

MANUAL FOR PREPARING TERMS OF REFERENCE



Република Србија
Влада
Канцеларија за европске интеграције
Republic of Serbia
Government
European Integration Office



The PPF3 project is funded by the EU and
implemented by a consortium led by PM Group



SWEDISH INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY


GOVERNMENT OF THE REPUBLIC OF SERBIA
EU INTEGRATION OFFICE



MANUAL FOR PREPARING TERMS OF REFERENCE

Second edition

May 2011



MANUAL FOR PREPARING TERMS OF REFERENCE

Publisher:

Republic of Serbia

Government

European Integration Office

For publisher:

Milica Delevic, PhD

Author:

European Integration Office

No. of copies:

300

Design and prepress:

GSM Advertising d.o.o., Belgrade

Printing:

Global Print

Belgrade, 2011

ISBN 978-86-914485-2-3

CIP - Каталогизација у публикацији
Народна библиотека Србије, Београд
005.8(035)

ПРИРУЧНИК за припрему пројектног задатка / Влада Републике Србије, Канцеларија за европске интеграције. - 2. изд. - Београд : Влада Републике Србије, Канцеларија за европске интеграције, 2011 (Београд : Глобал принт). - 42, 42 стр. : граф. прикази, табеле; 24 cm Насл. стр. приштампаног енгл. превода: Manual for Preparing Terms of Reference. - Оба рада штампана у међусобно обрнутим смеровима. - Тираж 300. - Напомене и библиографске референце уз текст. - Библиографија: стр. 42.
ISBN 978-86-914485-2-3

1. Србија. Влада. Канцеларија за европске интеграције 2. Manual for Preparing Terms of Reference

a) Управљање пројектима - Приручници
COBISS.SR-ID 184781580

Contents

About this Manual	5
Terms of Reference – the Basics	5
<i>Purpose of ToR</i>	<i>5</i>
<i>Project Cycle Management as a basis for ToR preparation</i>	<i>7</i>
Contracting of Services	9
<i>Fee-based contracting</i>	<i>9</i>
<i>Global price contracting</i>	<i>10</i>
Drafting ToR for Service Contracts	10
<i>EU PRAG ToR and relevant template</i>	<i>11</i>
ToR and Logical Framework Approach	25
ToR and Project Fiche	27
<i>From ToR to technical offers and inception report</i>	<i>28</i>
Recommendations for ToR drafting	29
Annex 1: Indicative Checklist for ToR	31
Annex 2: Indicative Content of the ToR at different PCM phases	32
1. Context / Background to the assignment	33
2. Description of the assignment (Objectives and Results)	33
3. Issues to be studied	34
4. Methodology	40
5. Expertise required	40
6. Reporting requirements	41
7. Work plan and time-schedule	41
Sources of Information	42

List of Figures

Figure 1: The ToR as a communication tool	6
Figure 2: The contents of a standard tender dossier	6
Figure 3: Project Cycle Management (PCM) phases	7
Figure 4: The PRAG webpage	12
Figure 5: Project evolution from formulation to implementation	29

List of Tables

Table 1: ToR information as organised in PRAG sections	13
Table 2: Logframe Matrix – structure and information	26

About this Manual

This manual outlines the general principles surrounding the use of Terms of Reference (ToR). It aims to provide guidance on how to write ToR more efficiently and effectively for IPA funded projects.

A ToR document is one widely used by the international community of donors (including the European Commission) and International Financial Institutions (IFIs) such as the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD) – to specify the tasks to be carried out in a development project. This manual is aimed at supporting the continuous improvement of the capacity of beneficiaries to formulate a demand for service contracts, based on the recommendations for formulating ToR included in the Project Cycle Management Guidelines of the European Commission¹.

The manual follows the structure of a generic format of terms of reference as set by the European Union (EU) procurement rules and administrative guidelines for the implementation of EU-financed external aid programmes and projects. The manual also provides information regarding the expected content of the ToR, depending on the phase of the project cycle.

The recommended method for writing a ToR is not prescriptive. This manual is aimed at assisting those who may be given the task of drafting ToR for any kind of project.

Terms of Reference – the Basics

Purpose of ToR

The phrase Terms of Reference (ToR) has evolved to cover many things. According to the *New Oxford English Dictionary*², the ToR are the “scope allowed to persons conducting an enquiry of any kind”. Two other expressions sometimes used with the same meaning are “scope of work” and “mandate”.

¹ Project Cycle Management Guidelines; European Commission; March 2004

² New Oxford English Dictionary; <http://www.oed.com/>

Important:

In practice, a ToR is a written document presenting the purpose and scope of the service to be provided, the methods to be used, the standard against which performance is to be assessed or analyses are to be conducted, the resources and time allocated, and the reporting requirements.

A ToR should provide a clear description of:

- the rationale for undertaking an assignment, study or task
- the expected methodology and work plan (activities), including timing and duration
- the anticipated resource requirements, particularly in terms of personnel
- the reporting requirements

A ToR serves as:

- a selection tool
- a tool for communication between the service provider – the successful bidder (offer side) – and the contracting authority (demand side) (see Figure 1)
- a tool for following up and monitoring the contract during project implementation
- a tool for project evaluation – as a **part of tender documents**, a ToR is a **key contractual document** against which the performance of contractors, service providers (consultants) and/or other stakeholders can be judged

Figure 1: The ToR as a communication tool

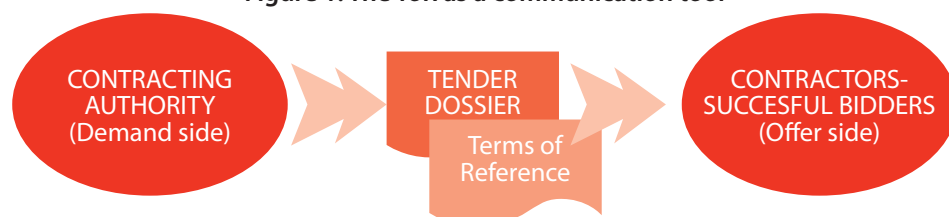
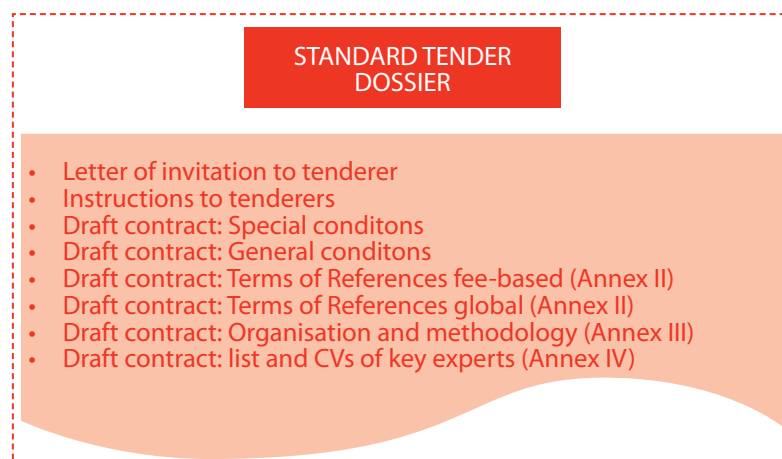


Figure 2: The contents of a standard tender dossier



Important: The contract is the legal link between the contracting authority and the contractor / the service provider. In the contract, one generally finds the different documents of which the full Tender Dossier consists, including the ToR.

Project Cycle Management as a basis for ToR preparation

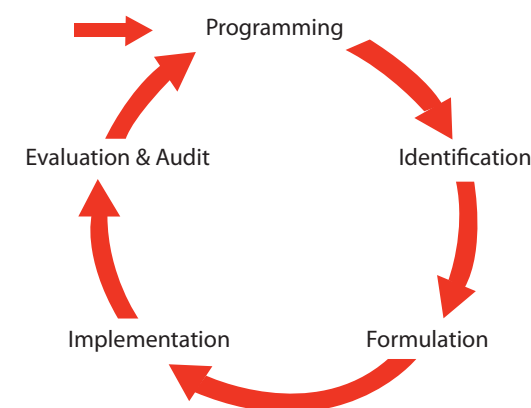
The logic of ToR writing is closely connected with the project cycle of operations or **Project Cycle Management (PCM)**.³

Project Cycle Management highlights three main principles:

1. Decision-making criteria and procedures are defined separately at each project phase (including key requirements and quality assessment criteria).
2. The phases in the cycle are progressive – each phase should be completed for the next to be tackled with success.
3. New programming and project identification draws on the results of monitoring and evaluation as part of a process of feedback and institutional learning.

The **PCM** for managing the EC's external assistance projects has five phases, as shown in Figure 3 below.

Figure 3: Project Cycle Management (PCM) phases



In practice, the duration and importance of each phase of the cycle will vary for different projects, depending on their scale and scope and on the specific operating modalities under which they are set up.

For example, a large and complex engineering project may take many years to pass from the identification through to the implementation phase, whereas a project to provide emergency assistance in a post-conflict context may take only a few weeks or months to commence operations on the ground. Nevertheless, ensuring that adequate time and resources are committed to project identification and formulation is a critical factor in supporting the design and effective implementation of relevant and feasible projects.

³ Project Cycle Management Guidelines; European Commission, March 2004

Therefore, PCM is a term describing the management activities and decision-making procedures used during the life-cycle of a project (including key tasks, roles and responsibilities, key documents and decision options).

PCM helps to ensure that:

- Projects support the overarching policy objectives of the EC and of development partners.
- Projects are relevant to an agreed strategy and to the real problems of target groups / beneficiaries.
- Projects are feasible, meaning that objectives can be realistically achieved within the constraints of the operating environment and the capabilities of the implementing agencies.
- The benefits generated by projects are likely to be sustainable.

The function of the ToR consists in specifying the demand / needs at the different phases of the project management cycle in order to:

- better integrate the provision of services (contract performance) in the project at different stages, from its preparation to its implementation and evaluation
- inform the bidders: to enable potential bidders to decide whether they can/want to bid in the light of the demand
- obtain bids that are relevant and adapted to the specific needs
- evaluate bids
- facilitate follow-up during implementation
- allow for final evaluation of achievements

To support the achievement of these aims, PCM:

- Requires the active participation of key stakeholders and aims to promote local ownership
- Uses management tools (such as the Logical Framework Approach⁴ and others) to support a number of key assessments / analyses (including stakeholders, problems, objectives and strategies)
- Incorporates key assessment criteria into each stage of the project cycle
- Requires the production of good-quality key document(s) in each project phase (with commonly understood concepts and definitions), to support well-informed decision-making.

In any case, the ToR must provide to the prospective bidder an optimal definition of the needs for provision of services, which follow on from the preceding project cycle phase, and comply with the structure of the project (qualitative demand).

Important:

The general structure of the Terms of Reference has to be drafted in accordance with the principles of project cycle management. The aim is to ensure that all issues are covered systematically and that key factors related to clarity of objectives and sustainability are thoroughly examined.

Contracting of Services

Technical and economic support in the course of cooperation policy involves recourse to outside know-how on the basis of service contracts, most of them for studies or technical assistance.

Study contracts include studies to identify and prepare projects, feasibility studies, economic and market studies, technical studies, evaluations and audits.

There are two different methods by which payment is made to the contractors, or two types of service contracts: *fee-based* and *global price*.

Fee-based contracting

Technical assistance contracts (fee-based) are used where a service provider is called on to play an advisory role, to manage or supervise a project, or to provide the experts specified in the contract.

The contractor is responsible for performing the tasks entrusted to it in the ToR and ensuring the quality of the services provided. Payment for these contracts is dictated by the resources and services actually provided. The contractor does, however, have a duty of care under the contract: it must warn the contracting authority in good time of anything that might affect the proper execution of the project.

For a fee-based service contract, ToR sections include the allocated budget headings. They consist of:

- a) The fees – the only part of the budget where competition takes place. The services are provided on the basis of a fixed daily fee rate for the days the experts work under the contract.
- b) Furthermore, the budget consists of a fixed provision for incidental expenditure which covers all actual expenses incurred by the consultant that are not included in the fees. The section for incidental expenditure should specify the type of expenditure which could be included in the expenditure verification of the contract.
- c) The ToR also specifies a provision for expenditure verification. The budget for incidental expenditure and expenditure verification is fixed by the contracting authority, must correspond with the ToR requirements, and must be carefully estimated.

⁴ See the 'ToR and Logical Framework Approach' section of this manual

Global price contracting

Global-price service contracts generally specify an outcome – that is, the contractor must provide a given product; the technical and operational means by which it achieves the specified outcome are irrelevant. These are, therefore, lump-sum (global-price) contracts and the contractor will be paid only if the specified outcome is achieved.

In the case of fee-based contracting, the contracting authority maintains tighter control over the project activities and corresponding results. In contrast, in the case of global-price contracting, the contracting authority focuses less on the activities of the service provided.

It is important to note that the choice of contracting mode (fee-based vs. global price) relates to the perceived risk that the contracting authority is ready to accept or share with the future service provider / contractor. Generally it can be said that the risk the contracting authority accepts is higher in a fee-based than in a global-price contract. Naturally, transferring a larger share of risk to a third party (as in the case of global-price contracting where a risk is transferred to a service provider) may result in a higher-priced bid.

Some service contracts may, however, combine both types, specifying both the means and the outcome.

Drafting ToR for Service Contracts

For services contracts, as outlined above, the Terms of Reference is the main document in which the requirements and expectations of the contracting authority should be clearly described. On the other hand, the ToR contains information for the tenderers, including a clear statement of the purpose of the contract and a list of tasks and services to be provided.

After the award of a service contract, the same ToR is used by the contracting authority to manage the activities and outputs of the consultant and to monitor progress of the contract.

The contract signed between the contracting authority and the consultant will include the ToR as an annex (or appendix). The ToR will also serve as a reference document concerning any non-compliance of the provisions of the contract during contract implementation.

The ToR should provide a clear description of:

1. the rationale for undertaking an assignment, study or task
2. the expected methodology and work plan (activities), including timing and duration
3. the anticipated resource requirements, particularly in terms of personnel
4. the reporting requirements

ToR are used throughout all stages of the project cycle described above to help specify the work that must be carried out or supported. For example, ToR drafting is usually required for:

- pre-feasibility studies, feasibility and design studies (at PCM formulation stage)
- appraisal / quality support missions (at PCM implementation stage)
- implementation contracts
- monitoring and review missions / contracts (at implementation PCM stage)
- evaluation studies (at PCM evaluation stage)
- other technical advisory / support work required by the contracting authority at any stage of the project cycle
- audits⁵

The exact content of the ToR may vary greatly, depending on:

- the scope of the project
- the assignment in question
- the stage of the project cycle to which the ToR applies
- the donors' requirements

According to the EU PCM Manual, every ToR must contain the following information:

- Context / Background to the assignment
- Description of the assignment (Objectives and Results)
- Issues to be studied
- Methodology
- Work plan and timetable
- Expertise required
- Reporting requirements

The following information can be added to the ToR when relevant:

- Services rendered by the organisation
- Bibliography

EU PRAG ToR and relevant template

Tender procedures for all kind of contracts that have been established by the European Commission are consolidated in the document **Practical Guide to Contract Procedures for EU External Actions (PRAG)**. ToR templates and guidance notes for Fee-Based and Global Price tenders are presented in **Annex B8** of the PRAG.

The PRAG is the first working tool that explains the contracting procedures that apply to all EU external aid contracts financed from the EU budget. Therefore, ToR templates financed from the EU budget in Serbia should follow the standard templates for Terms of Reference (fee-based and global price) that are laid down in the PRAG and are available on the European Commission EuropeAid website:

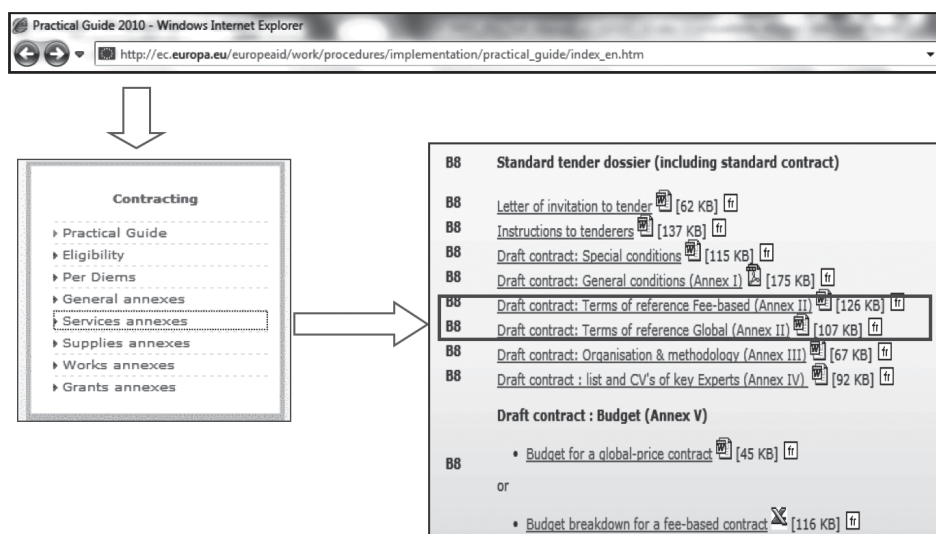
⁵ See Europe Aid's Intranet pages on 'Audit of External Operations' for standard ToR formats

Standard EU – PRAG template for service contracts:

http://ec.europa.eu/europeaid/work/procedures/implementation/services/index_en.htm

See also the PRAG Annex 'Standard service tender dossier'. This template is periodically reviewed and is thus subject to change to comply with the latest procurement rules and administrative guidelines of the EU PRAG.

Figure 4: The PRAG webpage



It is important to note that the ToR format prescribed by EU PRAG rules provides all the information required by PCM, organised in specific PRAG sections:

Table 1: ToR information as organised in PRAG sections

ToR information	EU PRAG ToR template
Context / Background to the assignment	1. BACKGROUND INFORMATION
Description of the assignment (Objectives and Results)	2. OBJECTIVE, PURPOSE & EXPECTED RESULTS
Context / Background to the assignment	3. ASSUMPTIONS & RISKS
Issues to be studied / Methodology	4. SCOPE OF THE WORK
Work plan and time schedule	5. LOGISTICS AND TIMING
Expertise required	6. REQUIREMENTS
Reporting requirements	7. REPORTS
Reporting requirements	8. MONITORING AND EVALUATION

The EU PRAG template for fee-based contracting (with comments on global-price contracting) is provided below:

EU PRAG TERMS OF REFERENCE – FEE-BASED template / with GLOBAL PRICE template commented on as necessary

The elements within "<>" brackets must be completed with the information indicated, as appropriate for each tender procedure. The phrases within "[]" brackets should only be included if appropriate. All other text should only need to be amended in exceptional cases, depending on the requirements of particular tender procedures. In the final version of each set of Terms of Reference, please remember to delete this paragraph, any other text with yellow highlighting and all such brackets.

The text of the ToR should provide sufficient background information related to the assignment, and then move in logical order from the objectives and results of the assignment, associated assumptions and risks, scope of the work, logistics and timing, to the required qualifications of the consultant or team and the resources available. The level of detail and ordering of specific sections will vary based on the nature and typology of the project intervention but standard sections are typically covered. A description of the appropriate content for each section is provided below. The content of each section has been presented as a guide, taking into consideration EU PRAG standard template for ToR, and provides tips (where relevant) on how to prepare each of these sections of the ToR effectively. These tips / recommendations are shaded in grey in order to be distinguished from standard EU PRAG template for ToR.

1. BACKGROUND INFORMATION

Note: The source of most of the background information in the ToR is the Project Fiche; however, it is recommended that special care is taken over describing sections 1.3. to 1.5. since information from the Project Fiche could be modified in the time between the drafting of the Project Fiche and the launching of the tender. For this reason, it is important to update all background information when preparing the ToR.

1.1. Beneficiary country

<Name>

1.2. Contracting Authority

<Name>

Note: Under Centralised Management System of EU funds Contracting Authority is the EU Delegation to the Republic of Serbia

1.3. Relevant country background

<Provide an overview of the particular characteristics of the country which are relevant to the operation of the proposed project. This should include any global and national economic and social factors which may affect the proposed project.>

1.4. Current state of affairs in the relevant sector

<Describe the current situation in the sector or institutional area in which the proposed project will operate. This section should be no longer than half a page. Include:

- National / local policies and strategies and/or economic data for the sector or institutional area;
- the origin and immediate history of present organisational structures, institutions and operating systems in the sector or institutional area;

and, if appropriate and not covered elsewhere in these Terms of Reference:

- responsibilities and mandate of institutions;
- human resource capacity and constraints;
- infrastructure development;
- market development;
- information systems and flows;
- priority setting and decision making;
- access to identified, priority social groups;
- financial structures and flows.

1.5. Related programmes and other donor activities:

<Identify and describe the link, if any, between the proposed contract and the activities and programmes of other sources of external assistance in the same sector. It is important to take care of possible overlapping of projects.>

2. OBJECTIVE, PURPOSE & EXPECTED RESULTS

Note: Once key aspects of the overall context have been established in the background section, the ToR can delve into the specific details of the envisioned assignment. The framing and presentation of the objectives, purposes and results to be achieved by the Consultant is usually a brief but important section in any ToR. Common understanding of, and consensus around, the stated objectives / purpose / results will be important throughout the negotiation and implementation of the assigned tasks. The source for this section of the ToR is the Project Fiche (from the narrative PF sections and from the PF Logframe). However, these could be modified in due to the time gap between the drafting of the Project Fiche and the preparation of the ToR in accordance with new information (e.g. new laws, new institutional framework, new similar projects implemented in the meantime, etc.)

2.1. Overall objective

The overall objective of the project of which this contract will be a part is as follows:

- <Objective>

2.2. Purpose

The purpose(s) of this contract] is/are as follows:

- <Purpose 1>
- <Purpose 2, etc>

For larger/complex projects there can be more than one purpose (i.e. one per project component)

2.3. Results to be achieved by the Consultant

< These may be presented either in order of importance or in chronological order, as appropriate >

- <Result 1>
- <Result 2, etc>

3. ASSUMPTIONS & RISKS

Note: It is recommended that the first step in preparation of the ToR would be drafting of the logframe. Again, the basis for the logframe preparation within the ToR is the Project Fiche. In case there are modifications related to the assumptions in the ToR logframe (compared to PF logframe) these should be clearly addressed in this section. The assumptions can change in accordance with the political, institutional, economic and judicial context.

3.1. Assumptions underlying the project intervention

<Insert elements from the Logical Framework prepared for the project>

3.2. Risks

<Insert elements from the Logical Framework prepared for the project>

4. SCOPE OF THE WORK

Note: This section presents the parameters of the project intervention in terms of its scope and limits. The scope should be realistic given the timeframe and resources available for project implementation. Details here include:

4.1. General

4.1.1. Project description

<As appropriate but with a recommended maximum of 2 pages>

Note: Provide description of the background to the preparation of the project, describe the objectives of the project, describe the key stakeholder groups, provide brief information on the type of activities foreseen and specify related results, indicate the broad timeframe for the action and describe any specific factor that has been taken into account.

4.1.2. Geographical area to be covered

< As appropriate >

4.1.3. Target groups

< As appropriate >

4.2. Specific activities

Note: While the PF provides only an indicative list of activities, the ToR provides a specific list of the tasks that shall be undertaken by the Consultant. The list of activities presented in this section is the same as in the ToR logframe. The outputs and reporting requirements expected should be specified, along with the required or proposed timeline for the project intervention. Clear guidance in this section will help ensure that the outputs of the project meet expectations.

A clear and detailed list of tasks to be undertaken in order to achieve the contract objective and/or Consultant's job description. The tasks should be listed either in order of importance or in chronological order. They should include any reports which the Consultant must prepare (in addition to the interim and final reports referred to in Section 7 of these Terms of Reference). Any tasks requiring specific expertise should be clearly identified. If appropriate, the time schedule for completion of the various activities should be stipulated here.

This section should contain only major managerial, economic, institutional, and technical requirements (+ criteria) regarding this project's activities. It may address the question of phasing of the project, or its organisation into distinct components. It should not be too prescriptive. It is up to tenderers to prepare their own detailed organisation and methodology and technical proposals such that they fulfil the general requirements described in these Terms of Reference.

For contracts which include an element of supervision of progress of contractors on other contracts (e.g., works or supplies), the tasks of the supervisor should include a description of the types of control which they must carry out. When the supervisor issues a certificate, they must be satisfied that relevant, reliable and sufficient evidence exists that:

- the tasks have been properly performed; and
- the amounts claimed by the contractor(s) have actually and necessarily been incurred in accordance with the requirements of the contract they are supervising.

In preparing this section, particular attention should be given to ensuring the sustainability and dissemination of project results. The Consultant must also observe the latest Communication and Visibility Manual for EU External Actions concerning acknowledgement of EU financing of the project.

See: http://ec.europa.eu/europeaid/work/visibility/index_en.htm

4.3. Project management

4.3.1. Responsible body

<Identity of the specific department of the Contracting Authority / beneficiary country (or its relevant agent, if appropriate) which will be responsible for managing the contract / project>

4.3.2. Management structure

<Describe the management structure of the Contracting Authority / beneficiary country administration, including all relevant decision-making processes which may be involved in managing this project. Include information on the basic management structure of the project (e.g., Project Management Unit, Steering Committee) and project planning.>

4.3.3. Facilities to be provided by the Contracting Authority and/or other parties

<As appropriate>

5. LOGISTICS AND TIMING

5.1. Location

<Identify the location (i.e., city / town) of the operational base for the project, any other location(s) where it may be appropriate for short-term inputs to be provided and/or where pilot projects may be established (e.g., regions or neighbouring countries with which cross-border co-operation is encouraged)>

5.2. Commencement date & Period of implementation

The intended commencement date is <date> and the period of implementation of the contract will be < number > months from this date. Please refer to Articles 4 and 5 of the Special Conditions for the actual commencement date and period of implementation.

<If the intention is to award a contract for additional services depending on the outcome of the initial contract, such as for the second phase of a study or operation, this must be stated here. The possibility of additional services being procured by negotiated procedure and their estimated cost must be clearly indicated, if appropriate.>

6. REQUIREMENTS

6.1. Personnel

6.1.1. Key experts

All experts who have a crucial role in implementing the contract are referred to as "key experts". Identify the profiles sought for all key experts (up to a recommended maximum of 4 key experts – otherwise the maximum scores will be negligible and evaluation will be difficult). The skills required may include professional technical skills, team management skills, communication skills, and/or language skills as appropriate. It is recommended to be as clear as possible to guarantee a fair technical evaluation of the key expert. Remember to set the scores in the evaluation grid accordingly. It may be useful to identify some absolute minima for the contribution of key experts to be considered appropriate. All points related to expert's profiles must be discussed and agreed between all key actors involved in ToR preparation.

When deciding on the profiles, equal access must be guaranteed in order not to create unjustified obstacles to competitive tendering. Furthermore, the profiles should be clear and non-discriminatory. As an example, "local expertise" or „knowledge of local language may be required but not a "local expert" (i.e. a national / resident of a country). Remember that participation in tendering procedures shall be open on equal terms to all eligible persons (see point 11 in Procurement Notice). The minimum percentage of time which each expert should work in the beneficiary country could be specified (e.g. 75% or 80% ... 100%), to limit the possibility that experts spend a large proportion of their time outside the beneficiary country to which they are supposedly giving technical advice (the percentage of time spent in the beneficiary country must be discussed by all key actors involved in ToR preparation).

The profile of the "ideal expert" should not be described as it sets the threshold for acceptance of the offer. Due consideration should be taken to the real minimum requirements and the existence of such experts on the market when choosing the criteria. The criteria should be as broad as possible. Quantifiable criteria should be drafted with vigilance. It is good practice to – where appropriate – add expressions such as "a University degree in Economics or a relevant, directly related discipline, or equivalent" in order not to automatically disqualify offers with experts who have 40 years' relevant experience but without formal university education; or "preferably 10 years' experience ... but a minimum of 5 years required". The required years of experience should be decided with due care and not be inflated, and focus should rather be on quality than on quantitative aspects. Please specify carefully what the minimum requirement is and what the preferred requirement is. It should be borne in mind that in case an expert does not meet the minimum requirements he/she should be rejected. This has the consequence that the entire tender is rejected.

The composition of the team of experts should be balanced (with LTSE, STSE, LTJE, STJE) to allow for complete coverage of the different aspects of the contract as set out in these terms of reference, including cross-cutting issues.

Key expert 1: Team Leader

Qualifications and skills

<As appropriate. Please differentiate between minimum requirement and preferred requirement if applicable.>

General professional experience

<As appropriate. Please differentiate between minimum requirement and preferred requirement if applicable.>

Specific professional experience

<As appropriate. Please differentiate between minimum requirement and preferred requirement if applicable.>

Key expert 2: <e.g. Senior legal expert>

Qualifications and skills

<As appropriate. Please differentiate between minimum requirement and preferred requirement if applicable.>

General professional experience

<As appropriate. Please differentiate between minimum requirement and preferred requirement if applicable.>

Specific professional experience

<As appropriate. Please differentiate between minimum requirement and preferred requirement if applicable.>

< etc >

Guidance notes on expert inputs – for Fee-Based contracts only

1. *Working days: performance of the contract (and therefore payment) is based on working days only (working days are from Monday to Friday). The Consultant will only be paid for days actually worked on the basis of the daily fee rate contained in the Budget breakdown (Annex V). Tenderers must annex the 'Estimated number of working days' worksheet, contained in the spreadsheet for Annex V, to their Organisation and Methodology (Annex III) to demonstrate the correspondence between the proposed methodology and the expert inputs. It is unnecessary to stipulate what the holiday provision for the experts will be. This is for the tenderer to decide. See further article 22 in the General Conditions. A fee-based / technical assistance contract is, by definition, one in which the actual days worked each month for each category of experts may differ from the number of working days estimated for each month in the Organisation and Methodology and the Budget breakdown. The actual input required for the tasks specified in the Terms of Reference can only be determined in the course of the contract. During the technical evaluation, the only aspect that should be considered for the non-key experts is whether the number of working days estimated for each month for each type of expert proposed in the Organisation and Methodology (Annex III) are sufficient for the requirements of the Terms of Reference to be achieved. This is judged on the basis of the profiles identified in the Terms of Reference and/or the Organisation and Methodology.*

2. *The annual leave entitlement of the experts employed by a service provider is determined by their employment contract with the service provider and not by the service contract between the Contracting Authority and the Consultant. However, the Contracting Authority is able to determine when experts take their annual leave since this is subject to approval by the Project Manager, who will assess any such request according to the needs of the project while the contract is in progress. For obvious reasons, a day of annual leave is not considered to be a working day. All this is clearly stated in the General Conditions, Articles 21 and 22.*

Everything is based on working days to avoid difficulties with national holidays etc in line with the beneficiary country of a given contract.

The fee rates for all experts must include all the "administrative costs of employing the relevant experts, such as relocation and repatriation expenses [including flights to and from the beneficiary country upon mobilisation and demobilisation], accommodation, expatriation allowances, leave, medical insurance and other employment benefits accorded to the experts by the Consultant". This is why no further precision of annual leave entitlement must be mentioned in the service contract.

It is important, though, to establish how many times each expert is to be mobilised (since travel is included in the fee rate, the number of flights will have an impact on that fee rate).

3. *The schedule of estimated numbers of working days which must be attached to Annex III provides a direct basis for calculating the maximum contract value. This estimation may be updated by the Consultant during the implementation of the project. The Project Manager can use this when monitoring the actual numbers of working days submitted in invoices and to check that the contract is progressing within budget, which is very useful from a financial management perspective.*

Since the estimated working days are on a monthly basis (maximum 22 working days), the spreadsheet can be used to provide an early indication of any problems during contract implementation, especially since it automatically calculates variances from the original estimates. Usually, the Project Manager should be able to see and explain why variations have occurred but, if not, he/she can investigate further. This is basic management accounting.

Note that civil servants and other staff of the public administration of the beneficiary country cannot be recruited as experts, unless prior written approval has been obtained from the European Commission.

For Fee-Based Contracts:

6.1.2. Other experts

CVs for experts other than the key experts (non-key experts) are not examined prior to the signature of the contract. They should not have been included in tenders.

The Consultant shall select and hire other experts as required according to the profiles identified in the Terms of Reference. They must indicate clearly which profile they have so it is clear which fee rate in the Budget breakdown will apply. All experts must be independent and free from conflicts of interest in the responsibilities accorded to them.

The selection procedures used by the Consultant 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 findings of the selection panel shall be recorded. The selected experts shall be subject to approval by the Contracting Authority.

Note that civil servants and other staff of the public administration of the beneficiary country cannot be recruited as experts, unless prior written approval has been obtained from the European Commission.

6.1.2. Other experts, support staff & backstopping

<As appropriate, CVs for experts other than the key experts should not be submitted in the tender. The Consultant shall select and hire other experts as required according to the needs. The selection procedures used by the Consultant to select these other experts shall be transparent, and shall be based on pre-defined criteria, including professional qualifications, language skills and work experience.>

Cost for backstopping and support staff, as needed, are considered to be included in the financial offer.

6.2. Office accommodation

Office accommodation of a reasonable standard and of approximately 10 square metres for each expert working on the contract is to be provided by <the Consultant / the beneficiary country / the Contracting Authority.>

If the office accommodation is to be provided by the Consultant:

- Option 1: The costs of the office accommodation are to be covered by the fee rates of the experts.
- Option 2: The costs of the office accommodation are to be covered by the provision for incidental expenditure. The cost per square metre must be in line with the prevailing local market rate for office accommodation of a reasonable standard.

6.3. Facilities to be provided by the Consultant

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

<State what will be required in terms of supplies, services, documentation, logistical support, etc for the success of the contract, indicating the source (i.e., Consultant / beneficiary country / Contracting Authority / ...). The maximum detail should be provided, especially for those elements which are to be provided by the Consultant within the fee rates of its experts.>

If the Consultant is a consortium, the arrangements should allow for the maximum flexibility in project implementation.

For Fee-Based Contracts only (not applicable for Global Price Contracts)

6.4. Equipment

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

For Fee-Based Contracts only (not applicable for Global Price Contracts)

6.5. Incidental expenditure

The Provision for incidental expenditure covers the ancillary and exceptional eligible expenditure incurred under this contract. It cannot be used for costs which should be covered by the Consultant as part of its fee rates, as defined above. Its use is governed by the provisions in the General Conditions and the notes in Annex V of the contract. It covers:

- Travel costs and subsistence allowances for missions, outside the normal place of posting, to be undertaken as part of this contract. If applicable, indicate if the provision includes costs for environmental measures, for example C02 offsetting. Do not give any financial estimates.
- <Item 2, etc. Do not give any financial estimates.>

The Provision for incidental expenditure for this contract is EUR <amount>. This amount must be included without modification in the Budget breakdown.

Any subsistence allowances to be paid for missions undertaken as part of this contract must not exceed the per diem rates published on the website: http://ec.europa.eu/europeaid/work/procedures/index_en.htm at the start of each such mission.

Guidance notes on estimating the Provision for incidental expenditure:

All costs relating to the provision of experts (including travel to/from the beneficiary country and subsistence once there, apart from missions specified in these terms of reference) must be included in the fee rates. The explicit explanation in the notes to the Budget breakdown is as follows:

- The provision for incidental expenditure does not cover travel to/from the beneficiary country for experts (other than for missions within the contract).

These mobilisation and demobilisation costs are included in the fee rates. In this respect there is no distinction to be made between key / non-key experts. The only per diem rates and travel costs which should be covered by the provision for incidental expenditure are those relating to missions which are required by these Terms of Reference.

- The subsistence paid to experts on missions requiring an overnight stay outside the normal place of posting must not exceed the per diem rate published on the website:

http://ec.europa.eu/europeaid/work/procedures/index_en.htm for each night away from the base of operations.

Remember that the amount determined in the Terms of Reference as the Provision for incidental expenditure is simply an upper limit on the incidental costs. It need not be estimated exactly and it does not matter that the actual costs are more or less than the estimated amounts of the components, provided that a reasonable margin of error has been allowed. The percentage of incidental expenditure is important for a realistic project implementation (it depends on project activities).

No detailed calculation of the provision for incidental expenditure must appear anywhere in the Terms of Reference or in the tender dossier, otherwise the amounts identified become legally binding.

For Fee-Based Contracts only (not applicable for Global Price Contracts)

6.6. Expenditure verification

The Provision for expenditure verification relates to the fees of the auditor who has been charged with the expenditure verification of this contract in order to proceed with the payment of further pre-financing instalments if any and/or interim payments if any.

The Provision for expenditure verification for this contract is EUR < amount >. This amount must be included without modification in the Budget breakdown.

This provision cannot be decreased but can be increased during the execution of the contract.

For Fee-Based Contracts

7. REPORTS

7.1. Reporting requirements

Please refer to Article 26 of the General Conditions. Not obligatory for contracts of less than 12 months: < Interim reports must be prepared every six months during the period of implementation of the tasks. They must be provided along with the corresponding invoice, the financial report and an expenditure verification report defined in Article 28 of the General Conditions.> There must be a final report, a final invoice and the financial report accompanied by an expenditure verification report at the end of the period of implementation of the tasks. The draft final report must be submitted at least one month before the end of the period of implementation of the tasks. Note that these interim and final reports are additional to any required in Section 4.2 of these Terms of Reference.

Each report shall consist of a narrative section and a financial section. The financial section must contain details of the time inputs of the experts, of the incidental expenditure and of the provision for expenditure verification.

[Adapt as necessary: To summarise, in addition to the documents, reports and output which could be specified under the duties and responsibilities of each key expert above the Consultant shall provide the following reports:

- Inception Report – Analysis of existing situation and plan of work for the project; no later than 1 month after the start of the implementation
- 6-month Progress Report – Short description of progress (technical and financial) including problems encountered; planned activities for the ensuing 6 months accompanied by an invoice and the expenditure verification report; no later than 1 month after the end of each 6-month implementation period
- Draft Final Report – Short description of achievements including problems encountered and recommendations; no later than 1 month before the end of the implementation period

Final Report – Short description of achievements including problems encountered and recommendations; a final invoice and the financial report accompanied by the expenditure verification report. The final report is submitted within 1 month of receiving comments on the draft final report from the Project Manager identified in the contract.

For Global Price Contracts

7. REPORTS

7.1. Reporting requirements

The consultant will submit the following reports in <language> in one original and <number (in view of environmental considerations, as few paper copies as possible should be requested) > copies:

The date of the submission of the Inception Report must be specified (to be produced after <one week, or other appropriate delay> from the commencement of the implementation). In the report the consultant shall describe e.g. the first findings, the progress in collecting data, the encountered and/or foreseen difficulties in addition to the work programme and staff mobilization. The Consultant is advised to precede with his/her work also in absence of comments by the Contracting Authority to the inception report. If there are comments, the Inception Report must be revised.

Draft final report of maximum <number> pages (main text, excluding annexes) [in the format given in Annex ...]. This report shall be submitted no later than one month 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 concerned parties on the draft report. The final report shall be provided by the latest <number> days after the reception of the comments on the draft final report. The report shall contain a sufficiently detailed description of the different options to permit an informed decision on <.....>. The detailed analyses which underlie the mission's recommendations will be presented in annexes to the main report. The final report must be provided along with the corresponding invoice.

<Any other relevant information for the reports>.

7.2. Submission & approval of reports

< Number (in view of environmental considerations, as few paper copies as possible should be requested) > copies of the reports referred to above must be submitted to the Project Manager identified in the contract. The reports must be written in English. The Project Manager is responsible for approving the reports.

< Please specify here any other specific requirements. In centralised procedures as a standard practice the Beneficiary country needs to be involved in the comments and the approval of the reports. In the absence of comments or approval by the Beneficiary country within the set deadline, the reports are deemed to be approved. >

8. MONITORING AND EVALUATION

8.1. Definition of indicators

<Specific performance measures chosen because they provide valid, useful, practical and comparable measures of progress towards achieving expected results. Can be quantitative: measures of quantity, including statistical statements; or qualitative: judgements and perception derived from subjective analysis. Objective indicator, project purpose indicators and result indicators indicated in the logframe are stated in this section.>

8.2. Special requirements

Any additional informational related to monitoring and evaluations are stated in this section.

<As appropriate.>

ToR and Logical Framework Approach

The **Logical Framework Approach (LFA)**⁶ is an analytical and management tool used (in one form or another) by most multi-lateral and bi-lateral aid agencies, international NGOs and by many partner governments. The EU generally requires the development of a Logframe Matrix as part of its project formulation procedures. Therefore, an application of the Logical Framework Approach at the various stages of the project management cycle is part of and indeed facilitates ToR formulation.

It is useful to distinguish between the **Logical Framework Approach (LFA)**, which is an analytical *process* (involving stakeholder analysis, problem analysis, objective setting and strategy selection), and the **Logical Framework Matrix (LFM)** which, while requiring further analysis of objectives, how they will be achieved and the potential risks, also provides the documented *product* of the analytical process.

With this approach, project cycle management envisages finding a solution for the following difficulties, which arise frequently:

- Confusion between results, objectives, activities
- Misconception and misunderstanding among different stakeholders concerning the exact content of the objectives
- Unrealistic objectives
- Non-specific objectives
- Lack of indicators for recording progress (follow-up, evaluation) in the implementation phase of the project
- Objectives not structured around problems and actual needs of target groups

A project goes through several phases identified in the PCM. First, there is the design phase (programming / planning, identification and formulation / preparation), followed by the implementation phase and completed by the ex-post evaluation phase.

At the end of each phase, it is important to have an output so that the results of the previous phase may be used as an input for the following phases. Moving to the next phase will be on condition that the previous phase has been satisfactorily completed. In this way, for instance, the formulation phase cannot start unless the identification phase has been successfully completed and produced all the necessary information, or the audit phase cannot start before project implementation has been completed.

During the implementation phase, if need be, the plan that was designed in an earlier phase may be reviewed or modified. This flexibility is important, given changing realities during the life of the project.

The Logical Framework Approach (LFA) and the Logframe are, therefore, core tools used in Project Cycle Management.

- The LFA is used during the *identification* stage of PCM to help analyse the existing situation, investigate the relevance of the proposed project and identify potential objectives and strategies.

⁶ Also see *Project Cycle Management Guidelines*; European Commission March 2004

- During the **formulation** stage, the LFA supports the preparation of an appropriate project plan, with clear objectives, measurable results, a risk-management strategy and defined levels of management responsibility.
- During project / programme **implementation**, the LFA is a key management tool to support contracting, operational work planning and monitoring.
- During the **evaluation** and **audit** stage, the Logframe matrix provides a summary record of what was planned (objectives, indicators and key assumptions), and thus provides a basis for performance and impact assessment.

The LFA allows information to be analysed and organised in a structured way, so that important questions can be asked, weaknesses identified, and decision-makers can make informed decisions based on their improved understanding of the project rationale, its intended objectives and the means by which objectives will be achieved.

The Logical Framework Matrix (or more briefly the **Logframe**) consists of a matrix with four columns and four (or more) rows, which summarise the key elements of a project plan, namely:

- the project's hierarchy of objectives (project description or intervention logic)
- the key external factors critical to the project's success (assumptions)
- how the project's achievements will be monitored and evaluated (indicators and sources of verification)

The typical structure and information included in a Logframe Matrix is shown in the following table:

Table 2: Logframe Matrix – structure and information

Project description	Indicators	Sources of verification	Assumptions
Overall objective: The broad development impact to which the project contributes – at a national or sector level (provides the link to the policy and/or sector programme context)	Measures the extent to which a contribution to the overall objective has been made. Used during evaluation. However, it is often not appropriate for the project itself to try to collect this information.	Sources of information and methods used to collect and report it (including who and when / how frequently).	
Purpose: The development outcome at the end of the project – more specifically, the expected benefits to the target group(s)	Helps answer the question 'How will we know if the purpose has been achieved?' Should include appropriate details of quantity, quality and time.	Sources of information and methods used to collect and report it (including who and when / how frequently)	Assumptions (factors outside project management's control) that may impact on the purpose-objective linkage

Results: The direct/tangible results (good and services) that the project delivers, and which are largely under project management's control	Helps answer the question 'How will we know if the results have been delivered?' Should include appropriate details of quantity, quality and time.	Sources of information and methods used to collect and report it (including who and when / how frequently)	Assumptions (factors outside project management's control) that may impact on the result-purpose linkage
Activities: The tasks (work programme) that need to be carried out to deliver the planned results (optional within the matrix itself)	(Sometimes a summary of resources / means is provided in this box)	(Sometimes a summary of costs / budget is provided in this box)	Assumptions (factors outside project management's control) that may impact on the activity-result linkage

The Logframe also provides the basis on which resource requirements (inputs) and costs (budget) are determined.

The LFA and LFM are very effective analytical and management tools when understood and intelligently applied. However, they are not a substitute for experience and professional judgment. They must also be complemented by the application of other specific tools (such as Economic and Financial Analysis and Environmental Impact Assessment) and of working techniques which promote the effective participation of stakeholders.

A common problem with the application of the Logframe Approach (particularly the preparation of the matrix) is that it is undertaken separately from the preparation of the other required project documents, such as the Identification (Project) Fiche or the Financing Proposal – i.e. as an afterthought.

ToR and Project Fiche

There are some differences in EC programmes in the way that financing decisions are made – particularly in the timing of the financing decisions at the end of the project Identification stage or at the Formulation stage. However, independently of this, the Project Fiche document must be elaborated for each of the financed projects.

Project Fiches identify and provide details about projects to be financed and also serve as a basis for elaboration of ToRs.

PCM methodology is used for elaborating information sources such as the EU development policy, country strategy papers and national indicative programmes. Information about desirable projects contained in national indicative programmes needs to be elaborated (with detailed specifications, etc) so that it is transformed into full Project Fiches that can serve as clear and useful tools to guide implementation.

During this stage, further formulation work may therefore be carried out to develop the technical and administrative provisions, prior to concluding a financing.

Key tasks generally include:

1. Revision of information regarding each project to identify issues requiring further analysis and formulation / design work, and to determine responsibilities for undertaking the work
2. Preparation of TOR (as appropriate) to contract further formulation / design work
3. Contracting of the design work and management of the contractors
4. Submission of the implementation documents (TOR / Technical and Administrative Provisions) for review by the Quality Support Group (QSG)
5. Other required actions prior to implementation, including ongoing dialogue with project stakeholders to ensure / support local commitment
6. Preparation and conclusion of the Financing Agreement

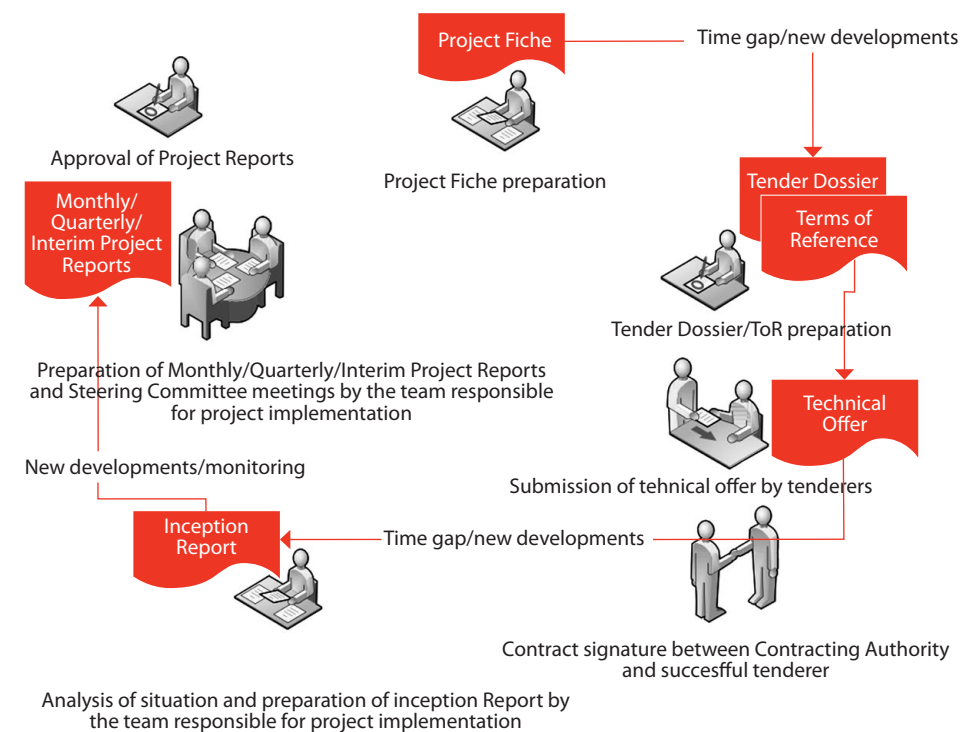
From ToR to technical offers and inception report

As crucial document for contracting, ToRs are the main basis for the preparation of technical offers by tenderers. Good understanding of ToRs by tenderers is very important for the evaluation of the best technical offers. A good understanding of ToRs is also crucial for a tenderer to win a contract.

Once implementation of the project starts, the inception report (first project report) is based on the ToR and the technical offer. However, between submission of the technical offer and preparation of the inception report (a few months), new laws may be adopted and new, similar projects may start. It is important therefore, to update the inception report in the light of the new context.

During monitoring and evaluation, monitors and evaluators usually compare the ToR with project reports.

Figure 5: Project evolution from formulation to implementation



Recommendations for ToR drafting

Drafting a ToR may be considered as a skill that tends to improve as practical experience is gained.

Important:

When drafting a ToR, an expert should already have a vision and understanding of the future service project implementation, from inception to final phase. Therefore, the expert should have good knowledge and deep understanding of the problem to be solved and the purpose of the project.

The ToR should be written in close cooperation with the beneficiary and the contracting authority so that all needs and concerns are fully understood.

The level of 'risk acceptance' and the technical capacity of the beneficiary and the contracting authority to monitor the services provided during implementation of the project should be assessed in advance, so that a correct choice of contracting mode may be made (fee-based vs. global price).

Important:

The ToR drafter should be able to quantitatively express (in terms of number of days and available budget) the beneficiary's and the contracting authority's needs and measure that information against available resources in order that foreseen activities / related results, expert input and available resources match.

The art of balancing expected results with available resources is one of the most important but often neglected requirements for a well-written ToR.

Additionally, the ToR writer should be able to distribute available resources over the project implementation time-frame. That means that the ToR should accurately predict the sequence of expected inputs and activities.

The points outlined above are in accordance with the basic PCM principle that the project phases in the project cycle are progressive – each phase should be completed for the next to be tackled with success. This principle is valid not only in the case of a major problem that needs to be gradually resolved through a sequence of projects (i.e. pre-feasibility study, feasibility study, technical design, works, etc) but also for the different phases of any single project being implemented at any particular PCM phase.

The ToR drafter should carefully ponder the type of experts needed and their profiles. This is an exercise that should be done from the beginning and separately for each particular project. Copying / pasting information from previous similar projects is not acceptable practice as each project is unique, just as the needs of each beneficiary are unique. It is not possible to provide a generic expert profile that fits any ToR, but only a generic guide to writing such profiles (see instructions in the 'EU PRAG ToR and relevant template' section of this manual).

Finally, the drafted ToR should always respect the EU PRAG format.

Annex 1: Indicative Checklist for ToR

ToR element	Y / N	Comment
1. Background information		
Does the information in this sector provide you with an adequate understanding of the current project environment?		
Who are the partner institutions and beneficiaries which have an interest in the project?		
What are the key problems to be addressed by the project / assignment?		
What progress has been made or actions undertaken, if any, to date to try to improve the situation?		
Other related projects and donor activities?		
Project-related data, e.g. geographical data target groups, category of services to be rendered		
2. Description of the assignment		
Specific objectives:		
Does this section clearly and logically define:		
the overall project objectives and how they will contribute to achieving programme objectives?		
the purpose of the service / assignment and how it can contribute to improving the current situation?		
Results to be achieved by the Consultant		
Does this section contain quantified objectives?		
If so, is there a clear linkage between targets set and the quantification of objectives?		
What will be produced as a result of the tasks / activities undertaken by the Consultant?		
Can these outputs be verified and measured?		
3. Methodology		
Is detailed information provided with respect to:		
the methodology to be used and tasks to be undertaken?		
the responsibilities for the contract performance, finances, expenditures and reports and the method of co-operation between the contracting authority and contractor?		
the time schedule needed to implement the project?		
the duration of the assignment?		
the place(s) where the services are to be delivered?		
4. Expertise required		
Does this section provide adequately detailed information with respect to:		

Profile of the consultants:		
the technical expertise required of key personnel?		
the minimum years of experience required for each?		
other qualifications (i.e. advanced university degree, languages, writing, analytical and inter-personal skills, etc)?		
Inputs by the consultants:		
a clear specification of the work days required to complete the activities		
5. Reporting requirements		
Are all required reports specified, such as: inception report, progress reports, and final report?		
Other documents as may be required by the project (feasibility study, terms of reference, etc)		
6. Work plan and timetable		
Does this section provide adequately detailed information with regard to:		
a clearly set out and detailed list of tasks to be undertaken in order to reach the objectives of the project, and / or consultant's job description?		
These should be listed in order of importance or in chronological order. If appropriate, the time schedule for completion of the various activities should be stipulated here.		
7. Services rendered by the organisation		
Does this section provide information on:		
Facilities to be provided for the project:		
If facilities are to be provided by the consultant, are these clearly defined and specified?		
Contribution of the recipient institution (i.e. office space, telephones, support staff, etc)?		
Equipment:		
Information about equipment to be purchased (only if strictly necessary for the project)		
Incidental expenditure:		
Are incidental expenditures clearly specified and in accordance with the guidance notes provided by the EC interim template?		

Annex 2: Indicative Content of the ToR at different PCM phases

A more detailed description of the type of information that might be contained in each section of a ToR is provided below. This is provided for guidance only. Not all the issues listed need to be considered by every study team / mission, nor does all the work necessarily need to be contracted out.

1. Context / Background to the assignment

This section of the ToR should provide an overview of the history behind the assignment and its rationale. It should clearly establish why the assignment is being carried out and relate it to the wider policy or programming context.

This section could vary in length from a few paragraphs to one or two pages, and should generally:

- Place the assignment in the context of the country strategy paper and national indicative programme, and the partner government's policy and programme priorities
- State the role of the partner government / other local stakeholders in undertaking the assignment
- Provide a brief history of the project to date – this should allow the reader to understand what important prior work has been carried out (and by whom), what formal approvals / agreements have been reached, and the current 'status' of the project in the project cycle.

2. Description of the assignment (Objectives and Results)

The purpose of this section is to clearly and concisely state what the assignment is expected to achieve, and who the target audience is. Some generic examples of study objectives at different stages of the project cycle are shown below:

Type of mission/study	Generic objectives
<i>Pre-Feasibility Study (PCM Identification phase)</i>	Objective: to provide sufficient information to justify the acceptance, modification or rejection of the proposed project idea, and determine the scope of follow-up planning work (i.e. a feasibility / design study)
<i>Feasibility Study (PCM Formulation phase)</i>	Objective: to provide sufficient information to justify the acceptance, modification or rejection of the project proposal, and, if deemed feasible, adequate information on which to proceed to concluding a financing agreement
<i>External Monitoring missions and mid-term reviews</i>	Objective: to provide sufficient information to make an informed judgment about the performance of the project (its efficiency and effectiveness), and decisions about any required changes to project scope (such as objectives, duration, financing, management arrangements, etc)
<i>Evaluations (PCM Evaluation phase)</i>	Objective: to provide sufficient information to make an informed judgment about the past performance of the project (its efficiency, effectiveness and impact), to document lessons learned, and to provide practical recommendations for follow-up action
<i>Audits (PCM Evaluation phase)</i>	Objective: to provide assurance on: <ul style="list-style-type: none"> • the legality and regularity of project expenditure and income – i.e. compliance with laws and regulations and with applicable contractual rules and criteria • whether project funds have been used efficiently and economically – i.e. in accordance with sound financial management • whether project funds have been used effectively – i.e. for the purposes intended

3. Issues to be studied

The purpose of this section is to identify the subject matter of the service contracts that, depending on the beneficiary interest and Project Cycle Management phase, can have the most diverse scope. Some generic examples at different stages of the project cycle are shown below:

Type of mission/ study	Generic objectives
<i>Pre-Feasibility Study (PCM Identification phase)</i>	<p>At this stage the following issues could be included for study / assessment:</p> <ul style="list-style-type: none"> • Assess the proposed project's coherence with the EC's country strategy paper and national indicative programme • Assess the proposed project's coherence with the partner government's development policy, sector policies and expenditure plans • Identify key stakeholders and target groups (including gender analysis and analysis of vulnerable groups), and assess institutional capacity issues and degree of local ownership • Identify the key problems to be addressed and the development opportunities, and prepare a preliminary problem analysis • Identify lessons learned from past experience and analyse the proposed project's coherence with current / ongoing initiatives • Analyse and as appropriate re-formulate the preliminary project objectives and proposed implementation strategy • Analyse and as appropriate formulate proposed management / coordination arrangements • Analyse and document sustainability issues – including the likely financial and economic sustainability of the proposed measures • Analyse and document cross-cutting issues – including gender, environment and human-rights implications (including the human rights of disabled people), and analyse and document likely resource / cost implications • Prepare a draft logframe matrix (as appropriate), highlight areas requiring further analysis, and provide clear recommendations on next steps (including ToR for a feasibility / design study)

Type of mission/ study	Generic objectives
<i>Feasibility Study (PCM Formulation phase)</i>	<p>Building on the work of any previous studies, the following issues could be further assessed / analysed:</p> <ul style="list-style-type: none"> • Analyse the proposed project's coherence with the EC's country strategy paper and national indicative programme • Analyse the proposed project's coherence with the partner government's development policy, sector policies and expenditure plans • Identify key stakeholders and target groups (including gender analysis and analysis of vulnerable groups such as the disabled), institutional capacity issues and degree of local ownership • Prepare a clear and appropriately structured problem analysis • Analyse lessons learned from past experience and ensure coherence with current / ongoing initiatives • Provide a clear analysis of strategy options and justification for the recommended implementation strategy • Provide a set of clear and logically coherent project objectives (goal, study during formulation phase, outputs) and a set of indicative activities for delivering each project output • Provide a logframe matrix with supporting activity and resource / cost schedules • Provide a description of the proposed performance measurement (monitoring, review and evaluation) and accountability system • Provide a description of the proposed management / coordination arrangements, which demonstrates how institutional strengthening and local ownership will be effectively supported • Provide an analysis of assumptions / risks, and a risk-management plan • Provide an analysis of sustainability issues – including the financial and economic sustainability of the proposed measures, environmental impact, benefits to both women and men, and the use of appropriate technology • Prepare ToR for any consultants / technical experts to be involved in project implementation • Prepare any other documents as may be required for supporting the preparation / conclusion of a financing agreement

Type of mission/ study	Generic objectives
<i>External Monitoring missions and mid-term reviews</i>	<p>The study / mission could be asked to deliver an assessment of some or all of the following issues:</p> <ul style="list-style-type: none"> • The extent to which the project is / remains consistent with, and supportive of, the policy and programme framework within which the project is placed • Stakeholder participation in the management / implementation of the project, and the level of local ownership • Project performance with respect to efficiency (input delivery, cost control and activity management) and effectiveness (delivery of outputs and progress towards achieving the purpose). Comparison should be made against what was planned. Gender issues should be specifically monitored. • Project management and coordination arrangements, and the extent to which timely and appropriate decisions are being made to support effective implementation and problem resolution • The quality of operational work planning, budgeting and risk management • The quality of information management and reporting, and the extent to which key stakeholders are kept adequately informed of project activities (including beneficiaries / target groups) • The prospects for sustainability of benefits – including (as appropriate) financial viability / recurrent cost financing, equipment / asset maintenance, institutional capacity-building and local ownership, environmental impact, social acceptability, etc <p>Based on these assessments, the study team would be expected to provide recommendations for any required change / modification to project scope (including objectives, management arrangements, financing, etc) in order to support effective implementation and the delivery of a sustainable benefit stream.</p>

Type of mission/ study	Generic objectives
<i>Completion and Evaluations</i>	<p>The analysis of relevance would focus on the extent to which the project design effectively and appropriately:</p> <ul style="list-style-type: none"> • Analysed the project's coherence with the EC's country strategy paper and national indicative programme • Analysed the project's coherence with the partner government's development policy and sector policies • Identified key stakeholders and target groups (including gender analysis and analysis of vulnerable groups such as the disabled), assessed institutional capacity issues and effectively promoted local ownership • Clearly and accurately identified real problems • Analysed lessons learned from past experience and ensured coherence with current / ongoing initiatives • Provided a clear analysis of strategy options and justified the recommended implementation strategy • Established a clear and logically coherent set of project objectives (goal, purpose, outputs) and a set of indicative activities for delivering each project output • Developed a clear and useful Logframe matrix with supporting activity and resource / cost schedules • Analysed assumptions and risks • Established appropriate management and coordination arrangements • Established appropriate and effective monitoring and evaluation systems • Provided an analysis of sustainability issues – including the financial and economic sustainability of the proposed measures, environmental impact, benefits to both women and men, and the use of appropriate technology

Regarding possible issues to be studied, some issues are more frequent and of particular importance. These are:

- Study of Efficiency
- Study of Effectiveness
- Study of Impact
- Study of Sustainability

Study of Efficiency

The efficiency criterion concerns how well the various **activities** transformed the available resources into the intended outputs (sometimes referred to as results), in terms of quantity, quality and timeliness.

The assessment of efficiency would therefore focus on issues such as:

- The quality of day-to-day management, for example in:
 - (i) management of the budget (including whether an inadequate budget was a factor)
 - (ii) management of personnel, information, property, etc
 - (iii) whether management of risk was adequate, i.e. whether flexibility was demonstrated in response to changes in circumstances
 - (iv) relations / coordination with local authorities, institutions, beneficiaries, other donors
 - (v) respect for deadlines
- Costs and value-for-money: how far the costs of the project were justified by the benefits (whether or not expressed in monetary terms) in comparison with similar projects or known alternative approaches, taking account of contextual differences
- Partner country contributions from local institutions and government (e.g. offices, experts, reports, and tax exemption, as set out in the Logframe resource schedule), target beneficiaries and other local parties – were they provided as planned, could re-allocation of responsibilities have improved performance, were communications good?
- Commission HQ / Delegation inputs (e.g. procurement, training, contracting, either direct or via consultants / bureaux): key questions as for local / government inputs (above)
- Technical assistance: how well did it help to provide appropriate solutions and develop local capacities to define and produce results?
- Quality of monitoring: its existence (or not), accuracy and flexibility, and the use made of it; adequacy of baseline information
- Did any unplanned outputs arise from the activities?

Study of Effectiveness

The effectiveness criterion, in Logframe terminology, concerns how far the project's outputs were used, and the project purpose realised.

The analysis of effectiveness would therefore focus on such issues as:

- Whether the planned benefits have been delivered and received, as perceived by all key stakeholders (including women and men and specific vulnerable groups such as the disabled)
- In institutional reform projects, whether behavioural patterns have changed in the beneficiary organisations or groups at various levels; and how far the changed institutional arrangements and characteristics have produced the planned improvements (e.g. in communications, productivity, ability to generate actions which lead to economic and social development)
- If the assumptions and risk assessments at results level turned out to be inadequate or invalid, or unforeseen external factors intervened; how flexibly management adapted to ensure that the results would still achieve the purpose; and how well it was supported in this by key stakeholders including government, Commission (HQ and locally), etc
- Whether the balance of responsibilities between the various stakeholders was appropriate, which accompanying measures were or should have been taken by the partner authorities, and with what consequences
- How unplanned results may have affected the benefits received

- Whether any shortcomings at this level were due to a failure to take account during implementation of cross-cutting or over-arching issues such as gender, environment and poverty

Study of Impact

The term impact, sometimes referred to as outcome, denotes the relationship between the project's purpose and goal – that is, the extent to which the benefits received by the target beneficiaries had a wider overall effect on larger numbers of people in the sector, region or country as a whole. At impact level, the analysis generally examines such aspects as:

- To what extent the planned goal has been achieved, and how far that was directly due to the project
- In institutional reform projects, how far enhanced economic and social development resulted from improved institutional capabilities and communications
- In infrastructure-type projects, how far did these also enhance economic and social development beyond the level of their immediate users?
- If there were unplanned impacts, how they affected the overall impact
- Where appropriate gender-related, environmental and poverty-related impacts were achieved
- How the economic effects have medium and long term impacts? Salaries and wages, foreign exchange, and budget, and how this relates to the project's overall objectives

Study of Sustainability

The fifth criterion, sustainability, relates to whether the positive outcomes of the project at purpose level are likely to continue after external funding ends.

An analysis of sustainability would therefore focus on issues such as:

- Ownership of objectives and achievements, e.g. how far all stakeholders were consulted on the objectives from the outset, and whether they agreed with them and remained in agreement throughout the duration of the project
- Policy support and the responsibility of the beneficiary institutions
- Institutional capacity, e.g. the degree of commitment of all parties involved, such as government (e.g. through policy and budgetary support) and counterpart institutions; the extent to which the project is embedded in local institutional structures; if it involved creating a new institution, how far good relations with existing institutions were established; whether the institution appears likely to be capable of continuing the flow of benefits after the project ends (is it well-led, with adequate and trained staff, sufficient budget and equipment?)
- Whether counterparts were properly prepared for taking over
- Technical, financial and managerial issues. The adequacy of the project budget for its purpose
- Socio-cultural factors, e.g. whether the project is in tune with local perceptions of needs and of ways of producing and sharing benefits; whether it respects local power-structures, status systems and beliefs, and, if it seeks to change any of these, how well-accepted are the changes both by the target group and by others; how well it was based on an analysis of such factors, including target group / beneficiary participation, in design and implementation; and the quality of relations between the external project staff and local communities
- Financial sustainability, e.g. whether the products or services provided were affordable for the intended beneficiaries and remained so after funding ended;

whether enough funds were available to cover all costs (including recurrent costs), and continued to do so after funding ended; and economic sustainability, i.e. how well the benefits (returns) compared to those in similar undertakings once market distortions are eliminated.

- Technical (technology) issues, e.g. whether
 - (i) the technology, knowledge, process or service provided fits in with existing needs, culture, traditions, skills or knowledge
 - (ii) alternative technologies were considered, where there was a choice
 - (iii) the intended beneficiaries were able to adapt to and maintain the technology acquired without further assistance

Where relevant, whether **cross-cutting issues** such as **gender equity, environmental impact** and **good governance** were appropriately accounted for and managed from the outset of the project.

4. Methodology

The section on methodology should describe how the study / mission will be carried out, including the main methods to be used to collect, analyse, record and report information.

This section should therefore include a description of:

- Main phases in the study (i.e. preparatory activities, field work, analysis, report drafting, feedback, editing, report finalisation)
- How stakeholders will be involved and the participation promoted, including specific target groups (such as women, the poor and other vulnerable groups such as the disabled)
- The location and duration of study activities
- The data / information collection tools that will be used, including any planned surveys, questionnaires, field observations, reference to administrative records and management reports, key interviews, etc
- How data will be analysed and recorded
- How and when specific reports will be produced

5. Expertise required

The purpose of this section is to specify the professional requirements of the individual and/or team who will undertake the assignment.

There are two broad approaches to establishing the required expertise:

- *Skills or attributes-based approach*, in which the skills and other qualities of the whole team are specified, but not the exact number of team members or specific composition of the team (closer to global-price service contracting)
- *Duties approach*, in which individual team members are identified by title and specific duties are specified for each of them (closer to fee-based service contracting)

The attributes approach may be preferred when the outputs of the mission can be clearly specified and the intention is to contract a team to undertake the task. This allows tenderers to be innovative in putting forward a proposed team, methodology, work plan and budget.

However, if the outputs of the mission cannot be adequately specified (but specific tasks can be), or if the contracting authority wishes to maintain more control over the inputs they are 'buying', then a duties-based approach may be preferred. The duties-based approach would generally specify:

- Exact number of team members and their required qualifications, experience and other attributes
- Period of engagement of each team member
- Exact duties and responsibilities of each team member
- Relationship between each team member, including team leadership roles

6. Reporting requirements

This section of the ToR should clearly specify the reporting requirements, and might include details of:

- Table of contents for the required report (i.e. for a feasibility / design study or an evaluation report), including annexes
- Anticipated length of the report
- Language to be used
- Format and font to be used
- Computer software programmes to be used
- Submission date(s) for drafts and final copies
- To whom the report(s) should be submitted
- Number of copies to be produced, and whether in hard copy and/or electronic copy
- Presentation of the contents of the report – when and to whom
- Responsibilities for report production and presentation

Reference might also be included to other EC guidelines, such as the PCM Guidelines, sector programme guidelines (if any), guide to evaluation procedures (if any), etc., where these provide further guidance with respect to report formats or other reporting requirements.

7. Work plan and time-schedule

This section should provide a summary of the anticipated work plan and time-schedule, based on an analysis of the issues to be studied, the proposed method, and the reporting requirements. This is best presented in the form of an activity schedule / Gantt chart.

The work plan may be presented in more or less detail depending on whether or not the contracting authority has a clear idea of how the study should be carried out, and to what extent it wants bidders to propose their own methodology, team composition and/or work plan.

Sources of Information

Getaway to the European Union	http://europa.eu/
European Commission	http://ec.europa.eu/
European Commission Enlargement	http://ec.europa.eu/enlargement
European Commission External Cooperation Programmes	http://ec.europa.eu/europeaid
The Delegation of the European Union to the Republic of Serbia	http://www.europa.org.rs/
Serbian Government	http://www.srbija.gov.rs/
EuropeAid tenders	https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome
PRAG	http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm
Project Cycle Management Guidelines; European Commission, March 2004	http://ec.europa.eu/europeaid/reports/index_en.html
Manual for drafting Terms of Reference at different stages of Project Management Cycle; Ministry of Finance, Government of Republic of Serbia, Sector for Programming and Management of EU Funds and Development Assistance, June 2007	