

# Terms of Reference

## REGIONAL DEVELOPMENT PROJECT III (P150696)

Business start-up/expansion advisory service to the Tourism Small and Micro Entrepreneurs (SMEs)

### A. Background and Objective

#### A.1 Background Information

Through the World Bank's financing, the Government of Georgia started the Third Regional Development Project (RDP3). The Project aims at supporting local economies in Samtskhe-Javakheti and Mtskheta-Mtianeti regions by carrying out an integrated approach to tourism development and agricultures. The Project implementation agency is the Municipal Development Fund of Georgia (MDF).

The Samtskhe-Javakheti region stretches over 6,413 km<sup>2</sup> with population of about 160,300. The region includes six large municipalities and its administrative center is Akhaltsikhe. The main urban areas are Akhalkalaki, Akhaltsikhe, Borjomi, Vale, and Ninotsminda.

The Mtskheta-Mtianeti region has an extension of 6,785 km<sup>2</sup> with population of about 94,300. The region includes four large municipalities and its administrative center is Mtskheta. The main urban areas are Mtskheta, Dusheti, and Stepantsminda.

Social-Economic Development Strategy of Georgia - 'Georgia 2020', adopted by the Government in 2014, puts a special emphasis on development of Micro and Small enterprises sector, via supporting inclusive economic development. With this in mind, the Government strives to reduce the existing economic imbalance between the Capital City of Tbilisi on one hand, and the rural areas on the other.

In response to the issues identified above, the Government, through the state body LEPL Enterprise Georgia, has launched a special program aimed at supporting the development of regional Micro and Small Business Sector in framework of State Program "Produce in Georgia".

Current structure of Georgian private sector is poorly diversified and shows high disparity between productivity of SMEs<sup>1</sup> versus large businesses. The 95% of Georgian businesses are micro and small, employing 43% of the private sector workforce but contributing only 16% to the economy<sup>2</sup> (e.g. European Average – micro and small entrepreneurs in quantity 99%; Employment – 66%; GDP share – 61%).

The geographic productivity structure of the private sector is also very concentrated, showing high degree of urban-rural disparity. Over 70% of business turnover is in the Capital city and translates into 41,500 GEL annual

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<sup>1</sup> Small and Medium Enterprises, Georgian law regards Micro business (up to GEL 30,000 turnover per annum) in definition of Small Business (up to 100,000 GEL turnover per annum)

<sup>2</sup> Georgian Department of Statistics 2013, Business Sector [www.geostat.ge]

business turnover per resident, while business turnover outside Tbilisi is less than 6,900 GEL (according to 2016 results)

The data also shows that small rural enterprises have additional set of problems on top of the general weaknesses of Georgian private sector. The Ministry of Economy and Sustainable Development (MESD) intends to promote micro businesses in all regions of Georgia through its Micro and Small enterprises sector support mechanisms.

The overarching goal of the Technical Assistance (TA) delivered under RDP3 envisages supporting prospective SMEs small and micro with business startup/expansion advisory services in these two regions so that they can easily access micro finance programs offered by MESD and run successful businesses.

The Municipal Development Fund of Georgia (MDF) in partnership with LEPL Entrepreneurship Development Agency will execute overall management and coordination of this assignment.

## **A.2 Purpose of the Technical Assistance**

The purpose of this TA is to synergize and deepen the impact of the State interventions in Mtskheta – Mtianeti region by assisting local micro and small entrepreneurs in meeting opportunities of emerging tourism market in Georgia with improved skills and knowledge.

The present Terms of Reference (ToR) aims to select a Consultant to carry out sector specific activities for existing beneficiaries of one of the components of the state program “Produce in Georgia”: “Micro and Small Entrepreneurship Support Project”, implemented by LEPL Enterprise Georgia (hereafter Enterprise Georgia) in line with representatives of other micro and small entrepreneurs operating in the same fields in the target regions.

## **A.3 Objective of the Technical Assistance**

The objective of this TA is to give micro and small entrepreneurs active in tourism and related sectors an opportunity to strengthen their entrepreneurial capacity to better run their businesses. The assistance shall result in better competitiveness of the assisted enterprises, reflected in higher incomes. The assistance will work in synergy with and contribute to the overall goal of MSES project to decrease urban-rural economic disparity by increasing competitiveness of rural enterprises.

The consultant will be expected to provide a custom-tailored capacity building through trainings, coaching, consulting and marketing linkages, based on the preliminary capacity assessment of selected beneficiaries and in alignment with the capacity building program offered within the framework of MSES Project.

Target sectors are tourism and related industries, including production of food and beverages and any supplementary products and/or services targeted for consumption by local or foreign tourists.

The expected outcomes of the project are:

- Improvement of visibility of beneficiary business or quality of products/services offered by the beneficiary business, to be measured by visibility checklists and/or stakeholder survey
- Increase in price or in number of products/services offered, to be measured through survey of beneficiaries

The baseline data shall be retrieved from beneficiary profiles annexed to their cooperation agreements.

## B. Scope of Consulting Services

### B.1. Organization and General Tasks

The MDF acts as the Implementing Agency to perform day-to-day administration of the RDP3, therefore, the MDF seeks to engage a qualified and experienced entity (Consultant), which will provide the stated Consulting Services.

The Consultant will be directly responsible to identify, design and implement a capacity-building program for existing and potential beneficiaries of the state program “Produce in Georgia”: “Micro and Small Entrepreneurship Support Project”, implemented by LEPL Entrepreneurship Development Agency.

The technical assistance will be provided to the beneficiaries in the Mtskheta-Mtianeti region.

The technical assistance will build capacity of project beneficiaries through training, coaching, individual consultations and marketing linkages. The Consultant is free to propose different combination of capacity building mechanisms, but such shall be well justified.

It is expected, that the Consultant uses internationally accepted study materials and/or methodologies that have been successfully used for capacity building of micro and small entrepreneurs in rural areas. The mentioned materials and methodologies shall be adapted so that they are applicable to the actual state of entrepreneurial skills and the level of readiness present in rural Georgia and preferably in target regions.

The beneficiaries of MSES program are already offered a standard package trainings and consultations. It is important that the efforts of the MSES TA components and that of the present project are in synergy, complementing each other rather than duplicating<sup>3</sup>. In this regard, it is expected that the capacity building events offered by the Consultant be streamlined towards achieving particular outcomes of the project:

- Improvement of visibility of beneficiary business or quality of products/services offered by the beneficiary business  
Increase in price or in number of products/services offered.

The consultant is expected to closely coordinate with LEPL Enterprise Georgia on all steps and aspects of the program development. The Agency’s role may include, but not limited to, the following inputs:

- Participation in selection process of the consultant; review and analysis of provided documentation, in line with taking part in all related activities;
- Supervision of activities (to avoid overlapping with the activities of existing implementing agencies’ activities in framework of “Produce in Georgia” Micro and Small Entrepreneurship Support State Program);
- Review, analysis and providing no objection to the reports submitted by the Consultant.

### B.2 Specific Tasks

The selected Consultant should complete the following tasks under the direct supervision of the MDF and in partnership with LEPL Enterprise Georgia:

**Task 1:** Provide comprehensive assessment of tourism value chain in target region of Mtskheta-Mtianeti (putting a special emphasis on Dusheti, Mtskheta and Stepantsminda municipalities), based on the findings of MSES

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<sup>3</sup> Information about current TA programs offered to MSES beneficiaries is available upon request to Enterprise Georgia.

program, to expand the process of gap analysis via putting a special emphasis on targeted economic sectors. Identify additional demand and availability of skills throughout the whole value chain, identify market opportunities that could be further developed or matched within the present project. The results of the given task will be an addition to findings of the first several rounds of Micro and Small Entrepreneurship Support program.

**Outputs of Task 1:**

- 1.1 Situational analysis of touristic sector in target region (overview of touristic enterprises, major touristic attractions, visiting statistics, relevant donor activity, perception of needs by Micro and Small, actual needs for increasing tourism potential, etc.)
- 1.2 Selection of potential beneficiaries

Under task 1.2, the consultant will solicit simple applications from interested Micro and Small enterprises funded under MSES project (MSES beneficiaries), with active coordination with LEPL Enterprise Georgia. If the number of qualified MSES beneficiaries is lower than planned by the project, Consultant should attract more qualified beneficiaries to meet the project target indicator. Therefore, MSES beneficiaries will be priority. Other selection criteria include: (1) willingness and commitment by potential beneficiaries to receive Technical Assistance, (2) Intention to start, improve or expand tourism or related business and capacity to do so. The applicants are expected to describe the type and potential benefit of requested technical assistance.

**Period for completion of Task 1:** End of project month 3

**Payment upon acceptance of Task 1:** 20% of contract value

**Task 2:** Develop/adopt a strategy to be used for capacity building of the beneficiaries based on the proposed and approved methodology;

**Outputs of Task 2:**

- 2.1 Capacity building strategy and activity plan for shortlisted micro and small entrepreneurs in target regions based on data from applications and findings of situational analysis.
- 2.2 Training content to be used for groups of beneficiaries having similar capacity needs and level of skills.

Based on the findings of the situational analysis, the consultant will design a strategy how to give an opportunity to the micro and small entrepreneurs in Mtskheta-Mtianeti region to build their skills to become a part of the tourism value chain and enhance their incomes and sustainability. At this stage, the Consultant will propose a methodology on how to implement the strategy, including specific activities. The strategy may include activities such as, with no limitation to, on-job coaching and mentoring, large group training programs, individual consultations, promotion activities, etc.

As already stated above, the Consultant shall use internationally accepted study materials and methodologies that have been successfully used for capacity building of micro and small entrepreneurs in rural areas. The mentioned materials and methodologies shall be adapted so that they are applicable to the actual state of entrepreneurial skills and the level of readiness present in rural Georgia and preferably in target regions.

**Period for completion of Task 2:** End of project month 5

**Payment upon acceptance of Task 2:** 20% of contract value

**Task 3:** Implement a capacity building strategy to benefit at least 120 micro and small entrepreneurs.

**Outputs of Task 3:**

- 3.1# of group training sessions
- 3.2# of Individual consultations
- 3.3# of coaching hours allocated to each beneficiary
- 3.4# of networking and knowledge sharing events/attendance at events organized

With the approved plan from the MDF and LEPL Enterprise Georgia, the Consultant is expected to implement the strategy, involving at least 120 micro and small business entrepreneurs. As stated above, the strategy must be based on the effective model, which includes, but is not limited to, the following:

- Identify and communicate purpose, objectives, and outcome. These are identified based on the results of the needs assessment and must be communicated to the beneficiaries in a clear and easy-to-understand way. When communication includes a message on how the strategy will be applied and what the expected outcomes are, this will result in a higher motivation to learn.
- Relevant content: To be effective, strategy must include content that is directly linked to the job experiences. The content must be related to the real-job function and directly connect to the beneficiaries' immediate experience.
- Active demonstration: Conducting live demonstrations should provide beneficiaries with a model of desired behavior and should result in greater learning and transfer of knowledge. Inception report submitted by the Consultant may include several methodologies for effective implementation of given activity (in this case Enterprise Georgia jointly with the consultant will select methodology based on its relevance).
- Regular feedback: beneficiaries also need to receive feedback while they are practicing their new skills. Feedback should be given during practice and after exercises have been completed. It should also be directly related to how the beneficiaries performed the task and never be focused on personal characteristics.
- Post-learning: After the learning in a group setting, it is important that beneficiaries are given opportunities to perform the skills they've learned on the real job. This is the time, when on-job training and skill transfer will be effective. The consultant should provide evaluation methodology for effective implementation of given activity, which will be agreed with Enterprise Georgia based on its relevance.
- Follow-up: The training shall not remain as isolated events and shall be topped by individual consultations on particular topics, coaching throughout the whole period of the project, promoting the linkages to the market through networking with other value chain actors, providing knowledge and experience sharing opportunities through networking events, etc.

At the end of this task, the Consultant will submit a report, which will cover: strategy implementation results in targeted region, activities conducted, results achieved, best practices identified, challenges encountered and coping strategies. All the intellectual property rights over the research (Business start-up/expansion advisory service to the Tourism Micro and Small enterprises) deliverables shall remain with Enterprise Georgia. Enterprise Georgia has the exclusive right to use the project deliverables at its own discretion.

<b>Period for completion of Task 3:</b>	End of project month 16
<b>Payment upon acceptance of Task 3:</b>	40% of contract paid out in periodical installments throughout project months 6 - 16

**Task 4:** Evaluate results of the actions and elaborate recommendations for further improvement.

**Outputs of Task 4:**

4.1 Final evaluation report

At this stage, the Consultant is required to reflect on the project and draw the recommendations for the Beneficiaries and for the Client.

The recommendations for beneficiaries should aim at providing further guidance on how to enhance beneficiaries' skills individually (on their own), what are the resources they can utilize, and what are the opportunities for further learning. It is recommended that the Consultant produces a guidebook, or a document with Frequently Asked Questions and Steps for Further Actions and distributes it to the Beneficiaries, and submits a copy to the Client.

The recommendations for the Client shall include lessons learned and shall provide advice on transferring the proper assistance model to the sector representatives in other regions. The report shall also describe how the project has ensured the sustainability of the results, as well as potential of the beneficiaries to develop beyond the scope of the project.

At the end of this stage, the Consultant will submit a final report, which will cover the developments through the entire project, starting from the needs assessment and including strategy identified, methodology followed, activities implemented, best practices, challenges, and recommendations for implementation for the future similar projects. This report must be accompanied with the flash drive, which will include all publications, soft media, or any other material developed within this assignment.

**Period for completion of Task 4:** End of project month 18

**Payment upon acceptance of Task 4:** 20% of contract value

## **C. Reporting**

### **C.1 Reporting Requirements**

At the outset of the services covered by this TOR, the Consultant shall elaborate a reporting system (systematic registration and submission of the appropriate documents) in order to provide regular, complete and detailed information to MDF on the progress and quality of performance. The reports should be approved by the MDF.

All reports should be presented with the following requirements:

- (i) Prepared in Microsoft Word (annexes can be produced in Excel), and presented to the MDF according to the content and dates as described below, and in two hard and two e-copies.
- (ii) All reports must be submitted in English and Georgian.
- (iii) After reviewing the reports and providing feedback, the consultant may need to enhance the report to meet MDF's requirements. Once the reports are finalized, the Consultant will be eligible to submit the handover agreement (based on the provided template), proving that the task is completed and receive the payment.

LEPL Entrepreneurship Development Agency will participate in the review and acceptance of deliverables provided by the consultant.

## C.2 Reporting and dates of submission

Report	Date of submission
Inception report - including a work plan of proposed activities.	One month after the commencement of the services
Phase 1 report – deep and comprehensive Situational Analysis (Needs assessment) in tourism and related fields based on findings of State Program “Produce in Georgia”	Three months after the commencement of the services
Phase 2 report – Capacity Building Strategy	Five months after the commencement of the services
Phase 3 report – strategy implementation results in Mtskheta-Mtianeti Region, activities conducted, results achieved, best practices identified, challenges encountered and coping strategies.	Sixteen months after the commencement of the services
Final Report - compiling all previous reports, which will include the methodology followed, activities implemented, best practices, challenges, and recommendations for implementation for the future similar projects. This report must be accompanied with the flash drive, which will include all publications, soft media, or any other material developed within this assignment.	Eighteen months after the commencement of the services

## D. Duration of the Assignment

The duration of the assignment is 18 months.

## E. Inputs by the Client

The LEPL Produce in Georgia will serve as a leading agency in working closely with the Consultant and will provide the potential type and list of the beneficiaries, support with contextual input, advise on the strategy, work with the Client hand-in-hand to finalize and approve it, suggest on methodology, activities, content, and all other related tasks, including the close monitoring of the process, through the field visits and more.

The MDF will serve as an Implementing Agency for this assignment, covering contracting and payments.

## F. Consultant’s Qualification and Input

- The Consulting Firm should have team of experts with experience in small and micro business capacity building projects in rural Georgia.
- The team should also have a proven record of successfully implemented similar assignments (organizational experience should be considered).
- The Consulting team should have experience in vocational education and trainings for rural entrepreneurs.
- All Key Staff should have a minimum of Master’s Degree in business administration, management or at least 5 years of experience in the relevant (will mean experience on similar position which is to be held in the project (e.g. project manager of similar project, coordinator of similar project. “Similar” can be defined as: private sector development project) fields of specialization (business administration, management and relevant fields).

- The Consulting Firm should ensure active participation of its staff. All members of the consulting team must be independent and free from conflicts of interest in the responsibilities accorded to them.
- Civil servants and other staff of the public administration of the beneficiary country cannot be experts (refer to the World Bank Consulting Guidelines, para 1.13 (d)).
- The Consulting Firm shall include adequate administrative staff (interpreters, secretary, drivers, accountant, etc.) in the team that is needed to support the technical specialists.
- The Consulting Firm shall provide key staff with the qualifications for the minimum inputs specified herein.

The following is an indicative minimum estimate of the staffing positions and levels that may be proposed:

#	Key Staff	Number	Month	Input, person*month
<b>Key Experts</b>				
1	Team Leader	1	18	18
2	Administrative Manager	1	18	9
3	Field Coordinator	1	18	18
	<b>Subtotal 1</b>	3	54	45
<b>Consultants</b>				
			# of consulting days	
1	Experts		190	
2	Specialists		150	
	<b>Subtotal 2</b>			
	<b>Total</b>		340	

All staff who have a crucial role in implementing the contract are referred to as key staff. Key staff will be evaluated according to the Qualification Requirements given in the table below. Experts and Specialists hired by the firm shall comply with the minimum requirements listed below.

#### Narrative Qualification Requirements for Key Staff and Consultants

Title	Specific experience (Years)	Area of Specialization, Qualification	Special Skills and Knowledge, but not limited to
Team Leader	7	Master Level Degree in Management or related field  Experience in managerial positions, preferably in Technical Assistance Projects	Oversee the overall process and ensure integrity.  Conduct the needs assessment, identifying the strategy and the ways to get there.  Overall responsibility for implementing the project and managing the team of consultants  Knowledge of international and local best practices in tourism and marketing  Familiarity with capacity building programs



			<p>Coordination with client, other consulting firms implementing the project and stakeholders</p> <p>Report writing, Oral and written communication</p>
Administrative Manager	3	<p>Bachelor Level Degree in Finances, Business Administration or certified trainings.</p> <p>Experience in administrative management of donor-funded projects.</p>	<p>Managing project finances and transactions</p> <p>Managing project procurement</p> <p>Coordinating project resources</p>
Field Coordinator	5	<p>Bachelor level degree in business administration or related field</p> <p>Prior experience of community mobilization in regions</p>	<p>Coordinate project activities in the field</p> <p>Coordinate selection process of beneficiaries, as well as organize trainings and events in the field</p> <p>Provide business coaching to beneficiaries based on capacity building plans</p>
Field Experts (Consultants)		<p>Master Level Degree related to Business management, Accounting and Finance, Marketing, Personnel Management, or Risk Management or particular field of advisory provided</p> <p>Prior experience in design, development and delivery of capacity building programs</p>	<p>Develop capacity building strategy training materials and deliver trainings including on-the-job training</p> <p>Familiarity with Business management, Accounting and Finance, Marketing (Sales, PR, use of computer technologies in business, service plus), Personnel Management, Risk Management)</p>
Field Specialists (Consultants)		<p>Bachelor level degree in the related field</p> <p>Prior experience in training, coaching and consulting of Micro and Small enterprises s, preferably in regions.</p>	

## Annex I

### Definition of Terms

**(i) Project Stakeholder**

All organizations directly or indirectly involved in supporting tourism industry in Georgia or in economic or social development of the project target region, including public entities, donor organizations, financial service providers, educational institutions/experts, sales agents, etc.

**(ii) Project Beneficiary**

A person who has received any type of assistance, financial or technical support from project funds.

**(iii) Potential Beneficiary**

A person who qualifies for receipt of any type of assistance, financial or technical from project funds and/or who has been shortlisted/selected for receipt of such.

**(iv) Target Region**

Geographic area where project activities are, or are planned to be implemented.

**(v) MSES**

Micro and Small Entrepreneurship Support Project funded by Government of Georgia under Produce in Georgia initiative and supervised by LEPL Enterprise Georgia.

**(vi) Tourism Value Chain**

A system which describes how private sector enterprises in collaboration with government and civil society receive or access resources as inputs, add value through various processes (planning, development, financing, marketing, distribution, pricing, positioning, among others) and sell the resulting products to visitors. The value chain describes the full range of activities that are required to facilitate visitor experiences from conception to actualization and beyond

**(vii) Tourism Related Sectors/Industries**

Production of food, beverages, crafts and any supplementary products and/or services, including rental services, targeted for consumption by local or foreign tourists.

**(viii) Inception Report**

The inception report is a tool to ensure that there is a mutual understanding between employer and the consultant of the proposed actions and the timeline, thus the document should provide information regarding the work plan including meaningful narrative of each and every planned activity. In addition to this, given report should be concentrated more on information regarding the results and outcomes of planned activities.

The content of the report should include following aspects: (1) List of Acronyms; (2) Executive Summary; (2.1) Project Purpose; (2.2) Key Elements; (2.3) Critical Success Factors; (2.4) Training Methodology; (2.5) Sustainability; (2.6) Partner Projects; (2.7) Monitoring and Evaluation; (3) Strategy; (4) Activities; (4.1) Activities during the Inception Report; (4.2) Overview of Planned Activities; (5) Work plan; (5.1) Work plan narrative and milestones; (6) Appendices.

Given content has a recommendatory nature and can be adjusted by consultant based on their particular needs.