

REQUEST FOR EXPRESSION OF INTEREST

Assistance to MSMEs for Preparation of Reports under the EU Carbon Border Adjustment Mechanisms (CBAM)

USAID's Partnerships for Economic Growth Activity implemented by Palladium International works with resource partners to unlock the growth, productivity and employment potential of micro, small and medium enterprises in North Macedonia. Component 4 of the Activity supporting regional economic integration of the country is implemented by the Center for Development Policies IDEAS DePo.

IDEAS DePo is launching this request to solicit expression of interest by consulting companies operating in North Macedonia to assist micro, small and medium enterprises (MSMEs) in meeting their respective reporting requirements under the EU Carbon Border Adjustment Mechanisms (CBAM).

1. Context

European Union pursues an ambitious agenda to reduce carbon emissions for 55% (compared to 1990 levels) by 2030 and become a climate-neutral continent by 2050. The implementation of the regulatory and implementation requirements designed to achieve these impressive goals are costly and often adversely affect the competitiveness of goods produced in the EU compared to those produced in countries with less stringent climate policies thus resulting in a so-called "carbon leakage".

To address the risk of "carbon leakage", the EU introduced the Carbon Border Adjustment Mechanism – CBAM, a tool designed to ensure that a fair price is paid upon imports to the EU of certain categories of carbon-intensive goods that reflects the embedded carbon emissions generated during their production in third countries.

CBAM started to implement on October 1, 2023. During the transitional phase, until December 31, 2025, the importers will not pay the adjustment fee, but only calculate and report quarterly the carbon emissions embedded in the imported goods. The collection of the fee will start in January 2026.

The calculation and reporting requirements during the transitional period of CBAM implementation will apply on certain goods/sectors whose production is carbon intensive and carry the highest risk for carbon leakage, namely iron and steel, aluminum, cement, fertilizers, electricity and hydrogen.

2. Problem statement

Under the EU CBAM Implementing Regulation for the transitional phase adopted in August 2023, the ultimate responsibility for reporting of the carbon emissions embedded in the goods imported to the EU lay with the importers. However, the main input for these reports is the data submitted by the installations in non-EU countries that produce those goods.

To support harmonized implementation of CBAM and facilitate the reporting procedure for non-EU companies, the European Commission developed the *Guidance Document on CBAM Implementation for Installation Operators Outside the EU* and a respective *Communication Template*.

CBAM imposes significant and complex reporting requirements on all companies in North Macedonia that produce goods affected by CBAM and export them to the EU. Many of them, particularly those falling into the MSME category do not have the expertise and the capacity to fully understand and meet the new requirements, which significantly jeopardizes their ongoing business relations with EU customers. Failing to submit data on the carbon emissions embedded in their products in the requested quality and form, and on time for the quarterly CBAM reports, they risk losing their position at the EU market.

3. Scope

Recognizing the challenges, USAID's Partnerships for Economic Growth Activity and IDEAS DePo seek to support MSMEs during the initial period of CBAM implementation by helping them prepare their communications for quarterly CBAM reports and by strengthening their capacity in this area.

The purpose of this request for expression of interest is to gain better understanding of the locally available expertise related to assisting MSMEs in North Macedonia comply with CBAM requirements.

The expression of interest is a first stage in the process of selection of service provider(s) that will deliver the CBAM-related assistance to individual MSMEs. In a second stage, applicants with satisfactory expertise and experience will be invited by IDEAS DePo to further negotiate and agree the scope and conditions of their engagement, according to organization's internal procurement procedures.

4. Eligibility and qualifications

- Legal entity registered in North Macedonia.
- Expertise on all aspects of CBAM implementation related to installations in non-EU countries, as well as overall EU policies for mitigating the impact of GHG emissions on climate.
- Proven experience with preparation of CBAM reports/communications for installations in North Macedonia.

5. Application procedure

Applications under this request for expression of interest should include the following documents in English language:

- Cover letter with contact information.
- Proof of the legal status in North Macedonia.
- CVs of experts demonstrating the required expertise.
- Evidence of at least three completed assignments of assisting Macedonian companies comply with CBAM requirements, including contact information for reference purpose.

Please submit your application in electronic form to info@ideasdepo.mk no later than May 10, 2024.