



Terms of Reference (TOR)

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| TOR Title | TOR for a National Consultant: Mapping and assessment of Business Development Services (BDS) Providers for the ILO PROSPECTS Project - Phase II | | |
| Country | Iraq | Project Code | IRQ/23/50/NLD - 109427 |
| Duration | From 10/03/2025 | to | 20/05/2025 |
| Pillar: | Pillar 2: Economic Inclusion | | |
| Outcome: | 02.03-Increased Access to Finance, Business Development and Entrepreneurial Support | | |
| Output / BL Activities | 02.03.03 - Expanded support to business start-ups and existing MSMEs through financial and non-financial support (business management training) Act 01 Market assessment of BDS providers in preparation for selection of a potential partner to lead non-financial services | | |

PROJECT BACKGROUND

1. General Background

The forced displacement crisis has increased in scale and complexity in recent years. According to UNHCR, 117.3 million people were forcibly displaced worldwide at the end of 2023. Forcibly displaced persons (FDPs), including refugees and internally displaced persons (IDPs) face specific vulnerabilities, including loss of assets, limited rights, lack of opportunities, a protection risk as well as a risk to be out of school, and a lack of planning horizon. In addition, the communities hosting FDPs also struggle to pursue their own development efforts.

In response to the considerable challenges facing FDPs and host communities, a partnership initiative titled: 'PROSPECTS' Partnership for improving Prospects for host communities and forcibly displaced persons, was launched by the Government of the Netherlands in 2019, bringing together the International Finance Corporation (IFC), the International Labour Organization (ILO), the UN Refugee Agency (UNHCR), the UN Children's Fund (UNICEF) and the World Bank. Through the PROSPECTS partnership, the five partner agencies aim to leverage their comparative advantages and areas of expertise to programme complementary and interdependent interventions that address education and skills, employment and protection challenges. The partnership spans eight countries, namely Egypt, Ethiopia, Iraq, Jordan, Kenya, Lebanon, Sudan, and Uganda and covers in its Phase II the period 2024-2027.

2. ILO PROSPECTS in Iraq





ASSIGNMENT BACKGROUND AND OBJECTIVES

3. ASSIGNMENT Background

Business Development Services (BDS) providers play a vital role in fostering entrepreneurship ecosystem and supporting the growth of start-ups and existing MSMEs through providing a range of services. These include outreach initiatives to identify and engage with potential target businesses, business/financial management training/coaching, incubation, networking opportunities, access to markets and robust business readiness programs. All these services contribute to preparing start-ups and existing MSMEs to become more investment ready.

However, **many private BDS providers based in emerging markets are challenged with the question of sustainability as their business model is subsidy dependent** and few follow commercial approach in their service provision.

In the first phase of the PROSPECTS, International Labour Organization (ILO) played with the support of its partners a crucial role in bridging the gap between supply-side actors (non-financial and financial BDS providers) together but also with demand-side clients (MSMEs) including startups and scale-ups. This was achieved through a multi-pronged approach involving outreach, capacity building, referrals, and risk mitigation measures facilitated through collaboration with the Central Bank of Iraq, partner banks and the Iraqi Company for Banking Guarantees (ICBG).

As a result of these efforts, ILO built the capacity of a range of public and private BDS providers on its business and financial management tools targeting MSMEs, 38 national trainers were certified and trained over 2981 individuals who graduated from SIYB and Financial Education (FE) training programs.

Of these, 1170 individuals applied to access finance from partner banks and underwent in-house screening while conducting mini-feasibility studies in preparation to refer eligible ones to partner banks. Subsequently, 480 clients were referred to three partner banks to explore potential loan options for starting or expanding their businesses within the areas of PROSPECTS intervention in North Iraq.

In phase II, recognizing the importance of long-term sustainability and impact beyond the initial ILO intervention and emphasizing the criticality of bridging the link between potential/existing entrepreneurs and financial service providers, ILO PROSPECTS is seeking to partner with a suitable entity to assume a similar role in preparing MSMEs to be investment ready. To achieve this, a thorough institutional assessment of potential partner BDS providers need to be conducted to identify and select capable entity/ies to effectively fulfilling this role.

4. ASSIGNMENT OBJECTIVES

The overall objective of this assignment **is to conduct an institutional mapping of existing BDS providers that operate in Iraq with focus on North Iraq** and support the assessment of relevant BDS providers to select the most suitable/relevant entity/ies to partner with ILO/PROSPECTS program. The assessment, which will be undertaken jointly with an international consultant, will include detailed analysis of BDS services provision (e.g., business training, mentorship, incubation, acceleration, linkages with financial institutes), organizational structure, operations, teams' capacity, BDS business model and sustainability strategy, etc.

The end goal of these efforts is to **enhance collaboration between financial and non-financial service providers**, streamline MSMEs' access to non-financial and financial services while addressing critical challenges such as service fragmentation and MSMEs distrust in the financial sector.



METHODOLOGY AND SCOPE OF WORK AND SCOPE OF WORK

5. The methodology

ILO's PROSPECTS initiative in Iraq, seeks to hire a national consultant to support its efforts for strengthening BDS provision and linkages with financial sector providers. S/he will work closely with an international consultant who will lead the process of assessment and selection of BDS providers. The tasks will take place throughout two phases:

Phase I: Initially, the national consultant will map the existing BDS service providers in Iraq with focus on North Iraq for initial screening based on input and guidance from international consultant. For each provider, the national consultant will prepare a concise profile that highlights their history, team structure, current services, primary target groups, and geographic coverage and existing partnerships. These profiles will **serve as the basis for ILO's selection of five BDS providers to undergo an in-depth assessment**, as outlined in the scope of work.

Phase II: The national consultant will support the international consultant in conducting an institutional in-depth assessment for the selected 3 active BDS providers in North Iraq. This includes organizational structure, identification of strengths, weaknesses, opportunities, and threats, focusing on their current services, operations, innovation programs, and teams' capacity to support MSMEs while reviewing the business model, management and financial status and sustainability plans. Following the in-depth assessment, both consultants will recommend the most suitable entity/ies to play a pivotal role in bridging the gaps between BDS providers, MSMEs and financial service providers.

6. Scope of Work: The consultant will undertake the following tasks:

Phase I: Initial mapping:

1. In coordination with the international consultant and ILO PROSPECTS team, conduct initial mapping of active private BDS providers in Iraq with focus on North Iraq based on a desk review and previous studies. The mapping should include a summary of the history, team structure, current services and tools, primary target groups, and geographic coverage and existing partnerships/affiliations with international/national networks and funders. These entities will be categorized as local and national based on their service coverage.
2. Arrange in-person and online meetings for international consultant with key national BDS providers to understand the main challenges and opportunities in BDS delivery.
3. Identify and justify the selection of the five most relevant entities aligned with the objectives of this assignment in close coordination with Int'l consultant and ILO team. Narrow the selection to 3 entities following meetings with each of them (at least one national and one local serving North Iraq)

Phase II: In-depth assessment: Support the International consultant in conducting a comprehensive analysis of the selected three BDS providers. The national consultant will coordinate with the selected entities and arrange assessment meetings and validation workshops. S/he will provide input into the assessment questionnaire designed by the int'l consultant which will be covering the following areas:

2.1 Organizational history/set-up



- a) The BDS's vision, mission, mandate and experience in MSME development.
- b) Legal status: formal registration as a company, NGO, or other legal entity.
- c) The appropriateness of the legal structure for delivering BDS services effectively for MSMEs.
- d) Physical infrastructure and facilities available within the various branches of the BDS.

2.2 Operations

- e) What is the business model of the BDS?
- f) Identify the **geographic areas** covered by the BDS provider (physical branches) and outreach mechanisms followed to attract MSMEs in the covered areas.
- g) **Services/products:** Analyse the range of services offered currently for MSMEs including outreach strategies, business management training, financial education, incubation, networking opportunities, market linkages, business readiness initiatives, linkages with financial services and innovation hub projects, focus on digital economy, women focused (if applicable). Are there other demanded services that are planned to be introduced? **Frequency and continuity of the service provision should be also assessed.**
- h) **Training curricula:** Map existing in house training tools related to business/ financial management and investment readiness of the MSME. These should be separated per the start-ups and existing business training tools and approaches. Indicate affiliation with international programs including those of ILO (SIYB and FE). Are there specific courses for women entrepreneurs?
- i) **Post-training supports:** The availability and effectiveness of post-training support for startups, mechanisms for follow up, such as coaching, mentoring, and ongoing guidance."
- j) **Target segments:** What businesses (micro, small, medium enterprises, start-ups or existing), sectors (manufacturing, agriculture, trade, services) do those BDS services target? How many beneficiaries are reached on an annual/monthly basis, and specifically, women, persons with disabilities, IDPs, and refugees? What sectors are they involved in, and from which areas do they come?"
- k) Leveraging technology and innovation within its service delivery model. Does the DBS utilize digital platforms or tools to enhance operational efficiency and outreach?
- l) **Partnerships with financial providers:** Assess the effectiveness of partnerships with local financial providers, including banks, microfinance institutions, angel investors, and venture capitalists and if they have memberships in regional or international networks, advocacy role, etc (if applicable)

2.3. Human Resources

- m) How many employees work for the BDS on full or part-time basis and the composition of the workforce (e.g., gender, age, education level, experience, their contractual status). How many trainers (women/men) are associated with the BDS provider, and what are their certification and covered topics. Additionally, how many consultants, coaches, and volunteers are associated with the BDS and deliver/support their BDS services?
- n) The qualifications and experience of key personnel (education level and professional certifications)
- o) Staff recruitment, retention, motivation and development. Are there clear job descriptions and performance appraisals and development plans?
- p) Skills gap analysis within the BDS.

2.4. Governance, business and financial management:



2.4.1. governance and senior management

- q) Is there an active board that oversees the BDS? How often they meet and do they review management reports and provide feedback?
- r) Composition of the senior management team, management practices and frequency of their meetings
- s) Is there turnover in the senior management team and other HR positions? How does the organization demonstrate its commitment to decent work principles, including, equal employment opportunities, and health and safety standards, social security for the staff? As well as, is there a documented code of conduct or ethical guidelines that guide the organization's operations? Is there a tracking record of client satisfaction and positive outcomes?

2.4.2. Financial management and capacity:

- t) **Revenue streams:** What are the main sources of income? (member fees, services fees, donor funding, donations, public funding, etc.). Are these revenue streams stable and recurring or one-time sources?
- u) Does the BDS have **audited financial statements** and regular financial projections, plans, etc!
- v) **Pricing model:** What are the prices charged to training/incubation and coaching (if applicable) and funding mechanism? Are fees charged for these services to client entrepreneurs or subsidized by other entities or special pricing mechanisms for certain target groups (e.g., women, disabled entrepreneurs)? How competitive these prices compared to a similar BDS? (if applicable)
- w) What are the BDS's strategies for **fundraising** (e.g., grant proposals, partnerships with financial and non-financial institutions)?

2.5. Sustainability Analysis:

- x) Evaluate the financial sustainability of the BDS provider, with a focus on their sustainability plans (if applicable)
- y) How dependent is the BDS on donor funding and is it diversified, and are there strategies to diversify income? Is the funding continuous or interrupted?
- z) Has the BDS invested in data systems and technology for monitoring progress, supporting decision-making, and improving service delivery?

2.6. Recommendations and areas of support: (jointly with Int'l consultant).

Based on the results and outcomes of the in-depth assessment, the consultant will:

1. Support the **Int'l consultant** in recommending in close consultation with ILO PROSPECTS team the **most relevant entity/entities to partner with based on clear pre-agreed criteria** (geographic coverage, years of operation, level of maturity/diversification/continuity in service provision, BDS readiness to embrace a sustainable model, linkages with FSPs, etc).
2. By the end of each BDS assessment section, the local consultant will assist the international consultant in identifying and highlighting areas of support and development needed for the selected Business Development Service(s) (BDS) to play a more active and effective role in MSME development in North Iraq.



3. Support the Int'l consultant in reviewing the proposed business plan submitted by the potential partners. Agree on final selected entities that will work with PROSPECTS and validate business plan with the management and board of BDS.



DELIVERABLES& PAYMENT SCHEDULE

All payments will be made upon the delivery of the assignment's deliverables and the satisfaction of the ILO.

| Task | Deliverables | Workdays | Payment |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------------------------|
| 1. Initial mapping | <ol style="list-style-type: none"> 1. An inception report including the following (1 Month after project kick off): <ul style="list-style-type: none"> - Summary of the initial mapping BDS providers in Iraq, including a profile overview of their current services and tools, target groups, and geographic coverage (categorized national v/s local). - Justification for selecting the final three most relevant entities aligned with the objectives of the assignment | 5 WDs | First payment (50%) Upon submission of deliverables 1 and 2 |
| 2. In-depth Assessment | <ol style="list-style-type: none"> 2. A detailed in-depth analysis report of the selected three BDS providers, covering: the core 5 organizational aspects detailed in the phase II section. (30 April, 2025) 3. Recommendation of one or two selected BDS providers to partner with based on clear criteria agreed with PROSPECTS team along with capacity development needs and sustainability plans (07 May 2025) 4. Reviewed and validated business plan for the 2 selected entities that will work with PROSPECTS(15 May, 2025) | 9 WDs 2 WDs 4 WDs | Last payment (50%) Upon submission of deliverables 3 & 4 |
| | | 20 WDs | 100% (2 payment) |

REQUIRED QUALIFICATIONS, EXPERIENCE AND COMPETENCES

7. Minimum requirement

- Degree in business administration, economics, organizational development, or related fields.
- Experience of 5 years in institutional assessments, MSME development and BDS service provision and evaluations.
- Good analytical, report-writing, and stakeholder engagement skills.
- Excellent knowledge about the business environment and economic context of Iraq especially North Iraq. Knowledge of financial sector is an advantage.
- Excellent command of Kurdish and Arabic and good command of English language.

SUPERVISION AND LOGISTICAL ARRANGEMENTS

Throughout the assignment, the consultant will work under the direct supervision of PROSPECTS Entrepreneurship and Financial Inclusion Technical Officer, covering Lebanon and Iraq and National Project Officer (Iraq), under the guidance of PROSPECTS Project manager in Iraq.

TIME FRAME AND ESTIMATED BUDGET

- The assignment is deliverable-based and will require 20 working days from 10 March 2025 to 20 May 2025).
- The budget will be based on the proposed daily fee for the selected consultant.



SELECTION CRITERIA AND EVALUATION PROCESS

The ILO invites technical and financial proposals from qualified consultants who have relevant experience in delivering similar services, as mentioned in this Terms of Reference (TOR). One national consultant technically responsive and financially viable will be chosen following ILO procurement rules/procedures on evaluation by an ILO team of professionals.

A two stages evaluation method will be applied for this procurement exercise and the contract will be awarded to the highest scorer- (70% of the total grade) will be allocated for the technical proposal and the (30 % of the total grade) for the financial one. Any candidate that scores less than 70% in the evaluation of the technical proposal shall not be considered further.

If multiple candidates achieve high scores, ILO might invite top three highest scored consultants for interviews to determine the final selection.

1. Technical Proposal

- The Consultant/ External Collaborator shall describe in the Technical Proposal how he/she intends to meet the requirements described in the Terms of Reference.
- Provide a maximum of three pages outlining the methodology and steps for completing the assignment.
- In preparing the proposal, the External Collaborator shall thoroughly review all requirements and demonstrate its understanding and approach to meeting these requirements within the proposal.
- In preparing the Technical Proposal, the consultant/Excol shall provide details of the proposed project methodology and implementation and management plan as well as his/her personal CV, indicating candidate's qualifications and relevant experiences from similar assignments, the candidate's contact details and at least three professional references.
- The External Collaborator may also add any other document(s) and information to demonstrate its technical and professional capacities and competencies to fulfil the requirements as specified in the Terms of Reference.

2. Financial Proposal

- A financial proposal for conducting this assignment, based on a total of 20 working days.
- Daily fees ~~in~~cluding transportations and daily allowances.
- Local transportation within each city will be the responsibility of the consultant.
- Transportation fees between cities and daily substantial allowances will be covered by the agreement as per UN regulations and standards when/if applicable.

3. Evaluation Process and Criteria of Selection

Proposals will be reviewed and evaluated by an Evaluation Panel from the ILO to determine compliance with the requirements specified in the TOR. **A two-stage procedure** will be utilized in evaluating the proposals:

First Stage: Technical Proposal (70% of total grade) will be evaluated first, followed by the consideration of Financial Offers (30% of total grade).



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Technical Proposal Evaluation Criteria

| Criteria | Weight | Description |
|--------------------------------------------------------------------------------------------------------------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consultant qualification and competences | 10% | Relevant educational background and competences. |
| Professional experience relevant to the TOR and previous experience in conducting similar assignments | 30% | A solid professional experience coupled with previous experience for developing similar assignments. |
| Suggested methodology and compliance with the TOR | 30% | The proposal should demonstrate a solid compliance with the TOR showing the methodology to be used to conduct the assignment and estimated schedule to achieve all deliverables described in this TOR. |
| Providing evidence of developing good-quality reports | 15% | Provide samples of previous work showing excellence in writing high-level strategic documents. |
| Excellent knowledge of local context in Iraq and KRI | 15% | Excellent knowledge of the Business development related context in Iraq, its challenges and opportunities. |

Note: Any candidate that scores less than 70% in the evaluation of the technical proposal shall not be considered further.

Second Stage: Evaluation of Financial Proposal

- During the second stage of the evaluation, the Financial Offers (30% of the total grade) of all bidders who have attained at least the minimum score during the technical evaluation will be compared.
- The process of evaluating proposals will be based on the combined percentage of Technical and Financial elements.
- One national consultant technically responsive and financially viable will be chosen following ILO rules and procedures shown in this TOR and the evaluation conducted by an ILO team of professionals.