

EXPRESSION OF INTEREST (EOI)

Covid Adaptation and Recovery Pilot (CARP) Iraq

Capacity Development Grants

GIZ is issuing this Expression of Interest (EOI) for Capacity Development Grants (CDGs) for the COVID-19 Adaptation and Recovery Pilot (CARP) Project.

The COVID-19 outbreak in Iraq is stressing the already strained health and private sectors and setting back the country's efforts in its fight against poverty. Mobility restrictions, liquidity pressures and uncertainty have had a devastating effect on private sector livelihoods, particularly for unbanked informal firms as well as micro and small formal firms. The project COVID-19 Adaptation and Recovery Pilot (CARP): Supporting Firms Resilience, Access to Finance and Growth in Iraq aims at supporting the resilience of viable micro, small and medium enterprises ("MSMEs") and the sustainability of their intermediaries in the aftermath of the COVID-19 pandemic. The project will focus on the recovery of SMEs from the impact of COVID-19 on the one hand while laying the foundations for a much larger growth program, on the other hand around financial inclusion and SME-support measures.

This first component will support immediate relief of the microfinance sector in Iraq, including the most affected formal- and informal-operating small business owners. Two central interventions are being considered: (I) short-term liquidity support to the informal sector through direct funding to eligible MFIs in the form of grants, and (II) supporting the Central Bank of Iraq (CBI) to develop NBFI guidelines, establish and operationalise an NBFI Unit at the CBI with a focus on strengthening its institutional infrastructure.

The second component aims to support the strengthening of the SME sector in Iraq, with a focus on Small and Growing Businesses (SGBs). Two main interventions are being considered: (I) enhancing SME capabilities and resilience through blended learning, vouchers, and matching grants, and (II) catalysing private investment into Iraqi SGBs through ecosystem support grants. The CDG are part of sub-component 2.2.

The CARP Project is financed by the International Bank for Reconstruction and Development (World Bank) and is implemented by GIZ on behalf of the Iraqi Ministry of Finance.

The disbursement of the grant is conditional to the availability of the funds from the Iraqi Ministry of Finance.

This document presents the requisite information that interested applicants must provide to potentially be invited to submit their detailed technical/cost proposals. Pre-qualified firms may be invited to respond to a solicitation and/or multiple solicitations.

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Objectives of the Capacity Development Grants (CDGs) Program

Capacity Development Grants (CDGs) will provide funding for emerging seed/early-stage investment programs in Iraq. Such investment programs would include new and prospective early-stage funds, angel networks, or other investment approaches that aim to mobilise private investment (including from business angels, diaspora investors, institutional investors, and local institutions) into startups and small and growing businesses (SGBs).

CDGs have been designed to provide flexible funding to cover set-up costs, initial operations, technical training and capacity building of management teams and programs, along with business development activities that aim to expand programs. In addition to financial awards in the form of grants, the CDG recipients will be eligible to receive bespoke Technical Assistance (TA) on various aspects of investment and portfolio management. Proposals will outline expenditures and could include the following:

i. Operational Funding

- Set-up costs of local operating entity and/or investment vehicle (fund, e.g.)
- Initial team salaries
- Rent, office overhead
- Meeting costs for program activities

ii. Capacity Building

- Expert consultants and advisors in early-stage investing
- Expenses associated with professional service providers (legal, tax, e.g.)
- Study trips, attending industry conferences, etc.

iii. Business Development & Deal Flow Building

- Marketing/promotion of investment program, including outreach to potential investors (events, travel, etc.)
- Programs and tools to develop investment pipeline (additional detail below)

iv. Initial Transaction Costs

- Due diligence and/or technical/expert support to evaluate initial investment opportunities.
- SPV costs, legal/closing costs and/or development of investment documents, e.g.

v. Ecosystem Support

- Contributing to ecosystem knowledge and capacity building, for instance, by developing knowledge products or standardising deal documents
- Organising events/conferences and/or sharing best practices

CDG funds may not be used for the following purposes:

- Paying off existing liabilities of entities affiliated with the program
- Providing disbursements to investors/LPs

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- Payments to cover fees levied by brokers or to pay any advisory or placement fees or bonuses to external advisers.
- Funding for any activities that are listed on the ESMF exclusion list for this program.

Grants will be available in the range of \$150K - \$400K and will be disbursed according to a milestone/performance schedule. The size of the grant will be tailored on a case-by-case basis according to the existing level of program development and complexity of the program and may be determined by several factors, including, but not limited to:

- **Scope/Aspirations** – The potential of the program with regards to mobilising capital and supporting both investors and entrepreneurs.
- **Initial Track Record** – Ability of applicants to demonstrate deal flow exists for their investing thesis (and that they have experience tapping into funding sources) and show evidence of entrepreneurs and investor interest in their program.
- **Operational/Structural Complexity** – Degree to which the program requires significant set-up and infrastructure development (such as setting up a fund, e.g.) or must address legal/regulatory compliance issues.
- **Technical Training and Capacity Development Requirements** – Related to the complexity, this will reflect the need to procure technical or professional support.
- **Matching Capacity** – CARP may provide larger grants to programs that are able to secure or commit funds to augment the setup, launch and development costs of the program/facility.
- **Financial sustainability of the program.** – The potential of the program to become self-sustaining in the program would be able to demonstrate the capacity to continue operations beyond the period of the CDG.

Budgets, performance milestone indicators and associated funding awards will be determined in consultation with the selected firms/programs.

CDGs will be available for 12 – 22-month terms according to proposals and budgets submitted and determined in consultation with CARP.

Though, duly justified delays will be taken into consideration. Nevertheless, the CDG agreements need to terminate, meaning the full implementation, including reporting and verification, of the grant by the CARP program closing date. The Awardee must submit the request for change with the description of the change and the justification for change at the latest 2 months before the original end date of the project.

Minimum Eligibility Criteria for CDG Applicants

Applicants must either be operating in Iraq or have a plan to operate in Iraq. CDGs may support existing entities or new organisations. In either case, the recipient must be an Iraq-based early-stage investment program and must be constituted with the authority to undertake the proposed activities according to regulatory requirements¹. To be eligible, recipients must have:

- an entity principally operating out of Iraq² / an entity that uses the grant to establish operations in Iraq

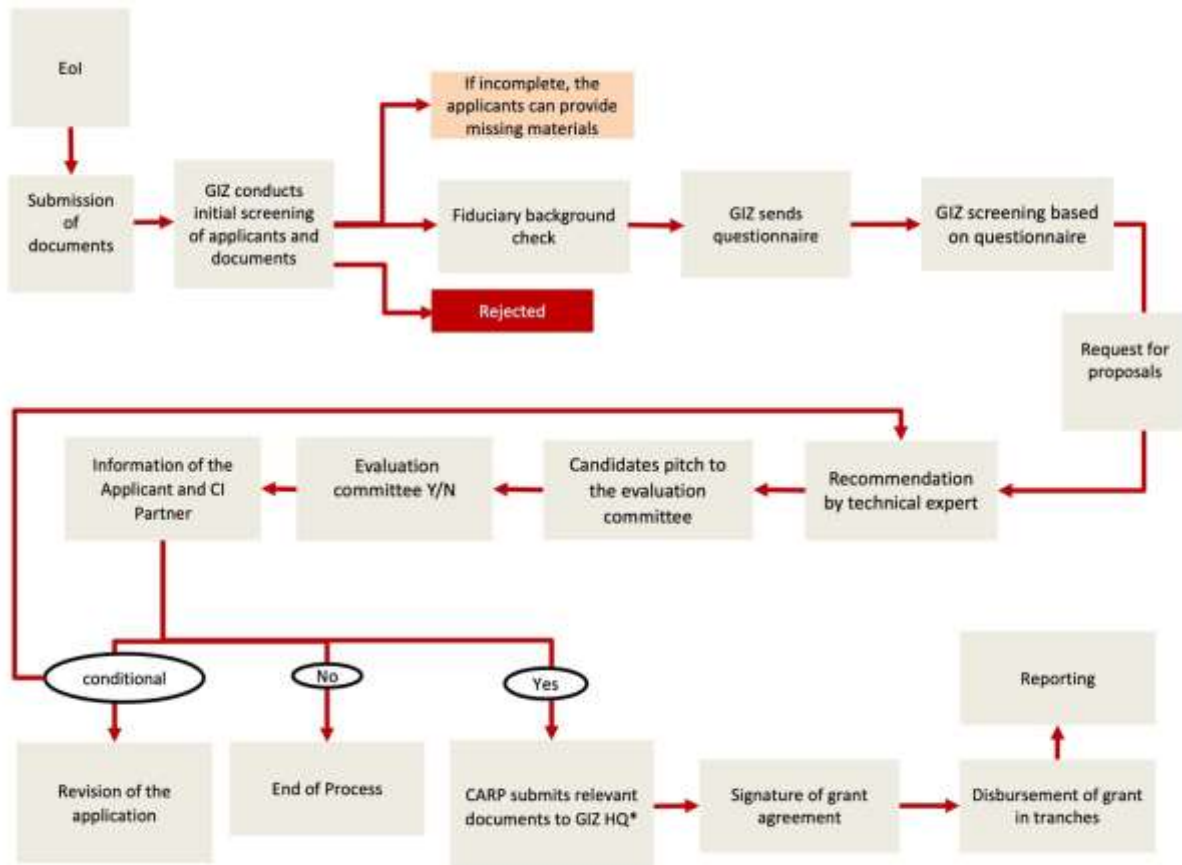
¹ If setting up a fund, the fund may be domiciled outside Iraq.

² The affiliated investment vehicle may be an offshore entity set up for the purposes of investing in Iraq.

and

- the management team (founder/co-founders, directors, shareholders [LPs, e.g.]) must pass fiduciary background checks.

Selection Process and Timeline



Factors for Consideration and Evaluation Criteria

Responders are expected to write an explanation about how they can address each of these areas of interest by GIZ, which will be used to determine if applicants will be pre-qualified:

- Legal registration/license in Iraq to perform the investment plan outlined above
- Necessary financial resources to perform the work
- Illustrative CVs of individuals on staff or available to the firm who can perform the investment plan.

Past performance descriptions illustrating relevant experience delivering the required goods/services to corporate accounts. Proposals will be evaluated on the following criteria:

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- Fund management team – quality and experience of the team
- Overall plan and approach to the establishment and management of the investment program including strategy, thesis, and model
- Approach and ability to leverage funding over 2 years
- Fiduciary/ESG management and reporting

The table in Annex 2 outlines the detailed criteria for the evaluation of CDG applications.

Submission Requirements

- A Request for Interest in the format provided under Annex 1. Applicants may want to refer to the guidance on key program design considerations provided under Annex 2.
- Applicants must not be on the CARP Project’s Exclusion List (Annex 3) and pass the Screening Checklist for Applicants (Annex 4).
- Company Profile.
- CVs of professional staff working with the organisation.
- Past performance of the investing principals and/or key personnel of the applicant program, detailing at least 3 years of relevant experience, including but not limited to prior experience working with or supporting startups and small businesses, fundraising track record, investment performance and returns, portfolio sample, etc.
- Proof of operations in Iraq, which include:
 - That is registered or domiciled in Iraq.
 - That has significant business activities in Iraq, whether through selling products from Iraq, providing services from Iraq, or hiring or employing individuals in Iraq.
 - Whose ultimate parent company is registered or domiciled in Iraq.
 - That has a significant part of its operations in Iraq; and/or
 - That has an imminent plan to commence operating in Iraq within a period of not more than 6 calendar months.
- Registration Information.
- Professional References.

Submission

Responses to the EoI will be reviewed on a rolling.

Responses should be emailed to carp@giz.de

Please address the subject of the email, “Expiration for Interest – Capacity Development Grants.”

GIZ will only respond to written questions regarding this EoI through the email address: carp@giz.de

All information provided by applicants in response to this EoI will be treated confidentially. GIZ will not use the information in any other context or setting, and we will not reveal details to third parties.

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Confidentiality

All information provided to GIZ under this project, including information obtained by GIZ through the screening process, will remain confidential and will not be shared beyond the concerned members of the evaluators, the GIZ management team, and staff.

Obligations

GIZ will not reimburse respondents for the costs incurred with preparing a response, nor does the issuance of this EoI obligate GIZ to award a grant, subcontract, or purchase order. Suppose a firm is found to have made false or misleading claims or statements, obtained confidential information, or received improper assistance. In that case, GIZ reserves the right to reject an EoI submitted by or on behalf of a Firm.

Communication requirements for Grantees

Grant beneficiaries have obligation to acknowledge the origin and ensure the visibility of CARP funding. Grant beneficiaries will receive a visibility package (regulations and templates) when signing the grant contract. Once grant contracts have been awarded, and before engaging in a communication or dissemination activity expected to have a major media impact, the beneficiaries must inform the granting authority.

Clarification of Submissions

GIZ may require a respondent to submit additional information in order to better judge a response. Applicant questions may be sent to GIZ via carp@giz.de.

Notifications

Upon receipt and review of proposals, GIZ will notify successful applicants, if any, who have been selected for pre-qualification.

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