

**Terms of Reference (ToRs)
for Expert on EU financing, municipal budgeting and procurement procedures**

Project: “EU for Municipalities”

Reference number: EU4M - 29

Name of the Project: EU for Municipalities (EU4M)
Job title: Expert on EU financing, municipal budgeting and procurement procedures
Location: Tirana & Project area / ALBANIA
Full/Part time: Part Time
Duration: January - April 2024

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1. BACKGROUND INFORMATION

1.1. Partner country

Republic of Albania

1.2. Contracting authority

Network of Associations of Local Authorities of South-East Europe (NALAS) within the EU4Municipalities Project in Albania

1.3. Country background

The EuropeAid project 166359/DD/ACT/AL “EU for Municipalities” (EU4M) project in Albania, was launched on 1 June 2021 and has a duration of 30 months, until November 2023. With the support of the European Union (EU).

The overarching objective of EU4M is to support the development potential of municipalities and improve environmental and socio-economic conditions in the local communities in Albania. The project contributes to addressing key constraints facing Albanian municipalities in financial, administrative and management capacity to improve local infrastructure, to provide basic services, deliver new/improved services, create better opportunities for local economic development, and to assume a proactive role to contribute to territorial cohesion and sustainable local development.

The project is implemented by the Network of Associations of Local Authorities of South-East Europe (NALAS) as coordinator, Co-PLAN, Institute for Habitat Development (Co-PLAN) and Eco Partners for Sustainable Development (ECOP) as implementing partners, and the Association of Local Autonomy of Albania (ALAA), as affiliated entity.

The project is organized in two main components, targeting the project’s specific objectives’, as follows:

- Component I: Support municipalities in implementing their strategic development objectives and plans to improve local public infrastructure and services
- Component II: Strengthen municipal absorption and management capacities for EU funding

EU4M includes a technical assistance component that is harmonized and coordinated with the Municipalities for Europe (MfE) project. EU4M technical assistance is tailored to the needs of the municipalities that have been awarded sub-grants under the two CfPs, via one-to-one and hands-on training and technical assistance to municipal officials through coaching clinics, peer-to-peer exchanges and regional trainings.

1.4. Current situation in the sector

The priority of the EU4M is to support municipalities via grants in the fields of sustainable local economic development, local public infrastructure and services, innovation, job creation, youth empowerment, environmental protection, city greening as well as improving access to and quality of education, social care, public health, sports, culture and other basic local government services. EU4M provides significant financial support (EUR 1,75 mil) for interventions in local communities. The EU4M grants have a strong investment component, regardless of the size, ranging from 50-70% of the grant to be dedicated to investments and purchase of supplies to improve the quality of local public infrastructure and services for the benefit of the local communities. The project also works on strengthening local government capacities in EU funds management, through a targeted technical assistance component that is coordinated with Municipalities for Europe 2.0.

The EU4M Grant Scheme included two Call for Proposals (CfP). The first CfP provided sub-grants to municipalities in the amounts of up to 200.000 EUR to support small infrastructure interventions that are of benefit to the local communities. The second CfP provided sub-grants to municipalities in the amounts up to 50.000 EUR, and focusing on promoting sustainable local economic development, innovation, promoting youth empowerment, social and economic inclusion and equality, environmental protection etc.

1.5. Related programmes and other donor activities

The EU4M builds also on the findings and assessment of other development projects directly supporting Albanian Municipalities. EU4M team makes sure to work closely with these projects and programmes in order to avoid overlapping of support to the Albanian municipalities in terms of their needs for improving local public infrastructure and the quality of their public services.

The EU4M cooperates with the MfE project in terms of local government “absorption” capacities. Similarly, EU4M coordinates with the EU funded STAR III project and builds on the findings and assessments of STAR II, which also concluded that while much has been accomplished over recent years, still there is significant room for improvement in many dimensions of local governance, in particular on the efficiency and effectiveness of local services.

The project team looks also into the EU funded EU4 Schools and EU4Culture programmes which support national and local governments in accelerating the recovery process after the November 26 earthquake, through educational and cultural facility repairs and reconstruction. EU4M further coordinates with UNDP and UNOPS as project implementers and built on their experience and lessons learned on the process of reconstruction of municipal facilities, to inform the EU4M Grant Scheme design with experience from the ground. EU4M coordinates with the “Regional Programme on Local Democracy in the Western Balkans (ReLOaD)”, aiming at promoting participatory democracy by improving municipal funding mechanisms for Civil Society Organizations (CSOs). ReLOaD brought together several Albanian CSOs to implement projects in line with the local development strategies where municipalities have co- financed a part of these interventions with this initiative.

2. PROJECT OBJECTIVES, PURPOSE & EXPECTED RESULTS

2.1. Overall objective

The overarching objective of EU4M is to support the development potential of municipalities and improve environmental and socio-economic conditions in the local communities in Albania.

2.2. Purpose

Throughout its lifetime, the project will aim at achieving the following specific objectives:

- Support municipalities in implementing their strategic development objectives and plans to improve local public infrastructure and services
- Strengthen municipal absorption and management capacities for EU funding Contributing to higher development potential of Municipalities and better environmental and socio-economic conditions of the local communities.

2.3. Results to be achieved by the project

The EU4M project will have a lasting impact on the standards of municipal infrastructure enabling quality public services and supporting sustainable local economic development potential of Albanian municipalities. Therefore, it will directly contribute to improving the quality of life and life perspectives of Albanian citizens in their local communities. In a more measurable terms, through EU4M Grants Scheme and technical assistance components the project is supporting:

- 6 municipalities with projects focusing on improving local public sector infrastructure through investments as part of their development plans.
- 13 municipalities with smaller scale investment projects supporting improvements of municipality services towards their communities implemented.
- 244 municipal staff with strengthened capacities on preparation and application of EU funded grant.
- 45 municipal staff implemented EU4M projects in compliance with EU standards.

3. ASSUMPTIONS & RISKS

3.1. Assumptions underlying the project

The key challenges at local level concern shortcomings in necessary public infrastructure as well as financial, administrative and management capacities of local governments, that have a direct impact on the quality of and access to public services and local economic development potential, with rural and mountainous areas being proportionally much more affected than urban ones. In general terms, local governments legal responsibilities are not yet fully matched with adequate human and financial capacities to be able to effectively deliver such responsibilities and play an increasing proactive role towards building territorial cohesion and promoting sustainable local economic development. Furthermore, prioritising the implementation of municipal investments based on infrastructure needs and financial capacities is also a major challenge.

Key assumptions of the project are:

- Sufficient no. of quality projects proposed for financing via EU4M by municipalities;
- Municipalities propose mature projects with quality technical documentation for financing that can be implemented in a timely manner;
- Municipalities have sufficient capacities to absorb and manage the grants provided by the European Union through the EU4M project;
- Municipal staff will be engaged to and will absorb the capacity development measures planned for delivery by the EU4M project;
- Municipal staff will be engaged to communicate the results achieved with EU support;
- Beneficiaries co-financing is available for individual projects;
- Beneficiaries' capacity to cope with Value Added Tax costs of the projects financed via EU4M grants is ensured via formal commitments in the municipal annual and medium-term budget programs.

3.2. Risks

Key risks facing the project implementation include:

- Weak municipal capacities in grant application, and weak, under elaborated or insufficiently mature project proposals, unaccompanied by sound technical documentation, which may result in delays of project implementation;
- Weak municipal capacities in grant implementation, monitoring and reporting by municipalities, including procurement processes, including lack of familiarity with EU rules and procedures;
- Weak participation and engagement of relevant municipal staff in EU4M trainings and capacity development measures targeting municipalities;
- High municipal staff turnover, in particular in key positions such as financial managers/officers, procurement officers/managers, public service delivery officers/managers and EU units officers/managers;

Difficulties (delays) in banking procedures for the opening of dedicated bank accounts for projects implemented with EU funds; bureaucratic and/or slow procedures of Albanian public institutions that may delay eventual authorisations on infrastructure interventions at municipal level;

The EU4M project will respond to these challenges through targeted capacity development measures, in partnership with the Municipalities for Europe 2.0 Project, by integrating the technical assistance of both projects to enable municipalities produce more qualitative applications and strengthen their implementation capacities.

4. SCOPE OF THE ASSIGNMENT

4.1. General

4.1.1. Project description

EU for Municipalities Project includes a technical assistance component to strengthen municipal capacities in EU funds absorption and management. The EU4M interventions are tailored in particular to the capacity development needs of the municipalities that have been awarded a grant from EU4M. This technical assistance is provided in close coordination with the Municipalities for Europe Project, which provides technical assistance to Albanian municipalities on the topics of EU funds management. Targeted capacity development measures have been provided mainly during the sub-grants implementation phase to assure proper completion of the grants in line with the

PRAG rules and the EU4M grant methodology. The measures have been carried out in close coordination with MfE project and build upon the existing EU Unit Network but have also targeted other key LG officials that are responsible for different aspects of EU project development and implementation. The EU4M project provided different types of support to municipalities in different phases of the grant management: light technical assistance during the (i) identification of project interventions/ideas; and (ii) the Preparation of Applications; and more targeted and tailor-made regional capacity building measures during (iii) the Implementation of the projects focusing on grant management/implementation, monitoring and evaluation and reporting.

Apart of the one-to-one coaching sessions (upon request for the small municipalities in need), EU4M has delivered 12 coaching clinics and 22 Regional Trainings targeting all the Albanian Municipalities interested to implement the EU4M Grants scheme. Such capacity development measures have been designed to address the needs of the municipalities in different stages of the EU4M granting process, including communication and visibility.

Despite the significant technical assistance provided by EU4M to partner municipalities that have been awarded grants, the project team has noticed different processes and procedures adopted by municipalities when it comes to budgeting and public procurement with EU funding. EU4M has identified several approaches adopted by the EU4M grantees (municipalities) in the aftermath of signing the EU4M grant contracts in terms of amending the municipal budget to include: a) funding for the EU contribution of the grant contract (before or after) receiving the EU prefinancing funds; b) co-financing requirements for the specific projects financed by the EU4M grant contract; and d) VAT payments to be covered by the municipal budgets. While these processes and procedures are regulated by the municipal finance laws and bylaws, yet municipalities adopted different interpretations of the same rules, showing that there is not sufficient harmonisation in terms of procedures and interpretation of procedures. The individual choices of the municipalities had direct implications on the ability of municipalities to start implementing their projects and more importantly the procurement procedures for the investment component of the EU4M grants.

Similarly, due to the differences in the approaches adopted by municipalities for amending the municipal budget in the aftermath of the EU4M Grant, there have been differences in the processes and timelines for the public procurement procedures.

To this note, EU4M seeks to engage an external expert to perform a review of the legal framework and procedures in place for municipal budgeting and public procurement with EU funds; to develop up to 4 (four) case studies explaining the different practices and approaches adopted by EU4M grantees in the areas of budgeting and procurement with EU funds; and to develop viable policy recommendations on how to improve the policy/legal framework for the above mentioned processes. The expert shall also describe regional good practices creating an enabling environment for Albanian municipalities to access EU funds, focusing on supporting municipalities with pre-financing, co-financing and VAT payments exemptions/reimbursement procedures, as well as procedures adopted to open up procurement processes.

4.1.2. Geographical area to be covered

Project targeted areas will be potentially all 19 Municipalities benefitting from EU4M grants.

The direct one-on-one and hands on technical assistance to the benefiting municipalities in the preparation and finalisation of their communication and visibility materials.

4.1.3. Target groups

The main target groups of the EU4M Project are:

- Municipalities — 61 municipalities in Albania responsible for providing basic local infrastructure, provision of public services to citizens as well as for fostering local economic development.
- National Government — Minister of State for Local Government, and Agency for Support to Local Governments due to their legal obligations and responsibility within the decentralisation and overall transformation process.
- NGOs — NGOs play a critical role in monitoring governance and service delivery, as well as in raising awareness or acting as interlocutors to citizens in.
- Local Government Association (LGA) — Association of Local Autonomy of Albania (ALAA) is an affiliated entity that brings together municipalities in Albania.
- Citizens – as inhabitants of municipalities and final project beneficiaries that will be awarded a grant from the EU4M Grants will benefit from the infrastructure interventions and improved public services.

4.2. Specific work for this assignment

The expert is expected to develop a policy paper to support improving the policy and institutional framework supporting municipalities in implementing EU financial assistance. The Expert shall work in close collaboration with the EU4Municipalities team and the Ministry of Finance and Economy.

The policy paper is expected to include:

- a review of the legislation on local government budget planning, execution and reporting with EU funds, including laws and bylaws providing how municipalities should plan, amend, execute and report on their budgets financed with EU funds;
- a review of the legislation on public procurement, including laws and bylaws providing how municipalities should initiate procurement procedures with EU and donor funds, including during the election periods.
- up to two case studies describing how specific EU4M grantees have adopted and modified their municipal budget with decisions of the municipal councils, in the aftermath of the signature of the contract with EU4M and the budget re-allocations needed throughout the project implementation.
- up to two case studies with different models/approaches of procurement procedures followed by EU4M grantees for the investment components financed with EU funds;
- good practices from Albania's neighbouring countries as regards: a) instruments supporting local governments on pre-financing of EU funded projects; b) instruments for co-financing of EU funded projects; c) VAT payment exemptions or reimbursements and d) procedures for opening project bank accounts by municipalities.
- recommendations for improving the legislative framework for:
 - procedures for the opening of the project bank accounts by municipalities
 - procedures to be followed by municipalities on budgeting and procuring with EU funds
 - support to municipalities in the areas of pre-financing, co-financing and VAT payments

The expert is expected to actively contribute to the technical workshops to be organized by EU4Municipalities and the Ministry of Finance and Economy to support the processes of improving municipal practices towards donor funded project implementation.

4.3. Assignment management

4.3.1. Responsible body

NALAS, Network of Associations of Local Authorities of South-East Europe
EU4Municipalities Project

4.3.2. Management structure

NALAS, Network of Associations of Local Authorities of South-East Europe
EU4Municipalities Project

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

EU4M will offer work premises and equipment for the communication expert

5. LOGISTICS AND TIMING OF THE ASSIGNMENT

5.1. Location

The Experts will be located in Tirana and serve in the EU4M project targeted areas including up to 19 Municipalities of Albania.

5.2. Start date & period of implementation

The assignment will start in 18/01/2023 until 30/04/2024. The specific days for the regional trainings will be specified by the contracting authority and are subject to possible amendments as per the EU4M project's needs.

6. REQUIREMENTS FOR THE ASSIGNMENT

6.1. Staff

6.1.1. Key expert

The EU4M project intends to hire one Expert for assisting the project team in identifying areas for further improvement of the policy and institutional framework to create an enabling environment for Albanian municipalities to access EU funding.

Qualifications and skills

- Master's degree in economics, finance, law, public administration, development studies or other related fields (diploma on the academic achievements).
- Previous relevant work experience in the areas of local public finance, public administration, municipal capacity building or any other related field.
- Previous experience with international or local organisations or institutions, and/or with EU or other donor funded projects will be an asset.
- Good coordination skills and high sense of responsibility (up to two reference letters).

General Work Experience indicating the required qualification as the following:

- At least 3 years of work experience relevant to the assignment, as expert/coordinator in the area of decentralization and local government, public policy issues and donor funded projects.

Specific Work Experience indicating the required qualification as the following:

- At least 2 years of experience on municipal budgeting processes and procedures, public finance management at local levels, municipal capacity building, supporting municipal administrations in budgeting phases and procurement procedures.

The offers of candidates must include:

- CV of the Applicant in EU format
- Copy of Diplomas, Certificates, Letter of References supporting the experience and qualifications declared on the CV, shall be requested to be submitted only to the best ranked candidate.
- Legal Entity File (LEF) – Template given by the Contracting Authority
- Copy of ID document.
- Financial offer which indicates the daily fee for this assignment.

Expert must be independent and free from conflicts of interest in the responsibilities they take on.

6.2. Fee-based

This is a fee-based contract.

The assignment foresees up to 40 working days with a maximum budget of 6,000.00 EUR.

The EU4Municipalities project shall cover costs related to the implementation of the assignment, including travel, accommodation, etc., if any.

The payment will be done in one or more instalments, following the submission and approval of timesheets and deliverables.

7. REPORTS

7.1. Reporting requirements

Main deliverables of the assignment include the following:

- Proposed structure for the policy paper on creating an enabling environment for municipalities to absorb EU funds.
- Policy paper on creating an enabling environment for municipalities to absorb and manage EU financial assistance.

7.2. Submission & approval of reports

The reports shall be submitted to and be approved by the EU4Municipalities project team leader.

8. MONITORING AND EVALUATION

8.1. Definition of indicators

The main deliverables and indicators for the Expert are foreseen in Section 4.2 of the ToRs, including the scope of work for the assignment.

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