**Terms of reference for Consulting Services**

**TECHNICAL ASSISTANCE FORSTUDY FOR DIAGNOSIS AND IDENTIFICATION OF INVESTMENT OPPORTUNITIES**

**FOR INTER-MUNICIPAL PUBLIC TRANSPORT IN NORTH MACEDONIA**

**LRCP-9034-MK-CS-CQS-** **A.1.2.5**

1. **BACKGROUND INFORMATION**

North Macedonia is a landlocked country at the heart of the Balkans, characterised by mountainous terrain intersected by valleys and lowlands. It is a transit region on two of the ten Pan-European transport corridors, Corridor VIII and Corridor X. Its proximity to the European Union (EU) potentially provides the country access to a large export market of 650 million customers. According to the last census of 2021, the population is 1.836.713, of which around 28 % live in the capital, Skopje, 38 % reside in rural areas, and the remaining 34 % live in smaller urban centres.

Governance of the 9,000 km local road network is fully decentralised to municipalities, most of which have limited capacity to manage and preserve road assets. Local roads consist of a mixture of rural roads connecting villages and towns and streets within urban areas and villages. The local road networks suffer from a lack of systematic planning, neglected maintenance, and insufficient funding. The poor quality of municipal infrastructure is a significant factor preventing people from regularly accessing social, health and educational services and employment opportunities outside their immediate communities.

Intermunicipal public transport aims to achieve improvement in the overall quality of mobility and focuses on people and inhabited areas; the purpose is to improve transport system efficiency, reduce the impact of rapid motorisation, ensure accessible transport options to reach job centres, education and other opportunities, and bring closer the economic equity and opportunities between large and small cities.

Currently, many municipalities do not have inter-municipal line passenger transport that would connect them with other municipalities, and the citizens are facing big problems in their daily functioning.

All legal entities that perform inter-municipal passenger transportation and/or manage bus stations are privately owned. However, the informal (illegal) transportation of passengers contributes to reducing the number of passengers transported by licensed operators. This way, the lines' profitability is reduced, so the operators stop maintaining the licenses to perform these lines.

A comprehensive understanding of the inter-municipal line passenger transport is needed, including (i) the existing legal legislation as well as the new law that is in the drafting phase by EU regulations, (ii) tariff and ticketing system, (iii) if the existing inter-municipal licenses held by carriers meet the current travel needs of passengers from all municipalities; (iv) the network connecting inter-municipal passenger lines between small urban and rural areas and larger municipalities; (v) the service provided and the profitability of the inter-municipal lines for which the carriers hold permits; (vi) the fleet used for the inter-municipal lines and (vii) the infrastructure of support (bus stops, terminals and bus stations, depots, etc).

1. A new model for the allocation and granting of permits for performing inter-municipal passenger transportation should be prepared by the Consultant. The proposal will consider the laws and by-laws for allocating and granting licenses for inter-municipal line passenger transport. The proposal will also include the improvement in connecting passenger transport between municipalities.
2. To determine the price of the passenger transport ticket and how it would be defined, an analysis of the relevant responsible authorities is required. At the moment, carriers independently determine the price of the ticket (whether this is the correct solution)
3. Also, the analysis of the costs incurred by carriers in the operation of inter-municipal lines, especially in the part of the costs they set aside for the use of bus stations.
4. Multimodal transport should be taken into account during the preparation of the analysis.

# It is important for the Consultant to be on the ground to experience the inter-municipal service and conduct consultations with the key stakeholders and private operators. As the study progresses, the consultants should seek feedback from the stakeholders and operators to ensure collective buy-in.

# OBJECTIVE

The overarching aim of this consultancy is to support the Ministry of Transport and Communications (MoTC) of North Macedonia in identifying policy interventions and investment opportunities to improve inter-municipal public transport across the country. Within this context, the objectives of the study are twofold:

1. Provide a rapid analysis of inter-municipal public transport in North Macedonia and develop a situational diagnosis of the service involving the six points mentioned in the former section.
2. Assist and appraise in identifying a pipeline of projects suitable for potential finance to improve inter-municipal public transport.

# SCOPE OF WORK AND EXPECTED ACTIVITIES

***Task 1: Mobilization and Inception Report (within one month of Contract award)***

Detail the project development strategy, including a) mobilization plan, proposed methodological approach, and the work program; and b) stakeholder engagement plan.

**Deliverable:**

1. Inception report that covers mobilization plan, methodology, work program, and stakeholder engagement plan.
2. General kick-off meeting of the study.

The MoTC PIU and Road Department will serve as key facilitators within the Government to bring together key stakeholders throughout the process, including a steering committee. The MoTC will also provide the Consultant with all relevant regulations, data, documents, and studies upon the contract award. The MoTC will also provide operators’ contact information and assist in communication and facilitation.

***Task 2: Diagnosis of*** ***inter-municipal public transport (within four (4) months*** ***of Contract award)***

The objective of this task is to conduct a comprehensive review of the current state of inter-municipal transport in North Macedonia. This will include the following activities, but is not limited to:

1. Characterization, assessment, and review of the institutional, policy and legal framework for intermunicipal passenger public transport. This will cover regulation, planning, tendering, licensing (process, responsibilities, and requirements), contracting, promotion, coordination, provision, and monitoring. The analysis should also include details on the institutional responsibility/mandate and capacity for policy setting, implementation, and enforcement. In terms of regulation, the study should also include information on compliance with EU regulations.
2. Characterization, assessment and review of the current business models for inter-municipal public transport. This will cover contracting, asset acquisition and management, service provision, financing arrangements, capital and operations costs, tariff, fare collection and payment methods, and performance management. The Consultant, in coordination with the Project Steering Committee (PSC), will engage with relevant stakeholders to inform this review.
3. A high-level assessment of current network, demand and potential demand growth. The consultant should propose a practical method to draw a network and collect ridership data from the inter-municipal operators and conduct discussions with then to draw an understand of the current network and demand, as well as unmet demand and opportunities to growth demand.
4. Characterization, assessment and review of fleet and infrastructure conditions and then identification of at least five major corridors of inter-municipal transport. This shall be done in consultation with the project team and considering the relevance of the corridor in terms of regional representation, transport coverage served, demand and/or significance to the country and economic linkage with major job/economic centers. The Consultant could propose additional corridors if needed in the resource and should propose the approach to selecting these priority markets/corridors in conjunction with key stakeholders.
5. Diagnosis of the current service and operations of inter-municipal transport along the major corridors identified in the point above, including:
   1. Characterization, assessment, and review of existing inter-municipal public transport services, including routes, actual or estimated ridership, service frequencies (weekdays, weekends, etc.), travel times, integration with other modes of transport (multimodality to be taken into consideration) and main facilities used end route. The Consultant will propose a methodology on how to perform this activity, which may include a combination of multiple methods, such as (i) secondary data collection from operators and authority sources, (ii) primary data collection such as on-board GPS tracking of vehicles, on-board manual surveys, among others.
   2. Characterization of the facilities, including terminals (lines/services accessing the existing terminals), passenger amenities and conditions at terminals, operators’ depots, ITS systems, etc.
   3. Characterization, assessment and review of the fleet (composition, age, conditions, and emissions).
6. Formulation of clear and convincing narratives (~2 pages) for developing the inter-municipal public transport: why it is strategically important to the following but not limited to: the nation, the economic development, decarbonization, urbanization, and integration with EU in the N. Macedonia context.
7. Based on the diagnosis the Consultant shall propose a new model for the allocation and granting of permits for performing inter-municipal passenger transportation including determination of the price of the passenger transport ticket and how it would be defined. The proposal will also include the improvement in connecting passenger transport between municipalities. The proposal could cause possible laws and by-laws amendments for allocating and granting licenses for inter-municipal line passenger transport. The Consultant should also recommend tariff adjustment and incremental increase for inter-municipal service through a sound approach and consultation with stakeholders and operators and in the context of cost recovery.

It is expected that the following data will be available to the Consultant:

* List of inter-municipal public transport lines
* Timetables for the inter-municipal public transport lines
* List of inter-municipal public transport operators and fleets owned by each one.
* List of categorized inter-municipal bus stations, depots, and other significant facilities.

***Deliverable:*** **Comprehensive Report** covering: (i) the institutional, policy, and legal framework of inter-municipal public transport in North Macedonia; (ii) business models utilized by different operators in inter-municipal transport in North Macedonia; (iii) a comprehensive service and operations diagnosis; (iv) infrastructure facilities characterization and diagnosis (along identified priority corridors/markets); (v) well-written and articulated policy narratives for national decision makers on developing inter-municipal public transport; and (vi) a new model for the allocation and granting of permits for performing inter-municipal passenger transportation.

***Task 3: Identification of investment opportunities - proposals (within six (6) months of Contract award)***

Based on the baseline assessment undertaken in Task 2, the Consultant, in consultation with the project team, will identify potential investment opportunities for improving inter-municipal public transport, prioritizing high ridership/high usage corridors and routes identified in Task 2, iv. At least the following investment opportunities will be considered:

1. Bus Terminals (city-based terminals, inter-modal nodes and other types)
2. Bus stop facilities
3. Fleet renewal needs
4. Operation system aid (based on either GPS or other systems)
5. E-ticketing systems
6. Operators’ infrastructure and equipment facilities (depots, etc.)
7. Incentives modalities to be provided on national and/or local level

For each investment opportunity, the Consultant will carry out an analysis and evaluation based on the following criteria:

1. Legal and institutional feasibility.
2. Operators´ contract compatibility. If not, the Consultant will indicate the terms of new contracts or modifications of the existing ones to guarantee compatibility.
3. Cost of the proposal and assignment to the main stakeholders (public sector and operators).
4. Business model to develop the proposal. The Consultant will include a basic financial model to understand the financial feasibility of the proposal.
5. Identification of risks for each stakeholder involved in the proposal.
6. Cost-benefit analysis, including externalities and impact on society / markets.
7. Incentives modalities on national and/or local level (when required).

The proposals should be classified by level of prioritization, ballpark cost estimates, and steps/additional works to be done to be ready for implementation.

The Consultant will prepare an opportunities long list which will be checked with key stakeholders through a workshop to reach an agreement on prioritizing short-term / high-priority investments (short-term package). The consultancy team will prepare the required presentation materials (e.g., slides) to facilitate the discussions in the workshop.

The **final investment package** proposed shall consist of short-term investments (3–4-year implementation period) in the total amount of 10-15 million euro (including design, civil works, and goods) with priority to publicly owned infrastructure and systems (such as depots, public transport terminals, intelligent bus transport systems). The package will include key technical assistance (such as capacity building, concession development, sector reform/growth strategy), monitoring, and evaluation.

The Consultant must clearly articulate why some of the investments are overdue or urgently needed based on the baseline analysis, and develop clear rationales for the investment.

***Deliverables:***

1. **Report on identifying prioritized investment opportunities**, with cost estimates, and defining the needed work for implementation readiness.
2. **Workshop** with key stakeholders to agree on the priority investments, including the workshop summary report.

***Task 4: Appraisal (within seven (7) months of Contract award)***

The Consultant should conduct a rapid appraisal using IFIs’ methods on GHG, PM2.5, cost-benefit analysis, and Paris Alignment compliance for the agreed short-term investment package.

***Deliverable:* Report** and clean Excel file on the appraisal of the short-term package.

***Task 5: Completion and Final Report (one month before end of Contract)***

The Final Report is intended to present all activities during the whole project period and include an overall assessment of the achievement of project objectives. The Report should reply to every requirement set in the Terms of Reference, reflecting all activities carried out, results achieved, etc. The Final Report should contain, but is not limited to, the following main elements:

- Project synopsis;

- Executive summary;

- Summary of progress since the project start;

- Project progress in the reporting period;

- Overall assessment of the performance of the project;

- Evaluation of communication activities;

- Lessons Learned;

- Annexes - outputs of the project.

***Deliverable:* Final Report.**

# DURATION OF THE ASSIGNMENT AND PAYMENT SCHEDULE

The Consultant is required to complete the assignment within 9 (nine) months of Contract award/signing date. The payment related to the implementation of the assignment will be made as it is specified in the Table below.

|  |  |  |  |
| --- | --- | --- | --- |
| Task | Deliverable | Delivery date (starting from contract signing) | Payment |
| Task 1 Mobilization and Inception Report | Inception Report | One (1) month | 20% after Client’s approval |
| Task 2 Diagnosis of intermunicipal public transport | Report on Comprehensive diagnosis of intermunicipal public transport | Four (4) months | 60% after Client’s approval |
| Task 3 Identification of investment opportunities | Report on Identification of prioritized investment opportunities  Report on Stakeholders Workshop | Six (6) months |
| Task 4 Appraisal | Report and clean excel file on the appraisal of the short-term package | Seven (7) months | 10% after Client’s approval |
| Task 5 Completion and final report | Final Report | One (1) month before the end of assignment | 10% after Client’s approval |

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# SUBMISSION AND APPROVAL OF THE REPORTS

The Consultant is required to be ready for mobilization of key staff after Contract signing.

All reports shall be prepared in Macedonian and English language in hard copies and electronic copes in editable unprotected format and PDF format. The reports shall be submitted to the Client with cover letter that contains the basic data about the Consultant, the contract and the report that is subject of delivery. All reports shall be delivered in 2 (two) hard copies with 2 (two) electronic copies in Macedonian language and 2 (two) hard copies with 2 (two) electronic copies in English language.

The Client and the SC members shall provide comments (if any) on the draft versions of the reports within 15 days upon receipt. Within 5 days of receiving comments from the Client and the SC, the consultant shall submit the final version of the reports. The final version of the reports shall consider that all comments from the Client and the SC are incorporated. It has to be approved by the Client within 10 days upon receipt. The Client has right to provide additional comments to the final version of the report. If the final version of the report is commented, the Consultant has to revise the report accordingly and resubmit the revised final version of the report within 5 days of receiving comments from the Client.

Each task-based report shall contain an executive summary of at least 1 page, but no more than 4 pages. The Final Report can have up to 8-10 pages for executive summary as needed.

All final versions of the deliverables above shall be provided in English and Macedonian language with appropriate MS Office formats and as pdf. Files.

# PROJECT MANAGEMENT

In order to successfully coordinate project implementation, the project management anticipate creating of the Project Steering Committee (PSC), to manage project, approve deliverables and make decisions on all important project implementation aspects.

**Project Steering Committee (PSC)** shall be established with overall responsibility to review regularly the project implementation, review the timely fulfilment of the Work program in all aspects and to propose any major strategic decisions to the Ministry of Transport and Communications. The Project Steering Committee will be chaired by the high-level representatives from Ministry of Transport and Communications (Roads Department). Members of the Project Steering Committee, as voting members, are representatives from the Ministry of Transport and Communications, PIU and representatives from the following institutions:

* Public Enterprise for State Roads;
* Ministry of Interior;
* Transport Inspectorate;
* ZELS
* Other relevant institutions/organizations.

The Project Steering Committee shall invite members without voting power to participate in the PSC meetings (such as business sector, private operators, academia etc.).

The role and main functions of the Project Steering Committee will include:

– To assess project progress and monitor all activities of the project, as agreed in the contract for the delivery of technical assistance;

* To check, discuss, provide comments, and approve the Consultant’s Report;

– To jointly discuss any critical points or bottlenecks for further project implementation and to propose and discuss remedy actions to be taken in order to tackle problems;

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– To ensure close co-operation between the relevant institutions, social partner organizations, local authorities and other relevant actors, taking into account the complexity of the project and ensuring transparency.

With regard to the constitution of the Steering Committee, at the first meeting the Rules of Procedures (RoP) should be adopted by the Project Steering Committee. The Project Steering Committee will have regular meetings according to the Rules of Procedure.

The Consultant will ensure proper functioning of the PSC, organizing the meetings, preparing and circulating the agenda, writing and distributing the minutes, and follow-up/implementing the committee’s decisions. The date of the PSC meetings, the agenda and the necessary documents shall be set and circulated among the interested parties tentatively with a reasonable time in advance (i.e. approximately 7 days in advance) according to the RoP. The Consultant has to keep them in a file as project documentation.

# COMPANY REQUIRED QUALIFICATIONS

The Consultant shall be a legal entity (firm or a group of firms) with the following qualifications:

* Proven general experience and verifiable track-record working on providing Consultancy services or technical assistance in the area of public transportation within the past ten (10) years (inter-municipal/inter-city policy advice in Europe and/or in the WBs region will be considered as an asset);
* Proven specific expertise with at least three (3) successfully completed similar assignments in the area of public transport related projects successfully completed within the last ten (10) years. Experience in Europe and/or WB6 countries would be considered as an asset.
* Proven experience in transport-related data analysis, transport operation and/or facilities planning and evaluation within the last ten (10) years. Experience in Europe and/or WB6 countries would be considered as an asset.
* Demonstrated ability in formulating and articulating policies and advising high-level government officials would be considered as an asset.

The credibility of mentioned general experience shall be presented in a list of project references for provided Consultancy services or technical assistance in the area of public transportation within the past ten (10) years and accompanied by certificates of orderly fulfilment of the contracts verified by other party from such contracts. The credibility of the mentioned specific experience shall be presented in a list of at least three (3) similar\* public transport-related project references completed within the last ten (10) years and accompanied by certificates of orderly fulfilment of the contracts verified by other party from such contracts.

The consulting team should be comprised of international and local experts (with demonstrated capacity to coordinate locally). The team should possess multi-disciplinary expertise and skills to perform all the tasks. Technical expertise required within the core team needs to cover the following topics:

* IFI financing for transport and appraisal methods
* Inter-municipal/inter-city public transport planning and operations (both service and facilities)
* Public transport planning (both operation and facility planning)
* Public transport operations (including IT aid systems), fleet management and e-ticketing.
* Operators´ business models and concession development, including Public-Private Partnership.
* Economic analysis (cost-benefit analysis, GHG analysis, incentives schemes etc.)
* Service contract financial analysis (referring to line operators, terminal management, and/or fleet purveyor).
* Legal, regulatory, and institutional analysis of European and country contexts.

The Consultant is expected to propose a staff-organization chart that will include details on:

* The experts responsible for the overall approach, detailing which experts will be carrying out data gathering and quantitative analyses and which ones will be involved in analytical assessments.
* Local team and local presence with demonstrated ability to ensure stakeholder coordination.

# TEAM COMPOSITION & QUALIFICATION REQUIREMENTS FOR THE KEY EXPERTS

Consultant is encouraged to develop its own methodology as well as the staffing plan, level of effort and work approach to accomplish the ToR in commensurate to the allocated budgets. This assignment will require the firm to staff an appropriate mix of highly qualified international and/or local experts. The Consultant may propose several non-key experts if needed. For the key staff, below is the table with the required positions and minimum requirements for qualifications and experience.

The core team of Key Experts (KE) should include the required members in the Table 7.1 below.

|  |  |  |
| --- | --- | --- |
| **Key Staff** | **Qualifications** | **Experience** |
| 1. Team Leader | University degree in relevant discipline to the assignment (engineering, statistics, economics, transport, transport policy, etc.) | **General experience**  - minimum twelve (12) years of proven professional working experience in consultancy/technical assistance in transport sector.  **Specific experience**  - at least eight (8) years of proven working experience in project management and expertise in public transport including inter-municipal public transport;  - at least two (2) projects of similar nature and scope in a position of Team Leader in the previous 10 years;  - Proven experience in economic analysis, GHG, Paris Alignment will be an asset.  - Experience in similar assignments in Europe and/or Balkan Region will be an asset.  - Demonstrated record of work with stakeholders in North Macedonia is an asset.  - Experience on e-bus for intercity market and latest industry trend is an asset  **Language**  - Good command of spoken and written English language is required. |
| 2. Transport Expert | University degree in relevant discipline to the assignment (engineering, traffic, statistics, economics, transport, transport policy, etc.) | **General experience**  - minimum ten (10) years of proven professional working experience in transport sector.  **Specific experience**  - at least seven (7) years of proven working experience in inter-municipal public transport planning operations, fleet and infrastructure facilities (policies/regulations);  - at least one (1) project of similar nature and scope in a position of transport expert in the previous 10 years;  - Experience in similar assignments in Europe and/or Balkan Region will be an asset.  - Demonstrated record of work with stakeholders in North Macedonia is an asset.  - Experience on e-bus for intercity market and latest industry trend is an asset.  **Language**  - Good command of spoken and written English language is required.  - Knowledge of Macedonian language is an asset. |
| 3. Financial Expert | University degree in finance and/or economics | **General experience**  - minimum ten (10) years of proven professional working experience in finance/economics.  **Specific experience**  - at least seven (7) years of proven working experience in corporate/project/subnational financings, PPP structuring, and credit analysis, for transport projects (public transport/urban transport);  - at least one (1) project of similar nature and scope in a position of financial/economy expert in the previous 10 years;  - Experience in similar assignments in Europe and/or Balkan Region will be an asset.  **Language**  - Good command of spoken and written English language is required. |
| 4. Local Legal Expert | University degree in law | **General experience**  - minimum ten (10) years of proven professional working experience in law/legal issues.  **Specific experience**  - at least seven (7) years of proven working experience in North Macedonia’s institutional and legal framework, laws and bylaws drafting, public sector law and similar experience in national transport legislation and EU transport acquis;  - Experience in similar assignments in transport legislation in North Macedonia and/or EU will be an asset.  **Language**  - Good command of spoken and written English language is required.  - Good command of spoken and written Macedonian language is required. |
| 5. Data Analyst | University degree in relevant discipline to the assignment (engineering, traffic, statistics, economics, transport, transport policy, IT, GIS, computer sciences, natural sciences, etc.) | **General experience**  - minimum ten (10) years of proven professional working experience in data management.  **Specific experience**  - at least five (5) years of proven working experience in handling databases and/or Geographic Information Systems (GIS).  - Experience in similar assignments in transport sector in handling databases and/or GIS will be an asset.  **Language**  - Good command of spoken and written English language is required. |

\*Similarity is considered in nature, size, and complexity of completed contracts in the field of Climate Resilience. Assignments with bigger size and complexity are acceptable.

The Consultant shall submit for the approval of the Client, the curriculum vitae (CV) of key experts along with certified copies of their academic qualifications and professional registration.

In addition to the key staff and non-key staff as per Table 7.1, if necessary, the Consultant shall provide a sufficient number of other non – key expert staff with appropriate expertise. CVs for additional non-key experts are not examined prior to the signature of the Contract and will not be evaluated in technical proposal.