

# REQUEST FOR INTEREST (RFI)

## Covid Adaptation and Recovery Pilot (CARP) Iraq

### Co-Investment Grants' Partners

GIZ is issuing this Request for Interest (RFI) for Co-Investment Grants Partners (CI Grants) 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 main 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 operationalize a 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) catalyzing private investment into Iraqi SGBs through ecosystem support grants. The CI Grants 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 requirements that interested partners must provide to potentially be invited to become investor partners for the Co-Investment Grants.**

### Co-Investment Grants

Co-Investment Grants will provide supplementary funding to startups and SGBs that are able to raise the majority of an investment round led by qualified Co Investment ("CI") Partners listed by the CARP Project.. The purpose of these grants will be to bridge shortages in funding—beyond what investors are willing to make—that helps early-stage enterprises develop while stimulating private investment. The CI grant is capped at \$250,000 per applicant and may not exceed more than 1/3 of the current financing round.

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## Minimum Eligibility Criteria for Qualified CI Grant

Beneficiary firms shall be startups, early and growth stage enterprises, and small and growing businesses (SGBs), that are currently raising investment capital, most likely at the Seed to Series A stages (or using other commensurate instruments).

Firms applying for Co-Investment Grants must meet the following criteria:

- Be a company legally registered in and principally operating out of Iraq;
- Must be a start-up, early stage firm or small, growing business;
- Is not fully or partially owned by or affiliated with a public sector entity in Iraq.
- Does not have executive management, directors, or shareholders who are individuals holding political office or government officials in Iraq, or being politically exposed in anyway.
- Previous third-party capital raised doesn't exceed \$500,000<sup>1</sup>
- Is receiving third party investment not greater than \$1,500,000
- For companies raising from a CI partner, the CI partner should be a lead or active investor in the round.
- Annual revenue for the previous year not exceeding \$2,000,000;
- Is not engaging in activities that are on the negative list in the ESMF. (Annex 3)

Companies that have received Pre-Investment (PI) grants will also be eligible for Co-Investment grants if they have attracted/secured external private investment.

## Selection Process

CI Grant Beneficiaries must secure private investment from qualified Co-Investment partners (CI Partners). The only exception to this rule will be CI grant applicants who have already received PI grants and may raise investment from investors other than qualified CI partners.

CI Partners will be able to nominate companies for CI Grants and will have a heightened degree of confidence during the investment process that CI Grants will be available to supplement funding rounds.

CARP will initially target 4-5 CI Partners, although this number will expand with time.<sup>2</sup> These partners will not receive guaranteed access to CI Grants as the potential investee firms will still need to meet eligibility requirements, applications will need to be submitted in full, and standard WB safeguards and fiduciary processes followed.

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<sup>1</sup> This would not be applicable in the case of venture build plays.

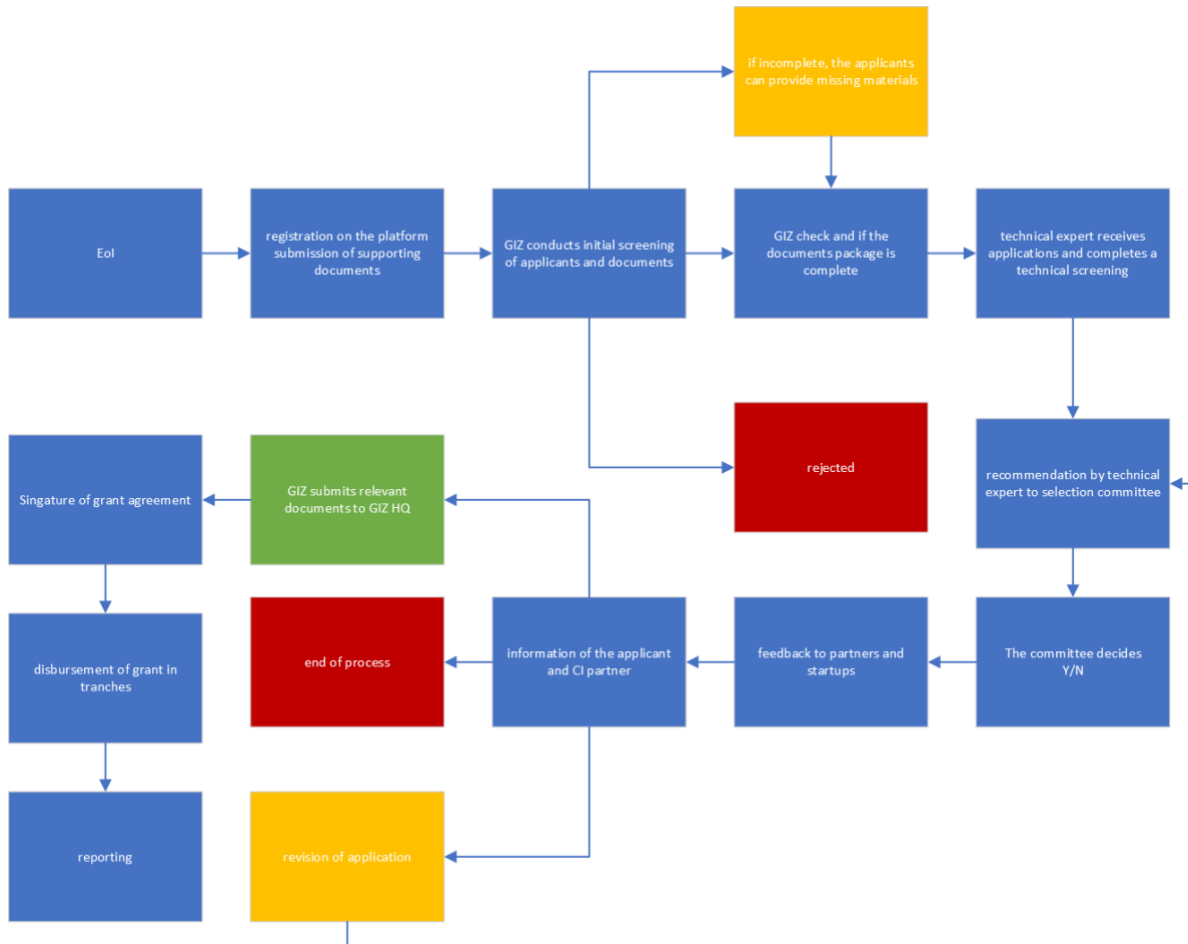
<sup>2</sup> Note – any organization receiving a Capacity Development Grant will automatically be designated as a Qualified CI Partner.

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## Eligibility Screening

GIZ conducts an initial review of applications from Co-Investment Grant Partners to confirm the requisite information and materials have been provided in full – as well as the general eligibility of the applicant.

Applications that pass the eligibility screening will undergo an initial evaluation to identify the environmental and social risks and set the appropriate mitigation measures for project activities, where needed. The assessment is done through a Screening Checklist for Applicants (Annex 3) and CARP Project’s Exclusion List (Annex 5), which the applicant firm is required to complete as part of the application process.

## Factors For Consideration and Evaluation Criteria

For Co-Investment Grants, the primary factor in approving the Beneficiary will be the willingness of a CARP-eligible private investor to invest in the company.

The Co-Investment Grant selection process is outlined below. Entrepreneurs will be principally responsible for submitting application materials and interfacing with CARP; however, it is important to note that CARP will

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require that the investor(s) provide supplemental information, such as an investment memo or due diligence summary.

## Obligations

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

## Confidentiality

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

## 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](mailto:carp@giz.de)

## Notifications

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

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