in Office has committed to identify cooperation models to decrease insurance related costs of movement of people, goods and services in the region³. Similarly 2022 Chairmanship of Moldova and 2023 Chairmanship Of Montenegro committed to propose Roadmap for facilitation of third-party liability vehicle insurance.

Common Regional Action Plan 2021-2024 identifies following regional action in the policy area 3.3. Financial services: 1. *Scanning of financial markets of the Western Balkans, covering inter alia: feasibility of an EU-compliant mechanism for market integration (such as passporting, equivalence, internal market treatment) of relevant markets and/or products with the objective of regional market integration and closer cooperation with EU; feasibility of cooperation in insurance sector; elaboration of a common regulatory framework for the development of Fintech.* In the expected results for the given activity, the document lists: *Decreased insurance related costs of movement of people, goods and services in the region.*

Additional Protocol 6 on Trade in Services adopted in 2019 has entered into force on 11 January 2021 provides legal framework for trade in services and cooperation among the Parties in this respect. All Parties have listed insurance and insurance-related services (CPC-812) in their commitments, albeit with different levels⁴.

1.5 Related programmes and other donor activities

The work will be closely coordinated with other initiatives and EU funded actions in the region in relation to the implementation of the work programme of CEFTA Bodies, based on Chairmanship priorities for given timeframe (2022)

- Support to trade facilitation and trade in services (IPA and BMZ funding) implemented by GIZ;
- EU support to strengthening regional cooperation and the development of a competitive Regional Economic Area (IPA) implemented by RCC and World Bank;
- Strengthening the involvement of the business community to the MAP REA (IPA) implemented by WB6 CIF;
- USAID REG II that would deal with trade facilitation measures and the implementation of trade facilitation policies within the CEFTA Parties;
- IFC dealing with the coordination of the NTFCs within the CEFTA Parties.
- Support to cooperation on e-commerce (BMZ funding) implemented by GIZ

2. OBJECTIVE, PURPOSE & EXPECTED RESULTS

2.1. Overall objective

²https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/communication_on_wb_economic_and_investment_plan_october_2020_en.pdf

³ CEFTA 2021 Chairmanship Priorities: <https://cefta.int/legal-documents/#1547242710019-3175e916-494a>

⁴ AP6, Annex 3: Schedule of Commitments: <https://cefta.int/legal-documents/#1463498231136-8f9d234f-15f9>

The contract will seek to contribute to enhancing competitiveness of the CEFTA Parties (overall objective) by supporting regional economic integration as envisaged in the CRM AP and CEFTA 2006 , in particular measures 3.3.1 (specific objective).

2.2. Purpose

The specific purpose of this activity is to provide baseline study and draft measures aimed at facilitating movement of people, services and goods between CEFTA Parties by decreasing cost related insurance against civil liability in respect of the use of motor vehicles.

2.3. Results to be achieved by the Contractor

The results to be achieved by the Contractor are as follows:

1. Mapping of costs of insurance against civil liability in respect of the use of motor vehicles (including Green Card or any other document of similar purpose) in CEFTA
2. Mapping of agreements and arrangements between CEFTA Parties related to insurance against civil liability in respect of the use of motor vehicles
3. Comparative analysis of the key elements of the agreements and arrangements mapped under point 2
4. Identify key challenges to introduction of EU-alike system in CEFTA without checking of proof of insurance at border/common crossing points and without additional payment for the insurance coverage in CEFTA, to make movement of people, goods and services throughout CEFTA faster, easier and cheaper
5. Draft Roadmap to identify key actions/measures, actors and timeline to enable to achieve EU-alike system in CEFTA

3. ASSUMPTIONS & RISKS

3.1. Assumptions underlying the project

The smooth execution of the contract is based on the following assumption:

- CEFTA Parties, in particular, their relevant institutions and organisations are willing to partake in this activity and provide the Contractor with necessary input.

3.2. Risks

The potential risk to this project is political in nature. In case bilateral political problems spill over to the area of financial services, the CEFTA Secretariat will take all necessary measures to ringfence the activities of the contract. However, it is of great importance that the Contractors follows closely rules and established practices under CEFTA, in particular in official communication with CEFTA Parties.

4. SCOPE OF THE WORK

4.1. General

4.1.1. Description of the assignment

The Contractor will be tasked to assist CEFTA Secretariat in supporting the work of the CEFTA Subcommittee on Trade in Services and other CEFTA bodies in facilitating movement of people, goods and services by means of insurance against civil liability in respect of the use of motor vehicles. To this end, the Contractor will conduct desk research, interviews with relevant stakeholders, including but not limited to associations of insurers in charge for Green Card, and other necessary activities in order to

(1) map costs of insurance (including Green Card or any other document of similar purpose) in CEFTA (2) map existing agreements and arrangements between CEFTA Parties related to insurance against civil liability in respect of the use of motor vehicles, (3) conduct comparative analysis of the key elements of the mapped agreements and arrangements especially in the context of benefits they provide for natural persons of CEFTA Parties and (4) identify key challenges to introduction of EU-alike system in CEFTA which enables vehicles to move between Parties without checking of proof of insurance at border/common crossing points and without additional payment for the insurance coverage in CEFTA. Finally, the Contractor will draft a (5) proposal of the Roadmap, which will identify key actions/measures, actors and timeline to enable to achieve EU-alike system in CEFTA.

4.1.2. Geographical area to be covered

CEFTA and Belgium.

4.1.3. Target groups

The main beneficiary of this project is the CEFTA Secretariat and members of the CEFTA Subcommittee on Trade in Services. The final beneficiaries are the CEFTA Parties.

4.2. Specific work

The specific task of the expert would be as follows but not limited to:

a) Kick-off meeting

During the kick-off meeting, the CEFTA Secretariat will provide an overview of the activities of Secretariat and CEFTA Parties relevant for the assignment. The Contractor is expected to deliver a work programme with methodology and timeline of activities to be used during the engagement.

b) Collecting data

The Contractor will collect all necessary data related to a) costs of insurance (including Green Card or any other document of similar purpose) in CEFTA b) relevant agreements and arrangements between Parties, c) relevant regulation of the CEFTA Parties and other relevant data needed to for the results 1, 2 and 3.

c) Interview

The Contractor will conduct interviews with relevant organisations in the Parties, namely ministries in charge of the regulation on harmonisation of regulation and policies with relevant EU *acquis*, namely EU Directive 2009/103/EC and other relevant *acquis*, as well as associations of insurers (or equivalent organisations), e.g. Green Card Bureaus, including EU Council of Bureaux.

d) Desk research and analysis

Produce a study which will be composed of at least 5 chapters, one for each of the components of the results described under 2.3

e) Presentation and discussion

The Contractor is required to participate at the meetings of the CEFTA Subcommittee of Trade in Services, other regional meetings and bilateral meeting with CEFTA Parties aimed at discussing the results of this assignment. It is also expected that the Contractor will maintain close communication with members of the Subcommittee and the CEFTA Secretariat throughout the assignment timeframe to provide advice and clarifications, if needed.

4.3. Project management

4.3.1. Responsible body

The CEFTA Secretariat will be responsible for the management of the contract.

4.3.2. Management structure

Senior Technical Expert for Trade in Services will be responsible for the management of the contract. The Director of the CEFTA Secretariat will oversee the implementation of the contract.

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

No facilities will be provided by the Contracting Authority.

5. LOGISTICS AND TIMING

5.1. Location

The Contractor will implement this assignment office based.

5.2. Start date & period of implementation of tasks

The intended starting date is 15 April 2023 and the period of implementation of the contract will be until 31 December 2023.

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 CEFTA Parties, or of international/regional organisations based in the CEFTA Parties, 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.

6.1.1. Key experts

Key experts are defined, and they must submit CVs and signed statements of exclusivity and availability. All experts who have a crucial role in implementing the contract are referred to as key experts. The profile of the key experts for this contract should be as follows:

Key expert:

Qualifications and skills

- University degree (postgraduate degrees are an advantage) in law, international trade, economics, public administration, and other relevant areas (law degree will be considered as an advantage)
- Proficiency in English language (oral and written), knowledge of a local languages of the region would be an asset
- Full computer literacy, including good command of MS Office

General professional experience

- At least 7 years professional experience in area policy and legal analysis in relation to EU harmonisation and/or trade facilitation

Specific professional experience

- Experience in motor insurance will be given priority
- Experts with experience in CEFTA will be given priority

6.1.2. Other experts, support staff & backstopping

CVs for experts other than the key experts 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 considered to be included in the tenderer's financial offer.

6.2. Office accommodation

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

6.3. 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.

6.4. Equipment

No equipment is to be purchased on behalf of the CEFTA Secretariat as part of this service contract or transferred to the CEFTA Secretariat at the end of this contract.

7. REPORTS

7.1. Reporting requirements

The Contractor will submit the following reports in English language in one original via email:

- **Inception Report** of maximum 12 pages to be produced after 21 days from the start of implementation. In the report the Contractor shall describe detailed work plan, methodology of work and timeline for proposed activities.
- **Draft final report** (main text, as well as annexes with all outputs envisaged in 2.3.) This report shall be submitted no later than 15 days before the end of the period of implementation of tasks.
- **Final report** with the same specifications as the draft final report, incorporating any comments received from the parties on the draft report. The deadline for sending the final report is 10 days after

receipt of comments on the draft final report. The report shall contain all outputs defined in 2.3. Final report must consist of a narrative section and a financial section along with the corresponding invoice.

7.2. 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.

8. MONITORING AND EVALUATION

The Contractor will ensure internal quality control during the implementing and reporting phase of the assignment. The quality control should ensure that the draft reports comply with the above requirements and meet adequate quality standards before sending them to stakeholders for comments.

All deliverables shall be reviewed by the staff of the CEFTA Secretariat. The approved final report (output) will be subject to a quality assessment by the CEFTA Secretariat.

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