

REQUEST FOR INTEREST (RFI)

Covid Adaptation and Recovery Pilot (CARP) Iraq

GIZ is issuing this Request for Interest (RFI) for Pre-Investment Grants to Technical Assistance (PIG TA) 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 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) 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 (PI Grants) will consist of grant funding to Iraqi Small Growing Businesses (SGBs) and start-ups that show business and investment promise but are not considered "investment ready" by investors. These grants will be designed to help entrepreneurs to address critical growth roadblocks that could improve the prospects for subsequent investment within a short time frame (targeting 6-9 months). Pre-investment grants will be available 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 show that they have been shortlisted for an investment round, an investor is interested in investing, the partner is going to provide an action plan for investment readiness, to subsequently secure private or commercial financing.

Minimum Eligibility Criteria

In order to be considered for the award of a PI Grant, the applicant firm must be referred by a designated PI Grant and/or CI (Co-Investment Grant) Referral Partner. The list of currently accredited PI Grant and CI Grant

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Referral Partners can be found here – [Insert link to where the partners might be found] if available, else delete the sentence.

In order for applicants to be referred by an Incubator/Accelerator PI Grant referral partner, they must have participated, or must currently be participating, in the Investment Readiness program organized by such Incubator and/or Accelerator. However, firms that are referred by Investor (VC funds, Angels. Etc.) PI Grant referral partners and/or CI Grant referral need are not obligated to participate in an investment readiness program as a condition for being considered for the PI Grants.

Further, the applicants must meet the following minimum criteria for being considered for the PI Grants:

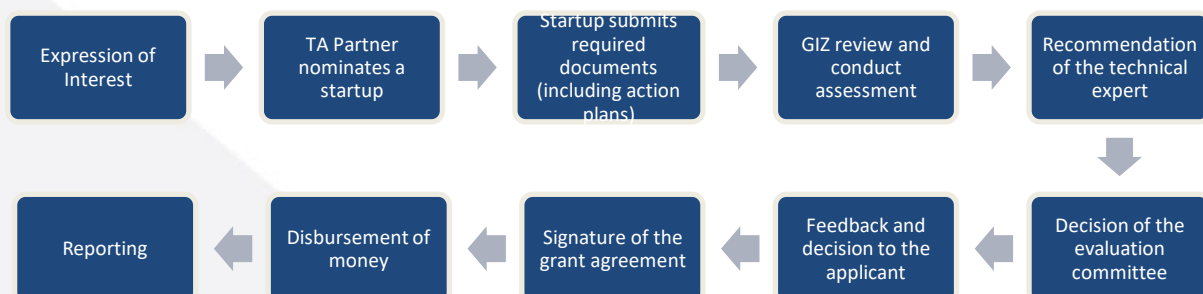
- Be a company principally operating out of, Iraq;
- Be a startup / small and growing business (under 250 employees);
- May not have annual revenues for the previous two years exceeding \$5,000,000.
- Have a minimum viable product with some evidence of market testing and an emerging customer value proposition.
- Have Initial revenue/pilots (with pre-revenue start-ups being considered in situations where there is a strong indication of customer and investor interest);
- Be seeking to raise a seed or comparable funding round under \$1M.
- Participating in/graduated from a program (or otherwise supported by) a qualified PI and CI partner.
- Is not engaging in activities that are on the negative list in the CARP Environmental and Social Management Framework ESMF.
- Went through the record of commercial and legal eligibility checks on potential recipients of GIZ

Eligibility Screening

GIZ conducts an initial review of applications 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 the Environmental and Social Management Framework ESMF (ANNEX 4), which the applicant firm is required to complete as part of the application process.

Process of PIG Grants for start-ups



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Factors For Consideration and Evaluation Criteria

The applicants for the PI Grant program would have to demonstrate that they have identified a specific set of milestones that they need to achieve in order to become investment ready. These milestones should be set in consultation with the referring PI Grant and/or CI Grant Referral Partner. Additionally, the applicants would also need to demonstrate a viable plan for utilization of the PI grant award to achieve those said milestones.

The selection criteria that will be used to assess Pre-Investment Grant applications include the following:

- Founders and management team strengths.
- Viability and scalability of firm business model.
- Company stage of development and progress to date.
- Evidence provided on the size of the addressable market and potential for growth.
- Demonstration of product/service value proposition against the competition, be it performance, cost, or other competitive advantages.
- The attractiveness of the company as a future investment proposition for early-stage investors and the potential for the company to deliver against the project goal of raising early-stage investment.
- Use of funds and adequacy of the project budget.
- Level of investor interest that the Applicant is able to show.

List of eligible and ineligible expenses

All funds must be used for purposes that increase the prospects of the firm raising private investment and fall within the list of eligible expenses. Each PI Grant application must include a project proposal and budget that identifies the use of funds.

The following list represents acceptable use of funds:

- Salary costs and fees associated with delivery/ongoing execution of core business functions.
- Product design and development and/or developing and testing prototypes.
- Sales and marketing activities, including those aimed at increasing potential customer base (e.g., trade fairs, trade shows, etc.).
- Equipment purchases and/or modernization.
- Advisory and training services/external consultants, including from approved PI TA Partners (see below).
- Implementation of IT solutions.
- Costs related to applications for Intellectual Property protection.
- Operating expenses that do not fall into the non-eligible expenses.
- Pre-Investment Grants will NOT support expenses in relation to:
 - Retroactive payments (i.e., payments in arrears).
 - Any dividends or bonus payments to staff, management, or shareholders.
 - Repayment of funds loaned to the company by related parties, including the founder/entrepreneurs, other individuals, or financial institutions.
 - Payments to cover fees levied by investors or pay any advisory or placement fees or bonuses to external advisers.
- Expenses incurred where the activities being paid for have a negative impact on the physical and/or social environment using the ESMF.

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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 received improper assistance, GIZ reserves the right to reject an RFI submitted by or on behalf of an applicant.

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.

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.

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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