

TERMS OF REFERENCE (TOR)

I. GENERAL INFORMATION

Services/Work Description:	International Firm Level Consultancy for the Study for Entrepreneurship Fund strategy and structuring to early stage and high-growth digital entrepreneurs
Project/Program Title:	Empower, Digitalize and Globalize Entrepreneurs to Ethiopia's Transformation: Digital Entrepreneurship
Duty Station:	Addis Ababa
Type of the Contract:	International firm
Supervisor:	JCC
Duration:	40 days
Expected Start Date:	Immediately after signing the contract

II. BACKGROUND

Sustainable job creation and youth employment are critical challenges that Ethiopia is facing today, as the Country aims to transition to a middle-income country by 2025. With about 2 million new entrants to the labor market every year, 49% of employed population being in subsistence employment, and ~70% of the population under 29 years old, a concentrated effort to grow current jobs, create new jobs, improve the quality of these jobs and the inclusiveness of the labor market are necessary. To this end, the Jobs Creation Commission (henceforth referred to as JCC) adopted a holistic approach to tackle the binding constraints to jobs and proposed an ambitious, yet urgent call to create 14 million sustainable jobs by 2025.

The Commission is a year-old federal institution established under the Prime Minister Office in Ethiopia, with a mandate to coordinate, govern and monitor all national and regional institutions to reach the nation's objective to align policy and institutional strategic plan to achieve a sustainable jobs ecosystem. Well-aware of past local and global experiences that policy and governance alone cannot produce sustainable outcomes with a single change, JCC spearheads the jobs creation agenda by initiating a 'One Plan. One Report' initiative and data collection mechanism aimed at to capacitate institutions and facilitate systemic change. Building institutional capacity by raising expectations, increasing motivation, and building networks of relationships, have the power to transform the jobs ecosystem. Thus, JCC intends to resolve competing objectives and weed out disjointed, fragmented decision-making practices that impact employability, jobs creation, quality of jobs, human capital potential, and economic growth by connecting the dots and creating enabling jobs environments to drive the system.

The JCC has worked on developing a Plan of Action for Job Creation (PAJC) that aims to identify the set of policies and programmes required to foster job creation and unleash the potential of the Ethiopian Economy. The Plan of Action for Job Creation proposes holistic interventions to solve the employment and job creation challenges and provides a new vision of employment in Ethiopia.

Guided by the new Country Program Document (CPD) to help Ethiopia achieve shared prosperity, UNDP will narrow its focus to financial inclusion and the ecosystem for entrepreneurship, targeting youth especially young female entrepreneurs. Building on its rich experience in entrepreneurship development in Ethiopia and setting up of Entrepreneurship Development Center (EDC) that has reached more than 90,000 people, UNDP will offer market-based solutions for growth and development of SMEs in six dimensions: policy advice; skilling; business development services; enterprise development; project preparation and development; and finance. The focus will be on connecting elements of the ecosystem into one whole and transforming them. This component will tackle credit rationing for SMEs, ensuring that women gain access to financing. By enhancing the partnership and cooperation with UNCDF, UNDP will involve a

major push on digital finance, creating enabling environment and improving the ecosystem for entrepreneurship and start-up.

Taking advantage of impending liberalization processes and the Government's focus on innovation, UNDP partnership with JCC and others will take an ecosystem development approach to unlock policy and regulatory challenges, work with providers to tackle access to finance challenges for entrepreneurs through promoting inclusive and innovative financial tools and instruments including digitalization.

The UNDP support program aims to build on progress already made by the JCC on achieving its Digital Entrepreneurship. Through UNDP support then the purpose of the program is therefore to first and foremost form a qualified Digital Entrepreneurship Team (DET) to lead the Empower, Digitize, and Globalize Entrepreneurs for Ethiopia's Transformation (EDGET) program through 2020 and for the long term, up to 2025. The DET is to manage several interventions already under way with regards to entrepreneurship capital, legislation and training.

Thus, the Empower, Digitize, and Globalize Entrepreneurs for Ethiopia's Transformation (EDGET) program has been launched in August 2020. The Empower, Digitize, and Globalize Entrepreneurs for Ethiopia's Transformation (EDGET) program, funded by UNDP and implemented by the JCC, aims to build on progress already made by the JCC on achieving its Digital Entrepreneurship Vision 2025 and catalyze the production of specific outputs. The objectives of the EDGET programme are to:

- Enable and promote digital entrepreneurship across all sectors of the economy
- Provide entrepreneurs with access to global capital and best-in-class knowledge
- Ensure recovery from the COVID-19 pandemic leveraging digital approaches novel for Ethiopia
- More generally, accelerate economic growth

Currently, in its Initiation Phase (short-term project), the EDGET project is planned to culminate in a long-term national program to implement Ethiopia's Digital Entrepreneurship Vision 2025 in the coming 5 years.

As part of the EDGET program, a consultancy firm is sought to work on the details on establishment of an Entrepreneurship Fund (EF). The JCC believes that supported by national digitization efforts, the innovations developed by start-ups could bring about efficiencies leading to higher access to good and services, cost reductions and sustainable inclusive GDP growth. To execute on this vision, the JCC with support from other governmental entities such as the Ministry of Finance (MoF), Ministry of Innovation and Technology (MINT), the Ministry of Science and Higher Education (MoSHE), and the Ethiopian Investment Commission has identified the need for a national innovation investment financing vehicle as part of its strategic initiatives.

To that end, efforts have been made earlier to develop a high-level project strategy and a pitch to facilitate the raising of a fund ("Entrepreneurship Fund") that will:

- Mobilise capital to provide funding, access to critical support services, and other resources to start-ups, early-stage and growing innovative Ethiopian businesses
- Catalyse the entrepreneurial ecosystem with technology enablement and institutionalization to increase the number of resilient businesses
- Increase job creation and employment in-line with current and future country development plans

After a productive engagement period in recent past, the following outputs were delivered.

- A comprehensive strategy paper
- A project strategy presentation outlining the decision parameters of the Fund
- A project pitch presentation aimed at first conversations with potential investors
- A project plan

The current assignment seeks to take further the initiated work on the Entrepreneurship Fund structuring system through a qualified and experienced consultancy firm.

III. OBJECTIVE OF THE SERVICE

The general objective of the assignment covers to finalize and establish strategy including structuring of the equity-based Entrepreneurship Fund. Entrepreneurs almost always require starting capital to move their ideas forward to the point where they can start their ventures. Determining the amount of money that is actually needed is tricky because that requirement can change as plans evolve. Other challenges include actually securing the amount desired and getting it when it is needed. So the general objective is to enable alleviate the funding needed to move forward their entrepreneurs ideas and businesses.

The Specific training Objective include the following

- Finalize the Fund strategy: A startup that grows into a successful company will have several rounds of equity financing as it evolves. Since a startup typically attracts different types of investors at various stages of its evolution, it may use different equity instruments for its financing needs and hence require outlining the fund strategy.
- Develop the fund founding team and fund manager selection playbook

IV. SCOPE OF THE SERVICE

The following are indicative areas for scope of the activities while anticipating comprehensive proposals from the firm to participate including which areas are to entail to enhance the intended entrepreneurship Fund structuring and teams for its proper operation.

A: Fund Strategy Finalization

The following are the Key activities under this category

- Initial mapping of potential investments
- Finalizing facility structure and operational staff requirement
- Developing the fundraising strategy and collateral

B: Fund Founding Team and Fund Manager Selection

The following are the key activities under this category

- Detailing the Selection Process/Criteria for the fund founding team
- Detailing the Selection Process/Criteria for the prospective fund manager
- Detailing the Terms of Reference for the appointment of a fund manager
- Detailing the Terms of Reference for the appointment of service providers
- Running the selection process for the fund manager

V. EXPECTED OUT PUT OF THE INNCUBATION SUPPORT

The following are the key deliverables expected from the assignment

- Market mapping of needs and opportunities
- EF facility structure and fund financial model
- Fundraising prospectus and pitchbook
- Fund Manager Request for Proposals (RfPs)
- Finalized fund manager/ investment team

VI. METHODOLOGY/APPROACH OF THE SERVICE

The assignment is required to be provided by foreign firm which should have adequate knowledge and experience on the desired areas through practical system EF strategy formulation and structuring as requested in this TOR.

The firm(s) shall be expected to carry out this assignment by:

- Assessment of previous study on the EF and identifying the remaining work to establish and make operational the EF.
- Mapping and assessment of the need
- Assessment of best international practices applicable to the assignment and drawing lessons for the implementation of the three outputs
- Consultation and closely working with JCC and other concerned parties such as Federal Ministry of Trade and Industry ...etc.

It is anticipated that the firms submitting their offer to design appropriate methodologies using their knowledge and experience to carry out the assignment at the required level

VII. LOCATION AND DURATION

The whole assignment should not exceed more than 40 days. The service provider has to indicate a clear process/procedure and time frame for the assignment.

VIII. IMPLEMENTATION ARRANGEMENTS

The firm will be recruited under the UNDP terms and conditions, and undertake the assigned tasks and responsibilities under the direct supervision of the Job Creation Commission and UNDP.

IX. PAYMENT MILESTONES AND AUTHORITY

The prospective firm will indicate the cost of services for each deliverable in US dollars all-inclusive¹ lump-sum contract amount when applying for this consultancy. The consultant will be paid only after approving authority confirms the successful completion of each deliverable as stipulated hereunder. The qualified firm shall receive his/her lump sum service fees upon certification of the completed tasks satisfactorily, as per the following payment schedule:

Installment of payment/period	Deliverables	Approval Should be Obtained	Percentage of Payment
1 st Instalment	Upon submission and approval of inception report	UNDP Team Leader	10%
2 nd instalment	Upon submission and approval of draft report as well as making presentation to stakeholders	UNDP Team Leader	40%
3 rd Instalment	Upon submission and approval of the final report	UNDP Team Leader	50%

X. MINIMUM FIRM AND CONSULTANCY REQUIREMENT

The prospective Service Provider is expected to meet the following minimum requirements:

- It must have at least 8 years of practical experience in entrepreneurship Fund strategy development, capacity building service and business Development service, preferably have a lot of engagements with the MSMEs , public sector and UN agencies
- Experience in equity investments in SMEs and/or Funds and exhibit: (a) the capacity to properly evaluate

¹ The term “All inclusive” implies that all costs (professional fees, international travel costs, living allowances, communications, consumables, etc.) that could possibly be incurred by the Contractor are already factored into the final amounts submitted in the proposal

investment opportunities in SMEs and/or funds; (b) capacity to offer mentoring and other support that innovative young SMEs typically need;

- Knowledge of relevant equity financing
- Experience working with UN or other international organizations beneficial.
- Capability to deploy strong analytical aptitude, communication and presentation expertise.
- Capability to deploy good communication expertise in English language(s)
- Certification from appropriate organization / institution
- It shall demonstrate its capabilities, understanding of the TOR, and methodology of skill development approach

The multi-disciplinary team should comprise members with the following educational qualifications; experience and competencies:

- **Team Leader Principle Consultant:** PhD in the area of commerce, business innovation, entrepreneurship, business development, finance, or related disciplines and 8 years experience in EF strategy, equity financing, venture capital or related areas. The capacity to properly evaluate investment opportunities in SMEs and/or Venture Capital funds. The capacity to offer mentoring and other support that innovative young SMEs typically need. Have significant prior experience, including senior leadership and management positions, in private equity, venture capital, and/or investment banking. Experience in and analytical knowledge of emerging markets, including Africa region. Experience in negotiating and structuring complex equity and quasi equity transactions. Existing and usable network amongst financial investors and strategic investors in emerging markets. Experience in portfolio management, including facilitation of exits. Experience in establishing strong partnerships with the private sectors. Experience in implementing a monitoring and evaluation system to measure the impact of the Project activities and to track performance of Project beneficiaries.
- **One senior Consultant with** University Master's degree in the area of business development, networking, innovation and technology, entrepreneurship, and minimum 8 years experience in the area of EF, equity finance or related sphere.
- **One Associate Consultant with** University Master's degree in the area of business development, networking, innovation and technology, entrepreneurship, and minimum 5 years experience in the area of equity finance data collection and analysis or related sphere.
- Familiarity with bureaucratic requirements in a national and/or regional government ministry as well as exposures to coordination of development programmes will be an advantage.
- Knowledge of UNDP programming approaches is desirable
- Experience of working in Ethiopia/ Africa is desirable

A. **Functional Competencies**

- All experts deployed to this assignment requires to have outstanding communication skills in English
- Positive and constructive approaches to work with energy
- Demonstrate openness to change and ability to receive and integrate feedback
- Excellent written and verbal communication skills
- Strong time management and meet established time lines.
- Training and hands-on experience in the assignment area;
- Ability to work under pressure, and to deliver in a timely manner without compromising quality standards;

B. **Language and Other Skills**

- Excellent knowledge of English, including the ability to write reports clearly and concisely and to set out a coherent argument in presentation and group interactions
- Capacity to facilitate and communicate with different qualification and experience participating in the training
- Computer skills: full command of Microsoft applications (word, excel, PowerPoint) and common internet applications

XI. CRITERIA FOR SELECTING THE BEST OFFER

Upon the advertisement of the Procurement Notice, qualified international firms are expected to submit both the Technical and Financial Proposals. Accordingly; firms will be evaluated based on Cumulative Analysis as per the following scenario:

- Responsive/compliant/acceptable, and
- Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. In this regard, the respective weight of the proposals are:
 - a. Technical Criteria weight is 70%
 - b. Financial Criteria weight is 30%

Summary of Technical Proposal Evaluation		Score Weight	Points Obtainable
1	Expertise of Firm / Organization	30%	300
2	Proposed Methodology, Approach and Implementation Plan	40%	400
3	Management Structure and Key Personnel	30%	300
TOTAL		100%	1000

Technical Proposal Evaluation		
Expertise of the Firm / Organization		Points Obtainable
1.1	Reputation of Organization and Staff / Credibility / Reliability / Industry Standing	50
1.2	General Organizational Capability which is likely to affect implementation <ul style="list-style-type: none"> - Financial Stability - Loose consortium, Holding company or One firm - Age/size of the firm - Strength of the Project Management Support - Project Financing Capacity - Project Management Control 	90
1.3	Extent to which any work would be subcontracted (subcontracting carries additional risks which may affect project implementation, but properly done it offers a chance to access specialized skills.)	15
1.4	Quality assurance procedure, warranty	25
1.5	Relevance of: <ul style="list-style-type: none"> - Specialized Knowledge - Experience on Similar Programme / Projects - Experience on Projects in the Region - Work for UNDP/ major multilateral/ or bilateral programmes 	120
SUB TOTAL		300
Proposed Methodology, Approach and Implementation Plan		
2.1	To what degree does the Proposer understand the task?	30
2.2	Have the important aspects of the task been addressed in sufficient detail?	25
2.3	Are the different components of the project adequately weighted relative to one another?	20
2.4	Is the proposal based on a survey of the project environment and was this data input properly used in the preparation of the proposal?	55
2.5	Is the conceptual framework adopted appropriate for the task?	65
2.6	Is the scope of task well defined and does it correspond to the TOR?	120

2.7	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project?	85
SUB TOTAL		400
Management Structure and Key Personnel		
3.1	Team Leader Principal Consultant	
	General Qualification Suitability for the Project	
	- International experience	25
	- Training experience	20
	- Professional experience in the area of specialization	45
	- Knowledge of region	30
	- Language qualification	20
SUB TOTAL		140
3.2	Senior Consultant	
	General Qualification Suitability for the project	
	- International experience	15
	- Training experience	15
	- Professional experience in the area of specialization	45
	- Knowledge of the region	25
	- Language qualification	20
SUB TOTAL		120
3.3	Associate Consultant	
	General Qualification Suitability for the project	
	- International experience	5
	- Training experience	5
	- Professional experience in the area of specialization	10
	- Knowledge of the region	10
	- Language qualification	10
SUB TOTAL		40
	Aggregate	1000

XII. RECOMMENDED PRESENTATION OF TECHNICAL PROPOSAL

For purposes of generating quotations whose contents are uniformly presented and to facilitate their comparative review, a prospect firm is given a proposed Table of Contents. Therefore, prospective firm Proposal Submission must have at least the preferred contents which are outlined in the Proposal Submission Form incorporated hereto.

XIII. CONFIDENTIALITY AND PROPRIETARY INTERESTS

The firm shall not either during the term or after termination of the assignment, disclose any proprietary or confidential information related to the service without prior written consent. Proprietary interests on all materials and documents prepared by the firm under the assignment shall become and remain properties of JCC/UNDP.