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**TECHNICAL SPECIFICATIONS – TERMS OF REFERENCE INTELLECTUAL SERVICES**

**Agence Française de Développement**

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**In respect of the service**

**Screening of context and opportunities for AFD in Georgia and Armenia regarding non sovereign sector**

**-**

**Diagnostic of the productive systems, focusing on the SOEs, their challenges and needs, as well as the entrepreneurial ecosystem**

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# Presentation of the entities

**Presentation of AFD:**

The Agence Francaise de Développement (AFD) is a bilateral development finance institution, fully owned by the French State. It is the main implementing agency for France’s official development assistance to developing countries and overseas territories. The AFD finances and supports development projects and programs that support more sustainable and shared economic growth, improve the living conditions of the poorest, contribute to the preservation of the planet.

Our teams are involved in over 4,000 projects in France, in the overseas territories and in 115 other countries, for the common good of humanity – the climate, biodiversity, peace, gender equality, education and health. In this way, we are thus contributing to the commitment of France and of the French people to the Sustainable Development Goals. For a shared world.

Through [**grants,**](http://www.afd.fr/subventions)  [**loans,**](http://www.afd.fr/home/AFD/op/edit/home/prets)  [**guarantee funds**](http://www.afd.fr/home/garantiesAFD) or [**debt reduction and development contracts,**](http://www.afd.fr/home/C2D) AFD funds projects, programmes and studies and supports its partners in developing countries with their [**capacity building.**](http://www.afd.fr/home/appui-renforcement-capacites)

Its subsidiary [**Proparco**](http://www.proparco.fr) ([www.proparco.fr](http://www.proparco.fr)) provides support for private investments. Dedicated to mobilising French public expertise, **Expertise France** ([www.expertisefrance.fr](http://www.expertisefrance.fr)) is expected to join AFD Group in 2022.

AFD also works with French and international academic networks to feed into forward-looking discussions and debates on development.

Since 2012, AFD, alongside peer institutions, supports Georgia with a “green and inclusive growth” mandate, via projects in the following sectors: regional connectivity, energy, agriculture, water resources management and human capital development. AFD accompanies Georgia in building a sustainable and inclusive model of society based on values shared with the European Union (EU).

Full information on AFD, and in particular, its Code of Ethics, which the service provider is strongly encouraged to read, can be found at [www.afd.fr](http://www.afd.fr).

# Presentation of the Contracting Department

These services and the Technical Assistance programme that will unfold lie within the mandate and objectives of the AFD’s Productive Systems Division (SYP). As part of the Sustainable Development Solutions Department, SYP plays a dual role in fostering economic development. On one side, the division focuses on providing non-sovereign loans to public enterprises, enabling them to enhance their operations, adopt sustainable practices, and contribute to broader economic growth. On the other side, the division’s expertise in entrepreneurship targets the private sector indirectly by financing public agencies through sovereign loans and grants. This support empowers public agencies to implement programs that bolster private entrepreneurship, including capacity-building initiatives, access to finance for MSMEs, and the creation of a more inclusive entrepreneurial ecosystem. By addressing both public enterprises' needs and the challenges faced by private businesses, the SYP team fosters synergies between the public and private sectors, promoting innovation, sustainability, and inclusive growth in regions like Armenia and Georgia.

# Background and goals of the work

AFD has approved a grant (project code n° CGE1064) to finance technical assistance for supporting the implementation of the State Owned Entreprises Reform in Georgia and identify opportunities for AFD support in the non-sovereign sector.

The grant focuses more specifically on commercial objectives and management framework pillars, with potential additional support in the environmental & social domains if required (decarbonisation plans, ESG systems, extra financial reporting, etc…). Support is expected mostly at SOE level, with beneficiary SOEs (and related areas of support) to be identified jointly during the course of implementation of the grant.

In this general context of developing AFD’s support to the non-sovereign sector in Georgia and Armeniain compliance with its mandate, this assignment is meant to support AFD’s prospection efforts. **Its main purpose is to identify overall potential for support by AFD, and to assess the feasibility of financing of a list of selected SOEs**, in the framework of the implementation of the national process for reforming public enterprises.

Additionally, in alignment with the [French Strategy for Trade and Economic Support](https://www.tresor.economie.gouv.fr/tresor-international/la-strategie-francaise-d-aide-au-commerce-au-service-d-un-commerce-international-plus-durable-et-inclusif#:~:text=Pour%20appuyer%20sa%20strat%C3%A9gie%20d,de%20l%27Organisation%20mondiale%20du) and Trade capacity building programme managed by AFD, **the assignment aims to assess how SOEs can contribute to the sustainable transformation of the national productive system, while also promoting sustainable trade and facilitating access to international markets**, **particularly the European Union (EU).**

**The overarching goal is to guide AFD’s interventions towards effective support for SOEs, enhance the entrepreneurship ecosystem, and promote the sustainable development of sectors with export potential in these two countries**, while fostering economic partnerships based on mutual interest between key local stakeholders and French/EU businesses.

# Purpose of the contract

Within the context described above, the assignment aims at improving AFD’s knowledge of the Georgian and Armenian productive systems, by conducting a diagnostic of these systems, analysis of role of the SOEs (including their governance), as well as identifying of overall potential for support by AFD and strategic recommendations.

In addition, this assignment is also meant to look into strengthening the entrepreneurship ecosystem and promoting sustainable trade and facilitating access to international markets (assessing role of SOEs and other actors of the productive systems in both countries).

# Service expected under this tender

## Details of the expected service

1. **Component 1 : Diagnostic of the productive systems, role of the SOEs (including their governance), its challenges and needs, and entrepreneurial ecosystem analysis**

The Consultant is expected to carry out an analysis of Georgia and Armenia’ productive systems and the SOEs’ role, which covers at least the issues and themes listed below.

* **Overall architecture of the productive system and the role of the SOEs**

This component of the analysis should specifically address the following guiding questions:

What are the key economic sectors? What is a mix of privateand public sector activities? What is the SOEs contribution/involvement? What are the emerging sectors with high growth potential, and what is the role of SOEs in these sectors?

* **SOEs Regulation and supervision**

This component of the analysis should specifically address the following guiding questions: How is the SOEs supervision organised (key regulatory bodies)? What are the ongoing reforms and their potential impacts on SOEs? What are the applicable rules (legal and regulatory frameworks)?

* **Governance and Performance of the major SOEs**

This should include the financial analysis of the SOEs’ (shareholding structure, influence of the State, covering profitability, solvency, liquidity, foreign exchange (FX) exposure, debt sustainability, and their capacity to attract external financing). This should also address the SOEs’ governance framework/structure assessment (including evaluation how Environmental, Social, and Governance (ESG) criteria are integrated into SOEs’ operations and decision-making processes/ESG practices); What are the main risks and obstacles to the sectors activity?

* **Sectoral Structuring Needs and Support for Export & Development**

This should include the assessment of the sectoral structuring needs, particularly related to export readiness and alignment with the international/EU market; outlining the market dynamics, export barriers, and trade regulations, particularly concerning access to the EU market.

* + Needs identification: Review the commercial strategy of both countries and their positioning with respect to the EU market. Identify relevant government agencies and public entities responsible for supporting export-readiness and trade facilitation. Map SOEs involved in export sectors, identifying their role and needs for improving their export capacity. Identify the key trade barriers these SOEs face, including technical, regulatory, and operational issues. Assess country existing services to support export-oriented businesses, including services from agencies such as Business France or similar trade promotion agencies. Highlight existing support mechanisms.
  + Strategic Recommendations for support: Highlight opportunities for support SOEs (incl. potential capacity building needs) to help them align with EU market standards, particularly the green economy and sustainability-driven regulations (e.g., Green Deal). Suggest partnerships with French/ European stakeholders (Business France, FR Economic services, Medef) any other interventions to improve trade capacities as per areas requiring technical support, investment, or regulatory improvements.
* **Entrepreneurial Ecosystem Analysis**

This *subcomponent* should include a targeted analysis of Georgia and Armenia’s entrepreneurial ecosystem, identifying key strengths, challenges, and actionable recommendations to support future ecosystem development.

* + VSE/SME Landscape Review: Provide a comprehensive assessment of the VSE/SME landscape – based on existing literature review, examining sectoral distribution, business maturity, and structural challenges such as access to finance, regulatory barriers, and digital transformation
  + Stakeholder and Support Mechanism Mapping:  Provide an analysis of the entrepreneurial ecosystem, mapping key reforms, policy initiatives, and major ecosystem players, including public institutions, incubators, financial entities, and international partners. This analysis will identify synergies, inefficiencies, and best practices to enhance the ecosystem’s effectiveness.
  + Targeted Strategic Recommendations: Deliver strategic and operational recommendations, proposing concrete actions/activities to strengthen the entrepreneurial ecosystem, identifying key players to implement it

***Important Note:***

*Please note that in 2022, AFD financed a first technical assistance to Georgian Railways with the following specific objectives:*

*(i) The development of a national railway policy;*

*(ii) A market survey on the regional perspectives of rail freight and the elaboration of a development strategy for its freight activity, in particular on a regional scale, with possible synergies with AFD's actions in Azerbaijan;*

*(iii) The review of Georgian Railways investment plan and the development of an immediate action plan for the renewal of rolling stock or other priority investments; and*

*(iv) The implementation of EU rail regulations;*

*(v) Support to GR compliance with newly established Public Corporation Reform Strategy and the Public Investment Management Guidelines.*

*An additional TA was financed in 2023/2024 with the objective to analyse GR’s current debt structure with a specific focus on its Eurobonds commitment, from both financial and contractual perspectives and explore potential solutions to alleviate such constraints such as to allow the previously identified core investments.*

*Hence Georgian Railways can be excluded from the scope of this assignment.*

*Additionally, in compliance with EU economic sanctions against Russia, Georgian and Armenian SOEs, having substantial ties or interests connected to Russia, must be excluded from the scope of this assignment.*

*As a general note, in Georgia a particular attention must be paid to the shareholding structure of the SOEs, noting ties or interest connected to politically exposed persons.*

1. **Component 2: Identification of potential for support and strategic recommendations**

Based on the diagnostic of the productive system and the role of the SOEs, the Consultant will propose the sectoral recommendations and identify the investment opportunities and, including the list of high-potential prospects for AFD financing.

At this stage AFD will take a decision on whether to pursue with Component 2 in both countries or only Armenia.

If the opportunity to pursue in both countries is confirmed, the consultant shall take into account AFD’s mandate in Georgia summarized in the Program Agreement with the GoG for the period 2024-2027. This part of the analysis should provide necessary knowledge and recommendations on which AFD could capitalize on in order to prepare the prospecting mission and define priority areas of intervention in line with its mandate, the needs of the SOEs.

To do so, the Consultant should carry out the following actions:

* **Identify the main vulnerabilities, obstacles, investment needs** and **areas of work to address them**, resulting from the review
* **Provide a mapping** of the government-led initiatives and donors’ interventions in support of the SOEs
* Evaluate the alignment of the SOEs’ strategies and operations with national development plans, regional strategies, and international frameworks such as the Sustainable Development Goals (SDGs). Provide recommendations to enhance this alignment to attract support from international donors and investors.
* Assess the competitive positioning of the SOEs at both regional and international levels, identifying sectors or activities where they hold strategic advantages or face significant challenges. This analysis should also explore potential trade or cross-border collaboration opportunities.
* **Review the national framework ruling the access to funding by the SOEs** and their regulatory, technical and budgetary capacity to use financial products provided by banks/state. Screening the characteristics of the existing SOEs (non-sovereign) borrowing market (tenor, interest rate, currency, project vs budget loans, existence of security, etc….)
* **Identify and list some key areas of intervention and sectors** that appear relevant to improving the contribution of the SOEs towards the economy; including making **recommendations** on the **type of support** and **financial solutions** that are necessary to address these priorities (credit, guarantee, technical assistance, grant, other specific instruments etc.).
* Analyse the potential for public-private partnerships (PPPs) as a mechanism to attract private investment into key SOE-driven projects. Identify areas where PPPs could complement AFD’s interventions.
* **Establish a list of high-potential prospects among SOEs (pipeline)**, which could represent a potential for cooperation for AFD, with a short description of each one of them, their financial/governance situation and strategy.

## Specific procedures and requirements

The service will combine remote work and on-field presence in Armenia and Georgia, mainly in Tbilisi. At least one field mission in each country is expected, with the possibility of additional visits depending on project needs and stakeholder consultations. A detailed fieldwork schedule should be proposed by the Consultant in alignment with the overall assignment timeline.

Fluency in English, both written and oral is compulsory. Additionally, proficiency in Georgian and/or Armenian would be considered an asset to facilitate local engagement and communication with stakeholders.

The need for this assignment is an indicative average of 90-95man/days, to be allocated according to the country-specific needs and scopes, including an optional tranche under Component II (related to Georgia). Moreover, the mission leader shall ensure a significant part of the assignment, participating directly in key activities such as stakeholder interviews, analysis, and the preparation of deliverables.

*Estimated Work Breakdown (Man-Days)*

| **Component** | **Main Activities** | **Estimated Man-Days** |
| --- | --- | --- |
| **Component 1: Diagnostic of the Productive System & SOEs’ Role** | Analysis of productive systems and SOEs’ contribution to economic sectors (energy, infrastructure, etc.); assessment of their governance and financial performance. | **40–45 MD** |
| • Analysis of the productive structure and role of SOEs (10–12 MD)  • Mapping of regulatory and supervisory bodies (10–12 MD)  • Financial and governance analysis of key SOEs (15–18 MD) |  |
| ***Component 1.A: Entrepreneurship Ecosystem Analysis*** | Targeted review of Armenia’s and Georgia’s entrepreneurship ecosystems, focusing on VSE/SME support, innovation, and access to finance. | **20–25 MD** |
| • Review of SME/VSE landscape and key barriers (5–7 MD)  • Mapping of support mechanisms and stakeholders (7–8 MD)  • Strategic recommendations (7–10 MD) |  |
| **Component 2: Identification of Potential for Support & Strategic Recommendations** | Identification of investment opportunities, alignment with AFD’s non-sovereign financing instruments, and development of a pipeline of priority SOEs. | **20–25 MD** |
| • Identification of needs and areas for intervention (8–10 MD)  • Alignment with national/SDG strategies (5–7 MD)  • Access-to-finance and market analysis (5–7 MD)  • Pipeline of potential AFD-supported SOEs (5–7 MD) |  |

All organizational fees for workshops, meetings, etc. shall be included in the financial proposal. . The Consultant is expected to provide a transparent breakdown of costs in the proposal.

On a best effort basis, the Consultant shall seek the participation of local experts or partnerships with local firms to enhance contextual understanding and ensure smoother collaboration with national stakeholders. This will also support capacity-building efforts and align with AFD’s commitment to inclusive development practices.

The service provider is required to have access to digital tools for remote communication and data collection, such as virtual platforms for meetings, cloud-based storage for document sharing, and survey tools to facilitate stakeholder engagement.

The work will be undertaken under the responsibility of the persons listed below:

* Olga KOUKOUI, Deputy Head of AFD in South Caucasus, [koukouio@afd.fr](mailto:koukouio@afd.fr)
* Maria Dobrostamat Task Team Leader, Productive systems Division of AFD, based in Paris, [dobrostamatm@afd.fr](mailto:dobrostamatm@afd.fr)

## Expected methodology

The budget and methodology will include a detailed the breakdown of the work in man-days (H/D).

The decision to proceed with Component II in both countries or only in Armenia will be taken by AFD based on the conclusions of Component I on the opportunities, and the evolution of the strategic context. Accordingly, a portion of the global budget envelope related to Component II in Georgia is considered an optional tranche and may not be activated.

The service provider will propose a relevant methodology to carry out the assignment in an operational and efficient way. The Consultant shall carry out the assignment through documentation review as well as with interviews with relevant stakeholders. The Consultant will be expected to carry out at least part of the mission on-field in Georgia (mainly Tbilisi) and Armenia.

The Consultant is expected to collect most of the documentation needed for the assignment. The Consultant shall hold meetings or communications with key stakeholders in Georgia and Armenia, including (non-exhaustive list):

* Relevant ministries and government bodies,
* The National Bank of Georgia and Armenia,
* Key local financial institutions,
* Relevant international financial institutions and donors involved in the support to the major SOEs in its primary sectors of activity, (e.g., KfW, EBRD, EIB, IFC, World Bank, EU Delegations, GIZ),
* Relevant SOEs (excluding entities linked to sanctioned interests),
* Incubators, accelerators, and entrepreneurial ecosystem actors.

The Consultant shall organize at least the following meetings:

- one kick-off meeting following contract notification by AFD ;

- periodic calls ;

- restitution meetings after delivery of each deliverable;

- meetings with relevant stakeholders throughout the study.

In their proposal, the Consultant will include any comment or suggestion deemed relevant about the methodology.

## Estimated timeframe for the service, intermediate stages, response times, etc.

The contract will be effective from December 2025 to July 2026, with the following phases:

* **Inception phase: kick-off**

During this first and short phase, the Consultant will: Hold the kick-off meeting; Deliver the Inception Note.

* **Roll-out phase**

Component 1 : 2,5 month

Component 2 : 1,5 month

The Consultant implement the different tasks and activities displayed in these Terms of Reference, based on the work plan validated during or shortly after the kick-off meeting. During this phase, the Consultant will carry out all the tasks and activities listed in Article 5.1 above, and deliver all the deliverables listed in Article 5.5 below. It is paramount that the implementation of Component 1 (with its subcomponent ‘Entrepreneurial Ecosystem Analysis’) and 2 feed into each other. The Consultant shall be staffed adequately so as to address multi-dimensions of Georgia and Armenia’ productive systems analysis.

* **Conclusion phase**

At the end of the assignment, the Consultant shall organise a final restitution workshop/meeting where they will present the main takeaways of the mission, and the conclusion of the final deliverable.

## Expected deliverables

The deliverables expected for this mission are listed below.

For the Components 1. and 2. :

* **Inception Note**

This deliverable should be a short report containing, but not be limited to, the following::

* the conclusions of the kick-off meeting
* a preliminary analysis of the available documentation
* the prerequisites and key success factors for the mission
* a summary of the methodology if any update from the technical proposition are arising (including the documentation to be studied, data collection tools, relevant stakeholders to be consulted)
* a clear roadmap for the implementation of the study (adjusted resources, timeline, including dates of field mission(s) etc.)

For the Component 1. :

* **Productive System Diagnostic Report**

This deliverable should be a **synthetic and operational** diagnostic report, gathering all the analysis and findings and information discussed in the component 1.

For the Component 2. :

* **Strategic Recommendations Report**

This deliverable should be **synthetic and operational** containing, but not be limited to, the following:

* An assessment of the key strengths and main challenges faced by Georgian and Armenian SOEs and the entrepreneurial ecosystem and of the priority areas of support and cooperation
* A mapping of government and donors’ interventions in the sector
* An analysis of prospects for AFD among Public Financial Institutions to support the targeted SOEs, SOE-driven projects and entrepreneurial ecosystem development

## Expertise expected of the Service Provider

The service provider will assign qualified and experienced personnel – minimum 5 years of experience for each expert and 10 years for the key experts – corresponding to the services described in this specification, in order to achieve the results set out therein. All members of the team should be fluent in English.

To achieve these results, the consultant will need to demonstrate skills and experience in the following areas:

* Experience in the field of international development finance and specific experience in the design and management of projects in support to SOE sector;
* Experience and advanced skills in SOE financial analysis and perfomance assessment (including SOE governance, restructuring programs, or corporate governance assessments );.
* Experience of working with SOEs;
* Knowledge of sustainable and responsible finance;
* Experience of environmental and social management systems;
* Experience in conducting studies on SOE support programmes;
* Knowledge of the Georgian and Armenian context, stakeholder landscape, and if possible knowledge of Georgian and Armenian language or alternatively Russian language;
* Skills and experiences in conducting project design/feasibility or diagnostic studies, with experiences of donors (especially AFD).
* Proven experience and knowledge of entrepreneurial ecosystems, particularly in emerging countries or countries in transition.
* Expertise in economic development, support and financing for VSEs/SMEs and support for public policies.
* Proven experience in monitoring and evaluation

# Validation of deliverables by AFD

## Deliverables validation process

Upon receipt of each deliverable, AFD will have 10 working days to validate it or not. If AFD wishes to amend the deliverable, it will provide the Service Provider with its comments on these deliverables no later than 7 working days after receipt. The Service Provider will have 7 working days to take these comments into account and propose a new version of the deliverable. This process can be renewed until AFD is satisfied with the deliverable. The deliverable will be validated upon AFD’s decision.

The deliverable will only be validated by decision of AFD.

## Validation criteria for deliverables

* **The clarity, concision and readability of the deliverables**;
* Compliance with deadlines;
* Compliance with the scope of the requested Service;
* The operational nature of the conclusions of the deliverables;
* The added value compared to the current situation.

# Constraints imposed by AFD

The supplier undertakes to appoint a single contact person responsible for monitoring this contract.

Under the contract, English must be invariably used with the project owner: documents, meetings, reports, telephone calls, e-mails, all deliverables, etc.

# Resources made available to the Service Provider

All travel under this contract will be under the full responsibility of the service provider, including when the service provider accompanies an AFD Project Manager. The AFD Agencies in the field will be able to support the service provider in the organization of on-site missions (contact with stakeholders, organizational proposals, etc.), which will be coordinated with the Mission Manager and the Project Team Leader, if applicable.

# Provisional schedule for the services

This contract will start in July 2025.

The project timeline must allow for equal focus in Georgia and Armenia, with specific milestones for the completion of deliverables in each country. A field mission is recommended to gather first-hand insights and validate findings with local stakeholders.

The following schedule is an indicative proposition. It may be revised during kick-off meeting.

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| **Milestones** | **Dates** | **Duration** |
| **Commencement of the service** | May 2025 |  |
| **Inception phase** | At commencement of the service | 2 weeks |
| **Rollout phase** | Immediately after Inception phase |  |
| Component 1. | At commencement of the Rollout phase | ~2,5 months |
| Component 2. | At commencement of the rollout phase | ~1,5 months |
| **Conclusion phase** | Immediately after rollout phase | 1 week |