Terms of reference (ToRs) for the procurement of services below the EU threshold

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Business Advisors for C2.1	**Project number/ cost centre:** 71.3043.8-001.00

Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

0. List of abbreviations

AVB	General Terms and Conditions of Contract (AVB) for supplying services and work 2018
BA	Business Advisor
BSP	Business Service Provider
CARP	Covid-19 Adaptation and Recovery Pilot
CBI	Central Bank of Iraq
FCI GP	Finance, Competitiveness, and Innovation Global Practice
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IT	Information Technology
MoF	Ministry of Finance
MSMEs	Micro Small Medium Enterprises
RES	Rapid Enterprise Survey
SGBs	Small Growing Businesses
TA	Technical Assistance
ToRs	Terms of reference
WBG	World Bank Group

1. Context

Iraq is facing a combination of acute shocks which the country is ill-prepared to manage.

Iraq's unfavorable business environment constrains private sector activity and drives the concentration of firms towards the low-productive sector. In the World Bank Doing Business 2020, Iraq ranks as one of the lowest ranking economies in the Middle East and North Africa region. A Rapid Enterprise Survey (RES) of Iraqi firms (2019) found that the following top three constraints are significantly impacting small firms (employing less than 20 employees): access to finance (32 percent), business service problems (18 percent), and physical damage and insecurity (17 percent). A significant 97 percent of MSMEs are facing a financing gap totaling over US$ 69 billion.[1] Low access to finance and the absence of a robust ecosystem are behind the concentration of MSMEs in low- productivity sectors. Moreover, most MSMEs are informal[2] and provide their products and services to local markets, and very few expand to national and international markets. Yet, MSMEs in the country generate more than 60 percent of total employment in the country (excluding oil).[3]

As a frontier market, Iraq has a highly untapped SMEs potential.[4] A Rapid Enterprise Survey (RES) found that private sector is characterized by low dynamism, and it has not adequately played its role as a creator of jobs. Iraq's annual number of new entrants fell from 5,293 firms in 2008 to 2,020 firms in 2016, according to the World Bank Doing Business Entrepreneurship Data.[5] A lack of entrepreneurship (in the formal economy) reduces the pool of young firms, which have been identified as the engine of job creation in other countries.[6] In a context where firms do not grow over their life cycle, the result is an ecosystem with a large number of small and medium old firms, leading to low firm turnover and lower jobs.

The development of the private sector with a focus on innovation and entrepreneurship in Iraq has been an increasing priority for the Government of Iraq. The government approved a Private Sector Development Strategy for 2014 – 2022, acknowledging that a viable and thriving national private sector that is regionally competitive and globally integrated would contribute to economic diversification, sustainable development, and job creation. A few of the activities spelt out in the Strategy included providing financing of up to the US $5 billion to MSMEs through the Tamwil Program[7] and the establishment of a 200 billion IQD (US$ 170.5 million) Fund to provide seed capital, soft financing, and loan guarantees for the private sector to expand their businesses, establish new enterprises, increase competitiveness and to promote entrepreneurship and innovation.

In response to this situation, The World Bank Group's Finance, Competitiveness, and Innovation Global Practice (FCI GP) are deploying the CARP project ("COVID-19 Adaptation and Recovery Pilot: Supporting Firms Resilience, Access to Finance and Growth in Iraq") in collaboration with the Ministry of Finance and Central Bank of Iraq.

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[1] SME Finance Forum: https://www.smefinanceforum.org/data-sites/msme-finance-gap
[2] According to the World Bank's "Striving for Better Jobs" reports, almost 100 percent of Iraqi MSMEs are considered informal. http://documents1.worldbank.org/curated/en/445141468275941540/pdf/Striving-for-better-jobs-the-challenge-of-informality-in-the- Middle-East-and-North-Africa.pdf
[3] UNDP: https://www.iq.undp.org/content/iraq/en/home/stories/2020/06/celebrating-the-small--msmes-in-iraq.html
[4] Fintech News: https://fintechnews.ae/692/iraq/iraq-underdeveloped-financial-system-challenge-opportunity-fintech/
[5] This number refers to limited liability of formal private sector firms, which have been sourced from the Iraqi Ministry of Trade.
[6] OECD - Oslo Manual 2018
[7] The Central Bank of Iraq followed up in 2016 with a proposed 5.9 trillion IQD ($5 billion) initiative called Tamwil, with the intent of offering competitive loans (five years, maximum 4.5% interest) in the hope of creating 250,000 private sector jobs. However, small firms find it difficult to access these funds due to prohibitive loan terms: in addition to proof of incorporation and full financial statements – a reasonable requirement under most circumstances, but a considerable barrier in Iraq – applicants are required to post significant real estate collateral and find two government employees to vouch for their application, all so that they can secure a loan on more favorable terms than the 7- 20% they might be charged at a private bank

This is a 3year World Bank project (until the end of 2023) implemented by GIZ - the German International Cooperation Agency for international cooperation

These Terms of Reference (TORs) pertain to the Sub-Component 2.1 of Component 2 of the CARP Project:

- **COMPONENT 2: SME-SUPPORT MEASURES**

  - **Sub-Component 2.1 focuses on enhancing the capabilities of firms –** particular in a business and market landscape affected by COVID-19 – with a focus on helping firms develop greater short to medium-term resilience and enhance their productivity and growth.

Within the framework of this Sub-Component 2.1, GIZ is going to implement operational support for the digitalization of Iraqi Micro, Small and Medium-Sized Enterprises (MSMEs) in the form of free expert advice for free training(s) and/or IT/digital tools in the digital field, by means of vouchers and/or grants* to be used with selected Business Solution Providers.

GOAL OF SUB-COMPONENT 2.1 & RATIONALE FOR BUSINESS ADVISORS

Under Sub-Component 2.1, the GIZ project team will recruit and deploy a cohort of experienced Business Advisors as the interface between the project and beneficiary firms. Business Advisors will conduct firm-level diagnostics, develop individual enterprise improvement plans, advise beneficiary firms on the optimal use of the vouchers and matching grants, and support the beneficiary firms with their applications for vouchers and grants and with their reporting requirements.

CARP Sub-Component 2.1 aims at unlocking the potential of Iraqi MSMEs by means of the digitalization of their operations through the provision of free expert business diagnosis and advice, targeted trainings, key digital & IT tools, and financial grants.

CARP Sub-Component 2.1 goal is to leverage and complement existing traditional support to Iraqi MSMEs by focusing on the added value that can be brought to enterprises through the digitalization of their operations and the digital capacities of business owners, managers and staff.

While the targeted Iraqi companies for this project are MSMEs, the goal of the project is to focus, as much as possible, on Iraqi SGBs (Small Growing Businesses). SGBs refer to a sub-set of Small and Medium Enterprises (SMEs) which are key to providing quality employment opportunities and solutions to critical development challenges. They are defined as “small commercially viable businesses – with 5-250 employees – that have significant potential and ambition for growth. SGBs are distinct from lifestyle/proprietor-based firms as well as more established mid-sized enterprises. They can operate in any sector, utilize innovative/ technology-based business models or more traditional ones, and/or be at different stages of development”.

The objective for component 2.1 is to deliver around USD 800 000 vouchers and around USD 1 000 000 grants to Iraqi MSMEs in the form of:

One or several Vouchers amounting to a maximum of USD 4 000 per enterprise* to **200 enterprises**

One Matching Grant amounting to a maximum of USD 20 000 per enterprise** to **60 enterprises**

*The amount of USD 4 000 maximum per enterprise might be increased in the course of the project and result in a reduction in the number of beneficiary enterprises

**Grants will be “matching grants,” i.e., a percentage of its amount will have to be matched by a contribution from the enterprise receiving the grant.

These vouchers and matching grants will have to be used by beneficiary enterprises for trainings, software and/or digital or IT tools acquisition and maintenance, proposed by Iraqi or International Business Solution Providers/Vendors previously selected by the project team**.**

By the time Business Advisors will be called for intervention, the project will have:

1. Conducted an online survey of Iraqi MSMEs in order to identify their needs
2. Conducted Focus Group Discussions in the field with Iraqi MSMEs in order to reinforce the survey findings on the priority needs of Iraqi MSMEs
3. Developed a subsequent offer of digital trainings (including possibilities for tailor-made ones) and digital and IT tools to be used by Business Advisors for recommendations to MSMEs applying for vouchers and/or matching grants.
4. Established a list of Iraqi and International Business Solution Providers (for Trainings) and Vendors (for software and digital & IT tools)

2. Tasks to be performed by the contractor

The contractor is responsible for providing the following services:

1. Ensure that selected MSMEs applying for vouchers and/or grants are:
   a. Individually assessed in terms of needs for and expected outputs from digitalization support
   b. Individually advised on the best digital solutions, software trainings, and digital & IT tools trainings for their stakes offered by the project.
   c. Provided with a Short and Simple (narrative and budgetary) Enterprise Digital Capacity Development Plan quantifying their needs and expected outputs, and justifying their resort to digital trainings, digital IT tools and solutions offered by the project by means of vouchers and/or grants.
   d. If needed, and for non-English speaking applicants only, guide on the application process through the dedicated project online platform.
   e. Supported in their reporting duties to the project.
2. Participate in the review of enterprises applications for vouchers and/or grants, and in the decision to provide applicants with a voucher/grant or not (in order to avoid conflicts of interest, the business advisor who will have advised an enterprise will not be authorized to examine its application and will be replaced by a colleague from the pool of business advisors).
3. Follow up and monitor the use of the vouchers and matching grants by the MSMEs.

Specific Tasks of Business Advisors

1. To support enterprise growth, performance, and resilience by leveraging digital solutions.
2. Participate in briefing/onboarding sessions (to be organized by the GIZ project team) to understand and meet the expectations and outcomes of the project.
3. Support the GIZ project team in validating the integrity of application documents submitted by MSMEs for the awards of vouchers and grants.

4. Meet with Iraqi MSMEs registered on the platform and interested in vouchers and/or matching grants*.
5. Review the results of their prior self-diagnosis.
6. Assess the digital needs and expectations of the business owner/manager for himself, his enterprise and/or his staff*.
7. Quantify the needs and expected outputs for digital support to the enterprise.
8. BA ensure the quality of the implementation of the business improvement plan has been fulfilled by the vendor.
9. Orient the enterprise towards the most appropriate solutions offered by the project Business Solutions Providers/Vendor and accessible through vouchers and/or matching grants*.
10. Support the MSMEs to draft a short and simple (narrative and budget) enterprise digital development plan justifying the resort to vouchers and/or matching grants and quantifying needs (baseline) and expected outputs for examination.
11. For "matching grants" only, and in case of conditional acceptance subject to modifications or better justification, the business advisor will have to revisit the applying enterprise and design a new enterprise digital development plan*.
12. Frequently, if needed, the business advisor will visit beneficiary firms again to measure progress made against quantified initial expected outputs*.
13. Support the reporting activities of the beneficiaries by sharing the relevant firm-level reporting information with the GIZ project team.
14. These tasks could be updated/modified based on project needs.

** Should the Covid-19 pandemic situation require it, Business Advisors will meet with enterprises online.*

Duties Of the Hiring Firm

- Interview and assess Iraqi and International Business Solution Providers (for Trainings) and Vendors (for software and digital & IT tools and services) selected by the project team to ensure their alleged professionalism[8].
- Mobilize a long-term pool of a minimum of 5 qualified Business Advisors, with the possibility to extend this pool up to 10 BAs according to the workload.
- Manage the allocation of Business Advisors to MSMEs in liaison with the Project Coordinator and the CARP 2.1 component lead.
- Monitor and supervise the individual implementation of their tasks by individual Business Advisors.
- Meet with and Report to the Project Coordinator and the C2.1 lead expert every month on the current status of operations, possible issues and mitigation measures.
- These duties could be updated/modified based on the project's needs.
- Work with the CARP project team to set up a quality assurance plan and to ensure that the quality of selected BAs and implementation of interventions are up to the standards.

[8] Against clear and defined criterias that will be developed by the GIZ and WB

Certain milestones, as laid out in the table below, are to be achieved by certain dates during the contract term, and at particular locations:

Milestone	Deadline/place/person responsible
Up to 86 cases have been processed, completed, and delivered by the pool of BAs to the CARP team	3 months after sign of agreement
Up to 86 cases have been processed, completed, and delivered by the pool of BAs to the CARP team	6 months after sign of agreement
Up to 88 cases have been processed, completed, and delivered by the pool of BAs to the CARP team	30.09.2023
Upon delivery of the final report	15.10.2023

Period of assignment: From 10.02.2023 until 30.10.2023

3. Concept

In the bid, the bidder is required to show how the objectives defined are to be achieved, if applicable under consideration of further specific method-related requirements (technical-methodological concept).

Technical-methodological concept

1.1 Strategy: The bidder is required to consider the tasks to be performed with reference to the objectives of the services put out to tender. Following this, the bidder presents and justifies the strategy with which it intends to provide the services for which it is responsible.

1.2 The bidder is required to present how to **cooperate** with the key stakeholders (MSMEs, business service providers, and the CARP project team).

1.3 The bidder is required to present and explain its approach to **steering** (CARP technical lead) the measures with the project partners and its contribution to the results-based monitoring system.

1.7 Further Requirements (Hiring Firm Profile)

- In-house executive competency in enterprise digitalization and in enterprise development to supervise and provide primary backstopping to business advisors.
- Ability to fluently communicate in the English language.
- Prior experience in advising Iraqi MSMEs.
- Capability to mobilize a pool of a minimum of 5 in-house or external Business Advisors (BAs) that match applicants' requirements, with the possibility to extend this pool up to 10 BAs according to the workload.
- Capability to swiftly mobilize qualified replacement Business Advisors in case some initial BAs would prove not sufficiently competent or become unavailable in the course of the project.
- Ability to provide business advisors with the necessary operational logistics and tools to discharge their duties.

- Ability to operate in the 4 regions of Baghdad, Basra, Erbil and Mosul, and to mobilize and manage business advisors in these 4 regions.
- Prior experience with international donors would be an asset.

4. Personnel concept

The bidder is required to provide personnel who are suited to filling the positions described, on the basis of their CVs, the range of tasks involved and the required qualifications.

The below-specified qualifications represent the requirements to reach the maximum number of points.

2.1 Professional Requirements for the team leader/coordinator

2.1.1 qualifications

- At least a university degree with 5 years of experience in coordination/management/consultancy.

2.1.2 language

- Full professional in English and Arabic; Kurdish is of added value.

2.1.3 general professional experience

- Previous experience in enterprise assessment and consultancy assignment delivery.

2.1.4 specific professional experience

- Mandatory secondary expertise in enterprise digitalisation solutions.

2.1.5 leadership/management experience

- Strong organisational competencies and ability to take initiative and operate with minimal supervision within the framework of rules.

2.1.6 regional experience

- Previous regional experience in supporting Iraqi businesses.

2.1.7 development cooperation experience

- Previous experience in development cooperation projects.

2.6 Professional Requirements for the pool of Business Advisors' Selection.

2.6.1 Qualification

- Conversant with the internet and able to use online tools and platforms.
- Full professional proficiency with Excel and good proficiency with Word and PowerPoint.
- Solid ability to provide structured and prioritised written reports.
- Solution and problem-solving-oriented with a taste for identifying operational issues and for optimising the work of others.
- Strong psychological and facilitation skills.

- At least a university degree in a relevant field (business administration, IT).
- At least 5 years of experience (consultancy, business administration, IT).

2.6.2 language

- Native Arabic and/or Kurdish speaker.
- English proficiency (written) would be an asset.

2.6.3 general professional experience

- Primary expertise in assessing and advising enterprises for increased performance and business development.
- Secondary Expertise and prior experience in enterprise business development or private sector development.
- Sufficiently numerally literate to develop a simple budget for the enterprise trainings or digital & IT tools acquisition.
- Previous experience in enterprise evaluation.

2.6.4 specific professional experience

- Solid up-to-date knowledge of enterprise software and digital & IT tools solutions.
- All business advisors are expected to be experts in supporting MSMEs by leveraging digital solutions to increase beneficiary enterprises' resilience and boost their growth.
- Experience in the planning, didactic conception and implementation of training measures, also ICT-supported, knowledge in online moderation or instructional design is desirable. If necessary, selected business advisors lacking some skills will be able to benefit from free high-level World Bank trainings in relevant areas.

2.6.5 regional experience

- Previous experience in working with supporting Iraqi businesses.

2.6.6 development cooperation experience

Previous experience in working with development projects.

5. Costing requirements

Payment will be calculated per case processed by the BAs and shall the hiring firm debt the amount accordingly.

Period covered in the milestone	% of payment
Sign of agreement date – after 3 months	Up to 25%
After 6 months from sign of agreement date	Up to 25%
30.09.2023	Up to 25%
15.10.2023	25%

6. Requirements on the format of the bid

The CVs of the personnel proposed in accordance with Chapter 4 of the ToRs must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages. The CVs must clearly show the position and job the proposed person held in the reference project and for how long. The CVs must be submitted in the English language.

If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment.

Please calculate your price bid based exactly on the aforementioned costing requirements. In the contract, the contractor has no claim to fully exhaust the days/travel/workshops/ budgets. The number of days/travel/workshops and the budget amount shall be agreed upon in the contract as ‘up to’ amounts. The specifications for pricing are defined in the price schedule.

7. Option of the contract extension

After the tasks put out to tender have been completed, important elements of these tasks can be continued or extended within the framework of a follow-on assignment. Individual points:

1. Type and scope: Description of the extended service listed under the tasks of the business advisors and the hiring firm in this document.
2. Requirements: The option of becoming effective is subject to the (interim) results of the original commission. The option can only be exercised subject to the commissioning of the subsequent phase by the GIZ commissioning party/approval from the contracting authority.

The option is exercised in the form of an extension to the contract based on the already offered individual rates.