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Cross-Border Economic Development (CED)

BASELINE STUDY

Terms of Reference

November 10, 2015

Background

The Georgia-based Civil Development agency (CiDA) in partnership with the Armenia-based Support for Noyemberyan (SFN) and the Northern Branch of Eurasia Partnership Foundation within the framework of the EU-funded European Partnership Territorial Cooperation (EaPTC) are implementing a 16-month “Cross-border Economic Development” (CED) project. The goal of the CED is to improve the living conditions of bordering communities in the Georgia’s Kvemo Kartli and Armenia’s Tavush regions. This goal will be achieved through a) strengthening cross-border cooperation between the Kvemo Kartli and Tavush regions by attracting investments; b) strengthening cross-border cooperation between the Kvemo Kartli and Tavush regions by increasing transactions between business entities from both regions; and c) informing business entities in the target regions about cross-border investment and trade opportunities.

The project idea is based on the assumption that Georgian businesses now have improved access to the EU market, and Armenian businesses have a tax-free access to the EEU market. The access to the EU market may be attractive for Armenian businesses that want to export products and are also interested in investing in the Georgian economy. Vice versa, the EEU market can also be attractive for Georgian businesses and trigger Georgian investments in Armenia. At the same time, engagement with two different global customs unions may also hinder direct cross-border trade relations between Armenia and Georgia. Having in mind the assumed impediments, the CED project wants to explore the opportunities that the current economic setting may bring to the Armenian and Georgian businesses, particularly those located in the Kvemo-Kartli and Tavush regions.

The CED project will commence with a **Baseline Study**, covering both Tavush region of Armenia and Kvemo Kartli region of Georgia and aiming to explore the existing cross-border trade and investment regulations in both countries, mutual investment opportunities, as well as to identify local businesses that can benefit from this initiative. The Baseline Study will inform the design of the supportive activities, including but not limited to cross-border agro-tours, media bus-tours, agricultural fair, business consultations to interested entrepreneurs, etc. The project partners will also establish a Facebook group for the project beneficiaries; publish a practical guide on how to develop business within the customs frameworks that Armenia and Georgia are currently in; as well as will produce a

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catalogue featuring a map of agribusinesses located in the cross-border regions of Armenia and Georgia.

The partners anticipate that the implementation of the project will bring the following results:

- The knowledge of Georgian and Armenian regional business holders on new economic opportunities within the frameworks of the Eurasian Customs Union and the EU Association Agreement has increased.
- Links between Georgian and Armenian business holders have strengthened, and joint ideas have been initiated to support local economic development.
- Georgian and Armenian business holders have received an increased access to business-related information on establishment/development of joint business activities.

Objective

EPF is looking for a Consultant or a Team of Consultants who will take the responsibility for implementing the Baseline Study at the highest international standards.

The **Baseline Study** will comprise of two stages - a Desk Research and a Field Work.

The Desk Research will highlight the new opportunities and obstacles for cross-border business development after Georgia signed the Association Agreement with EU and Armenia joined the EEU. It will also describe and analyse the current economic situation in the cross-border regions of Armenia and Georgia, address the new challenges and opportunities that lie ahead, in the new political and economic realities. Based on this, new sectors, forms and methods will be proposed to promote cross-border cooperation.

In particular, the Desk Research will identify up to four sectors that are developed on both sides of the border and provide an opportunity for cross-border cooperation (e.g. there is a demand on one side and supply on the other, or there is an investment potential.)

The Desk Research will respond to the following questions:

- a. What are internal investment regulations, related to these sectors;
- b. What are production-related regulations, including taxation, licensing, certification, etc.
- c. What are the exporting and importing regulations between Armenia-Georgia and what are practical challenges;
- d. Are there any preferable trade conditions that the products/services originating in Armenia and Georgia have in EU and EEU respectively and what are practical challenges related to export;
- e. Sector-specific development trends, including foreign trade, investment growth.

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The Field Work will include sampling, elaboration of research instruments (questionnaires, guides, and discussion points), in-depth interviews with the randomly selected stakeholders, and analysis of the collected data. It will sample and study identified regional and national business entities mapped during the Desk Research to explore the business climate in the cross-border regions of Armenia and Georgia. It will also describe the opportunities and challenges for cooperation and investment that existed historically, as well as those that are associated with the Association Agreement and the Eurasian Economic Union.

In particular, the Field Work will:

- a. map value chain actors in the identified sectors, including list of products, their production capacities;
- b. explore prospective business linkages and investment opportunities between the identified value chain actors;
- c. inform the design of supportive activities of the project.

Process and Deliverables

The selected Consultant or a Team of Consultants will be responsible for the following components of the Baseline Study:

- Elaboration of the methodology¹ of the Desk Study
- Assistance to the Georgian counterpart to adapt the Desk Study methodology to the Georgian realities
- Implementation of the Desk Study in Tavush region of Armenia
- Elaboration of the methodology² of the Field Work
- Assistance to the CiDA team to adapt the Field Work methodology to the Georgian realities
- Training to Northern Branch of EPF and SfN on using the research instruments;
- Supervising the Field Work in Tavush region implemented by the teams of the Northern Branch of EPF and SfN
- Collecting the results of the Desk Study and Field Work from the Georgia-based counterparts, and elaboration of an aggregate report.

Thus, the key deliverables of the consultancy are:

- a) The **methodology** of the Desk Research. This will include the type of information and the list of sources;

¹ The methodology of the Desk Study will be finalized in close collaboration with the team of EPF.

² The methodology of the Field Work will be finalized in close collaboration with the team of EPF.

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- b) The **methodology** of the Field Work. This will include the list of instruments to be used and detailed guidelines on how to use those;
- c) The **final report** in English that synthesizes the results of the desk research and field work in both Armenia and Georgia.

The report should include the following parts:

- Executive summary;
- Introduction;
- Description of the methodology(ies);
- Analysis of the regulatory framework, including opportunities and challenges for cross-border business cooperation and mutual business investment;
- Map and description of businesses in Tavush and Kvemo Karti regions;
- Key findings, including good practices and lessons learned;
- Conclusions and recommendations;
- Annexes: ToRs, lists of field visits, people interviewed, documents reviewed, etc.;
- PDF or PPT presentation summarizing the report.

NOTE: The volume of the final report should be in the range of 15 to 30 pages (without annexes).

Timeframe and Reporting Requirements

Deadline for application: November 18, 2015 (17:00 Yerevan time)

Selection announcement date: November 23, 2015.

The Consultant or Team of Consultants should start their work on **November 25, 2015**, or as soon as possible.

The **draft report** should be provided to the project partners **by December 30, 2015**.

The **final report** should be submitted to EPF no later than **January 25, 2016**.

Budget

The budget of the consultancy should not exceed the gross €6,000 (includes applicable taxes and fees), which covers in-country transportation, accommodation, meals, and communication, as well as fees and expenses for transportation between Armenia and Georgia. On top of that, some logistical costs, such as office space, internet access, etc., will be handled by CiDA, EPF, and SfN. Proposals exceeding this sum will not be considered.

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EPF can make a pre-payment of up to 20% of the total contract amount, so the incumbent(s) could cover the logistical expenses. EPF will make the second (final) payment only after the approval of the final report (including the process of integrating comments in the final product).

Request for Bids

EPF seeks bids from individuals or organisations to conduct this study. The location of organizations and citizenship of individuals do not matter; however, strong Armenian- and English-language skills are a must, while good knowledge of Georgian and/or Russian is a plus.

Applicants should submit a proposal in **English**, and it should include:

- Draft methodologies for the Desk Research and Field Work;
- Detailed work plan;
- Detailed description of the applicant's or applicant team's qualifications (including CV/s showing experience in conducting research in relevant fields).

NOTE: EPF does not have a specific template for the proposal; there is no limitation on the number of pages.

Selection Criteria

The EPF will select the winning candidate among the organisations or individuals submitting a complete bid by the application deadline.

The selection criteria will include the following:

- Degree to which the proposal adheres to the terms listed above;
- Quality of the proposed methodology(ies) and feasibility of the work plan;
- Ability to adhere to the time constraints of the proposed action plan.
- Qualifications of the applicant or a team of applicants, including past experience with similar types of research;

Confidentiality Statement

All data and information received from EPF for the purpose of this assignment will be treated confidentially, and will only to be used in connection with the execution of this TOR. All intellectual property rights arising from the execution of this TOR are assigned to EPF. The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without the expressed advance written authorization of EPF.

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Application Process

Applicants should submit their proposals to Varsik Nerkararyan, Programs/Office Coordinator at the Northern Branch of EPF, at ynerkararyan-epf-north@epfound.am with “Baseline Study, *your name and surname*” in the subject line.



Cross-border Economic Development is co-funded by the European Union within the framework of the European Partnership Territorial Cooperation (EaPTC).



European Partnership Territorial Cooperation opens an opportunity for Eastern Partnership countries to identify and jointly address common challenges in their border regions towards sustainable economic and social development at local level.

EaPTC comprises four territorial cooperation programmes: Armenia-Georgia, Azerbaijan-Georgia, Belarus-Ukraine and Moldova-Ukraine.

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