

EXPRESSION OF INTEREST

Covid Adaptation and Recovery Pilot (CARP) Iraq

GIZ is issuing this Expression of Interest/Application (EIO-A) for Pre-Investment Grants (PIG) Referral Partners 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.

Pre-Investment Grants

Pre-Investment Grants (PIGs) will consist of grant funding to Iraqi Small Growing Businesses (SGBs) and start-ups that show business and investment promise but need to achieve a few specific growth milestones before they can be considered "investment ready" by investors. These grants will be designed to help entrepreneurs to address product/service and business shortcomings that could improve the prospects for subsequent investment within a short time frame (targeting 6-9 months). Pre-investment grants will be available for SGBs in the amount of up to a maximum of US\$35,000 and will not require matching funding. The principal success measure for a pre-investment grant is whether the beneficiary is able to subsequently secure private or commercial financing.

Pre-Investment Grants Referral Partners

CARP will work with pre-qualified Pre-investment partners and Co-Investment partners to identify PIGs recipient SGBs. PIG Referral Partners are either a) local or regional investors/investment funds interested in investing in Iraqi startups and SGBs or b) local ecosystem support organizations such as incubators, accelerators, etc.

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Working with partners will create sourcing and evaluation efficiencies while also ensuring that startups receive targeted support that improves their odds of raising private investment.

Factors For Consideration

Specific requirements for becoming a PIG Referral Partner are as follows:

- Local or international investors/fund/investor networks with demonstrated History of investments/portfolio, especially in Iraq/MENA.
 - Any investment program/fund that is a recipient of a Capacity Development Grant and/or selected as a referral partner for the Co-investment Grants, will automatically be designated as a PIG Referral Partner.
 - PIG Referral Partners may not include persons or institutions who are ‘political-exposed’, and/or have executive management, directors or shareholders who hold Iraqi political office or are Iraqi government officials.
- Local Ecosystem Support Organizations (ESO): ESOs that provide training, consultancy, advice, and curriculum around the topic of investment readiness to SGBs are able to nominate applicants to benefit from the PIG. ESOs investment readiness program should cover in its curriculum, the following topics:
 - Investment Readiness Diagnostic: to assess the business and its readiness/prospects for raising investment capital.
 - Investment Readiness Coaching and Training: Technical assistance, coaching, and mentorship aimed at addressing critical gaps in investment readiness.
 - Investor engagement: Regular facilitation of opportunities for SGBs to interact with investors and pitch their businesses to them for potential funding.

Startups and SGBs that intend to apply for PI Grants should be referred by the PIG Referral Partners. PIG Referral Partners can refer any startups or SGBs that they believe have the potential for high growth and thus raising investments, but need to achieve certain, specific growth milestones before they can be considered for investments. PIG Referral Partners are expected to support the startups or SGBs that they are referring to in identifying specific steps that will lead to the achievement of milestones necessary for attracting investments.

The ultimate decision of which SGBS receive PI Grants shall be at the sole discretion of the CARP project.

Benefits to the Referral Partner

PIG Referral Partners shall not be compensated by the CARP project for referring PIG applicants in any form. However, the PI Grant recipient startups and SGBs will be allowed to utilize all or part of the PI Grant award to pay for any support services they may choose to receive from the respective PIG Referral Partner. This will be entirely at the discretion of the recipient startup or SGB. The PIG Referral Partners will not be compensated by CARP. However, the CARP Project Team will assist the PIG Referral Partners in developing the milestones for the startups and SGBs. The partner will benefit in the following ways:

- **Investor:** Being a nascent ecosystem, there is a need for targeted investment readiness support to curate adequate deal flow for investors. Referring to high-potential SGBs for PIG would help investors

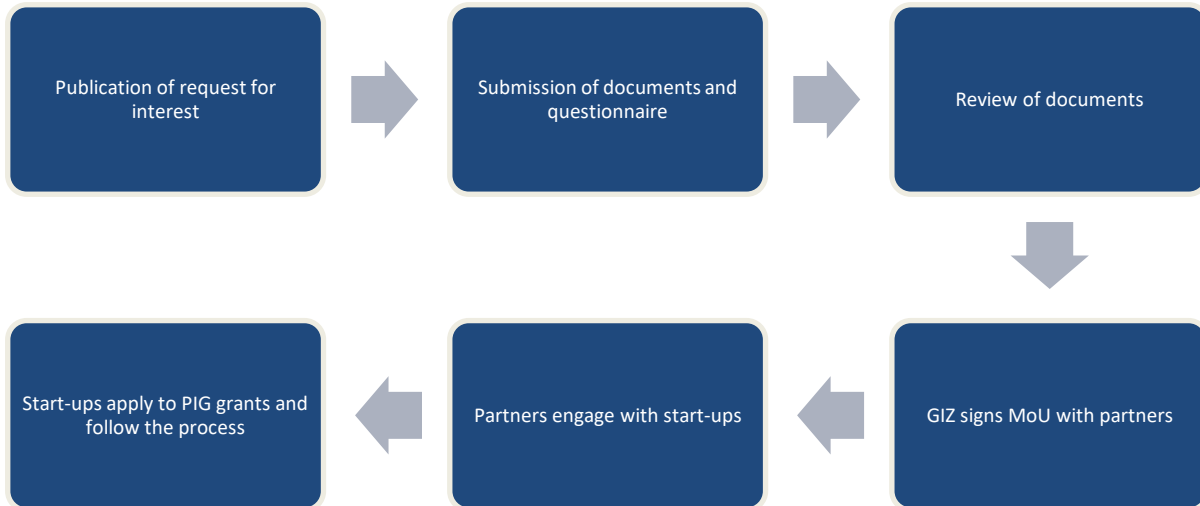
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curate investment deal flow without incurring the financial cost of investment readiness support.

- **Incubator/accelerator:** For Incubators and Accelerators, referring SGBs to PIG could lead to a higher percentage of program graduates closing investments, which would in turn help the referring incubator/accelerator expand their programs and operation.

The process to become a PIG referral partner



PI referral Partner relationships will not be subject to standard procurement but will be expected to sign a partnership agreement with GIZ outlining the support offering and related obligations. A technical expert on early-stage financing together with relevant GIZ CARP staff will review the presented Partnership Proposals, meet with the potential PI referral Partners and prepare a final list of pre-qualified PI referral partners whose programs will be complemented through offered PI Grants to their clientele.

PI referral Partners must provide a recommendation report to support PI Grant applications and will also be expected to support the monitoring of PI Beneficiary progress.

Obligations

GIZ will not reimburse respondents for the costs incurred with preparing a response, nor does the issuance of this EO/A obligate GIZ to award a grant, subcontract, purchase order, or sign an MoU. If an applicant is found to have made false or misleading claims or statements, obtained confidential information, or received improper assistance, GIZ reserves the right to reject an EO/A 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 the GIZ management team and staff.

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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 partners, if any, who have been selected for pre-qualification.

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