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Resilient nations.

TERMS OF REFERENCE

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|---|---|
| Job Title: | International Consultants to provide training(s) to national SMEs on promotion of innovations in business start-up and development |
| Type of Contract: | Individual Contract (IC) |
| Duty Station: | Chisinau, Moldova |
| Expected workload: | up to 4 w/d per LOT, per topic |
| Expected duration of assignment: | June – October 2015, with possibility of extension |

BACKGROUND

Human development in Moldova: snapshot

According to 2014 GHDR, Moldova's HDI value for 2013 was 0.663¹ - positioning the country in the medium human development category at 114 out of 187 countries and territories. Between 1990 and 2013, Moldova's HDI value increased from 0.645 to 0.663, an increase of 2.8 percent or an average annual increase of about 0.12 percent. The country may have achieved higher HDI, but mainly due to the income component of the HDI, the progress made is insufficient, particularly compared to other CIS countries. When discounting Moldova HDI for inequality, the HDI falls to 0.582, a loss of 12.2 percent due to inequality in the distribution of the dimension indices. Poverty, decent jobs, rural vs. urban divide in terms of development, uneven access to some social services, social exclusion of certain groups of population and their structural vulnerability, all negatively affect some positive MDG-related achievements. Although poverty decreased steadily in the recent years, around 84% of all poor reside in rural areas and the situation has in fact been worsening. Rural households are still much dependent on remittances and incomes from traditional agriculture, thus extremely vulnerable to external factors and climate shocks. The recent economic growth was largely jobless, as shown by the rather stagnating number of new jobs available on the local labour market in Chisinau and almost inexistent new jobs in the regions. The development of the labour market is to a large extent slow, vast majority of available jobs being concentrated in Chisinau, while the offer in the regions is poor or inexistent.

Strategic setting and links to UNPF, Moldova 2020 and other sector strategies

People's resilience in face of multiple vulnerabilities can be improved through pro-active public policies as well as by investing in capabilities of the people and enlarging their choices. In Moldova, as the post-2015 national consultations showed, many people see high energy and food prices, climate-related threats,

¹ <http://hdr.undp.org/en/countries/profiles/MDA>

emigration and ageing of populations, as major challenges in the future². Taken into account all of the above, the current UNPF rightly points **three pillars for joint UN interventions** to support the democratic governance and justice, human development and social inclusion and environment, climate change and disaster risk management. Under Pillar 2, sustained interventions should aim at more access to people to sustainable regional development, economic opportunities, including through innovation and in agriculture, and decent work. Such interventions shall tackle in a comprehensive way the reasons for such high concentration of poverty in rural areas, while at same time take into consideration the existing urban poverty and key constraints for sustainable job creation and innovation in broader sense in both areas. As identified in UNPF, key **reasons for rural poverty** are low employment opportunities, high job insecurity, limited access and opportunities for inclusive economic development at local level, poor management of migration flows, savings and remittances, low-productivity agriculture sector with outdated technologies and knowledge, but also very limited capacities of the LPAs to promote entrepreneurship, deliver high-quality services to citizens, including some basis public services, among others. Urban poverty represents an under-researched domain and UNDP will conduct a thorough analysis to identify key drivers and solutions to overcome the current negative trend. The current Project will be connected to such analytical endeavors, so that to maximize positive effects of the activities to be implemented.

The Moldova 2020 Strategy clearly defines seven complex areas of intervention that would permit for a more sustainable development of the country up until 2020 and beyond and better lives for the Moldovans. These include: **education, roads system, finance, business, energy sector, pensions system and justice sector reform**. The Strategy underlines that an improved business environment will have a positive impact on trade, investment and motivation of companies to implement innovations and create new decent jobs. The National Strategy on Innovations (2013-2020) perfectly connects the realities and desired results of the innovation processes to the selective overarching national strategic areas of intervention. Improvements in education, road infrastructure, business environment, energy sector, etc., cannot be achieved without some degree on innovations and knowledge transfer. In this sense, the current Project is aligned to both Moldova 2020 and respective sector strategy.

The new Project is aligned to the current strategic outlook of/for UNDP at global and national level. It will consistently contribute, through the promotion of innovations and focus on sustainable impacts, towards the achievement of the Outcome (a) Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded, through adherence to the main principles of national ownership and capacity building, sustainable human development, gender equality, participation and voice, among others.

Project partners identified a series of specific **constraints** to more entrepreneurial activity in the regions, including lack of local consultative support for promotion of innovations³ in start-ups and business development in post-incubation phase; lack of financial instruments to match-up existing local resources in private sector for development of innovative businesses, including those graduating existing business incubators; lack of local partnerships between private and public sectors to promote investment in small and mid-sized innovative social projects, as extensions to existing innovative businesses and weak capacities of LPAs to promote innovations for business. Particularly as it regards the regions of Moldova, innovative entrepreneurship and business development is a **feasible solution** to address the above outlined reasons and perceived constraints so that to enhance competitiveness and increase corporate profits that can be further re-invested, create new and more sustainable jobs at community level, increase capacity of households to cope with increasing food prices through increased incomes, and minimize emigration and brain drain. Several economic sectors have untapped potential where new interventions may bring about positive results and more resilient local communities and people, in particular, HVA and green agriculture, waste management and renewable energy, IT and tourism business.

² http://www.md.undp.org/content/dam/moldova/docs/Publications/UNDP_MD_Post2015Report_Eng.pdf

³ As understood in the National Strategy on Innovations (2013-2020)

Innovations' state of play in Moldova

SMEs in Moldova have rather limited access to innovations, including finance to innovate, knowledge-sharing networks, among others. This stems from underdeveloped legislative framework, inefficient usage of available resources, lack of coordination among various actors, wide spread of responsibilities between different entities, lack of comprehensive M&E framework to monitor and evaluate progress in promotion of innovations. Above all, the concept of "innovations" is yet not fully understood and interpreted in a very narrow sense, merely only in terms of patented technological improvements or scientific discoveries. The new Strategy on innovations, elaborated by the Government and supported by UNDP, brings important changes to the current set-up and the proposed policy measures are fully aligned and will support the implementation of the Moldova 2020 Strategy. Given the above, as well as a clear lack of statistical evidence on promotion of innovations up until now, it is very difficult to set specific baselines. The Strategy contains a summary of the perceived needs and identified problems, which is the main source for the baselines set in the Project's RRF.

STRATEGY

The Ministry of Economy is one of the key public entities responsible for co-formulation, coordination and implementation of policies to promote innovations, SMEs, technological transfer, and R&D activities at the national level. UNDP has relevant competence in building local level partnerships for social and economic development, experience in working with private sector, including through the Global Compact network, strong analytical expertise in supporting innovation for development and conducting complex research on key constraints to sustainable human development, MDGs, among others. UNDP has also strong local presence in Moldova through various interventions at local level in key UNPF pillars, described above.

The Ministry of Economy took lead in the reform of the national system for technological transfers and innovations through the development and promotion of the National Innovations Strategy for Moldova. In the implementation process, a new Law on Technological Transfer and Innovations Fund will be developed with support of UNDP and the existing State Agency for Technological Transfer and Innovations will be reformed and take lead in further mainstreaming innovations and ensuring technological transfer. Until these processes finalize, the current Project is going to pilot and stimulate innovative entrepreneurial activity in rural and most remote areas and provide financial support for innovative start-ups and business development.

UNDP, using its strengths and corporate knowledge and experience in Moldova, will provide technical assistance and implement the Project, using UNDP corporate rules and regulations governing all business processes. The Government, represented by the Ministry of Economy, will facilitate communication and cooperation with existing business associations, private sector, dialogue platforms and LPAs, for the Project to ensure consistent and sustainable achievement of results and impact. UNDP will build upon the experience of ODIMM and ongoing projects funded by the MFA of Norway focusing on SME development, so that to maximize return on invested resources and build upon potential synergies with complementary initiatives.

The intervention is completely in line with the current UNPF, particularly Pillar II. If successful, it will lend itself for scale-up across the country. The cross-community links that the project will ensure transfer of knowledge and innovative ideas from one community to another and incremental consolidation of the capacities of local SMEs and communities in which they operate to mainstream innovations for job creations. The project will also ensure financial support through matching granting to most innovative start-ups or existing businesses. Such initial injection of funds coupled with consultancy services will increase interest, capacity and involvement of local businesses into sustainable production and job creation based on innovations.

GOAL AND OBJECTIVES OF THE PROJECT

Goal: To spur innovations in business start-ups and business development for sustainable job creation at local level

Objectives:

- O.1. Build expertise/knowledge for mainstreaming innovations into business development processes and selective cases of start-ups.
- O.2. Facilitate innovative business development for existing businesses through matching/competitive small grants scheme, with particular focus on selected residents of business incubators in post-incumbent phase.
- O.3. Enhance capacities of LPAs, in line with the decentralization process, to sustain innovative entrepreneurship at local level.

KEY COMPONENTS OF THE PROJECT

At the operation level the Project is going to reach the set objectives via the implementation of key three sets of activities/components, focusing on (a) training and consultative support to promote innovations, (b) provision of matching grant support to selected innovative start-ups and existing businesses in post-incubation phase to facilitate uptake of innovative practices and ideas and (c) support to local authorities to develop or expand their economic development plans with clear focus on innovations in business start-up and business development at local level.

Component 1.

At the incipient phase as well as during the entire duration of the Project, teams of national and international consultants will be delivering tailored trainings to potential entrepreneurs and established SMEs in post-incubation phase to focus on innovations at key points, including at the level of product, process, marketing or management method, as described in the National Innovations Strategy. Moreover, through a modern business innovation laboratory, which will be used by SMEs as a space to experiment and prototype/test various innovative solutions, SMEs will get access to ultramodern software, techniques and eventually hardware leased for demonstration purposes in various sectors to promote innovations in their business processes. Moreover, the Lab will be connected with international and regional best practices that will enable local business to get more exposure to knowledge and foreign markets for innovations.

Component 2.

The trainings and consultative support will permit for selecting businesses or start-ups able to innovate. This will pave the way for the second component in the project, i.e. financial support through matching small grants for innovations. Given that trained SMEs will have a better understanding of what innovations they need and how to implement those, the Project will be providing, on a competitive basis, small matching grants to support concrete projects. Such financial support can be used to help scale-up innovative business ideas that worked well on micro level. Furthermore, the plan is to establish a brokerage forum on which selected SMEs will have access to new investors from home or abroad interested to invest in innovative solutions. The forum will be also a virtual space to ensure that innovative solutions are discussed and improved through an on-line platform and interaction of beneficiaries.

Component 3.

In order to ensure that there is direct connection between the implementation of the National Strategy on Innovations at central as well as local levels, the key provisions of such strategy shall be transferred and incorporated into the local economic development plans of LPAs that are open and willing to innovate and support, with available local resources, SMEs or start-ups to start and innovate, generating revenues and new decent jobs in their communities. This would require the revision and modernization of the existing local economic development plans and the creation of one-stop-shops for entrepreneurs to get connected to knowledge and best practices at home and abroad. The one-stop-shops could be created or integrated with

already existing support services and maintained by LPAs, with support from the Project, serving as local antennas to spur innovations.

For each of the above briefly described components of the Project, national and international expertise will be attracted so that to develop and implement teaching curriculum, develop standards and concepts for the consultative support needed by the SMEs and start-ups, develop the concept of the Business Innovation Lab, regulation over the Innovations Fund, etc. This will ensure that regional knowledge is brought in the country and entrepreneurs have access to it via multiple connection points, including the Lab, the Forum, one-stop-shops, among others.

METHODOLOGY

Key implementation principles

In the implementation of the Project, Project staff will be guided by the UNDP rules and regulations governing key business processes. The Project is built and shall be implemented with due consideration to key programming principles such as human rights-based approach, gender equality, environmental sustainability, RBM, and capacity development.

Firstly, in all its activities the Project will promote key human rights to the extent possible. In particular it will promote the right for work and the right to have access to the developments in science and technology.

Secondly, it will promote equal opportunities and access to women and men to get relevant knowledge and experience in promotion of innovations applied to concrete business environments.

Thirdly, the Project will carefully incorporate environmental sustainability aspects in all daily undertakings and specific activities, so that to showcase that innovations are in fact conducive to a more sustainable environment.

Fourthly, activities have clear results to achieve and their impact is measurable through a clear set of indicators included in RRF framework. Due attention will be paid to develop the capacities of the local partners, including SMEs, business associations, LPAs, various governmental agencies involved, local academia, among others. This will be mainly achieved through tailored consultancy, engagement in various Project activities, joint participation to the evaluation of impact, joint visibility efforts, etc. The Project has strong national ownership due to its planned/existing strategic partnerships, alignment to the sector strategies, in particular National Strategy on Innovations, and direct engagement of the Government in the piloting phase.

Key target groups

SMEs, local business associations, potential entrepreneurs with innovative ideas and start-up motivation, business incubators' incumbents and LPAs are among the key direct beneficiaries of the Project. ODIMM is also a direct beneficiary of some of consultancy services, but also an agency which will be supporting the management of the Project to get access and work with graduates of the existing business incubators and with the network of incubators itself. A concrete roadmap for the engagement of and detailed selection criteria for each of the above-mentioned target groups will be developed by the management team with support from national and international consultants. Key **generic selection criteria** to be applied in the case of the direct beneficiaries are:

- (a) Registered SMEs capable to demonstrate capacity to implement and scale-up innovations
- (b) Graduates of business incubators with same capacities
- (c) Potential entrepreneurs with innovative ideas capable to match the provided financial support as per the conditions of the prospective national/local competitions
- (d) LPAs open and willing/capable to participate in various components of the Project; LPAs selected under other on-going UN/DP projects will be equally taken into consideration so that to build upon already existing partnerships and local connections

- (e) Local business associations active in entrepreneurship promotion and capable to further promote innovations at local level
- (f) All of the above will be complemented with specific criteria focused on issues of anti-corruption, gender sensitiveness, respect for basic human rights, etc.

Very specific and consulted selection criteria for each target group/category of beneficiaries will be developed by teams of national consultants, with support from international ones, and approved by the Board members.

In geographic terms such target groups are spread all over the country. The Project will not be looking towards certain specific geographic areas, but would rather focus on the best performing elements. This means that, together with main partners, it will look into specific areas of innovations, specific economic sectors that could host such innovations, specific local actors, including selective SMEs capable to engage into a piloting phase. If, for a very narrow innovation the piloting is successful, the idea will be further scaled-up at local level and is accessible for all actors in same economic segment.

Selective LPAs will be engaged in the key components of the Project. This will ensure a good connection between central and local authorities and transfer of knowledge between the two levels. LPAs will be selected against a specific set of criteria to be developed and agreed with all key stakeholders. LPAs open and willing/capable to participate in various components of the Project will be given priority. In all instances LPAs which are benefiting from various other UNDP interventions will be contacted and encouraged to apply. The revision of the LED plans will take at the community level, taking into consideration the inter-connections between neighboring communities. The innovation one-stop-shops will be created at district level, so that to facilitate the promotion of entrepreneurship not only in the selected LPAs, but at district level. This would permit for further planned up-scaling of the intervention at national level.

Scaling-up of the intervention

With support from the Ministry of Economy and other national stakeholders engaged in the Advisory Board of the Project, and based on the assumption that both central and local authorities will strongly support and gain from the benefits of promoting innovations for more intense and innovative entrepreneurship, all project components have a strong scale-up potential and perspectives. In particular, the planned innovations one-stop-shops, with institutional and financial support at district level and selective LPAs will replicate the training activities and will disseminate knowledge by usage of the Innovations Forum. The reformed Agency of Technological Transfer and Innovations would overtake and scale-up the seed fund, substituting the matching grants scheme with a feasible but similar scheme to be financed from the state and/or local budgets. The Business Innovations Lab would remain as the key entity to further support the piloting of innovative business ideas and would be supported by the Ministry of Economy or its subordinated agencies.

OBJECTIVES AND EXPECTED DELIVERABLES OF THE ASSIGNMENT

The main objective of the assignment is to implement the first training program for innovative SMEs on ways to promote innovations in OECD terms in SMEs by bringing-in advanced international and regional expertise. The International consultants shall support the Project management in the organisation of the first training for SMEs by providing training(s) on one of the compartments, hereafter **LOT(s)**, and topics. The consultant shall participate in full to the entire training program as per the agenda. The training shall establish a **knowledge platform** for small and medium enterprises to acquire knowledge on innovation-related fields and techniques, share best-practices, engage in an open discussion on ways to spur innovations in SMEs and learn about the opportunities to be offered by the Project in co-financing innovative projects led by private sector, in line with the provisions of the Innovation Strategy.

The **first training programme** shall be structured and include the following compartments, hereafter **LOT(s)**, and specific topics to be tackled:

1. LOT 1 - Insights into the innovation process and innovation promotion in SMEs.

Specific topics: (a) What is scope for innovation opportunity (new product, service, business model)? (b) What are the conditions that SME's need if they are to be innovative? (c) How to use self-assessment to improve innovation management in SME? (d) Usual ways how small and medium companies come up to innovative ideas and how they commercialize them and (e) National innovations system in Moldova and existing infrastructure

2. LOT 2 - From idea and prototype to market.

Specific topics: (a) How to effectively assess customer needs and come to innovative solution of the problems? (b) How successfully develop the concept or prototype (product, technology, design or method)? (c) How to validate and showcase innovation through piloting and prototyping? (d) How to get the prototype to the market and to overcome obstacles to get to the market?

3. LOT 3 – Parallel interactive workshop on Business strategies for innovations

Specific topics: (a) Supporting Innovation in the business strategy: innovation strategy and planning for new technologies/products /methods; (b) How to innovate through new *marketing* approaches? (c) How to innovate through applying *modern ICT*?

4. LOT 4 – Parallel interactive workshop on Managing technological challenges

Specific topics: (a) How to understand *technological challenges*, or forecast *technological change* and anticipate changing customer needs? (b) How to evaluate new technologies and link technology decisions with business strategy?

5. LOT 5 - Parallel interactive workshop on Management Issues

Specific topics: (a) *Human Resources* for innovation – how to enhance creativity within the company and to boost new ideas? (b) *Advanced project and financial management* and business development – essentials for innovators.

6. LOT 6 - Intellectual property rights management

Specific topics: (a) What is the role of IPR in innovation process and how to manage it? (b) In what circumstances is it important to go for patent, and what are the other ways of protecting IP?

7. LOT 7 - Funding for promoting innovations in SMEs

Specific topics: (a) What are the current funding opportunities for promoting innovations in SMEs? (b) How to apply to the UNDP Innovations Fund/Matching grants scheme? (c) How to draft a project proposal for the UNDP Innovations Fund?

8. LOT 8 - Internationalization strategies

Specific topics: (a) What are possible paths for successfully getting on international markets with innovative product? (b) How to identify and evaluate the opportunities for financing from VC, or any other sources for your SME? (c) How to utilise networks, alliances and partnerships in today's global market?

9. LOT 9 – Parallel interactive workshop on Good Practices: Entrepreneur's View

Specific topic: (a) How to get investment – approaching, presenting and negotiating with investors;

10. LOT 10 - Parallel interactive workshop on Good Practices: Investor's View

Specific topic: (a) Critical criteria how the investing decisions are made, reasons why investing in innovative companies; under what circumstances an innovative company is eligible for financing

11. LOT 11 - Parallel interactive workshop on Good Practices: Government's View

Specific topics: (a) Which are policy measures envisaged in National Innovation Strategy? (b) What are the roles of donor organizations in developing national innovation system? (c) Universities and their role in technological development and education for innovation?

Important note: International consultants shall clearly indicate the LOT(s) and specific topics they are applying for and would cover during the training. Potential candidates can consider

applying to several LOTs, except for those that suggest the organization of parallel workshops!

Key deliverables:

| Deliverables | Deadlines |
|---|------------------------------|
| 1. Draft the presentation, to include at least 1 business case, and consult it with the organizers, using the provided template (up to 2 working days) | By June 12, 2015 |
| 2. Deliver the presentation to the management of invited/participating SMEs (based on the preliminary agenda, attached (Annex 1) and engage with end-users in the parallel workshops (up to 1 working day) | Tentatively June 23-24, 2015 |
| 3. Revise, improve and submit to Project the final presentation and related business cases (up to 1 working day) | By June 30, 2015 |

ORGANIZATION CONTEXT

Under the guidance of the Project Manager, the consultant will be responsible to plan, develop, deliver and improve the training materials. One mission to Moldova, (Republic of), shall be undertaken for the period of the training. Financial offer shall include the cost of such travel and the consultancy fee.

SKILLS AND EXPERIENCE REQUIRED

Academic Qualification

- University degree in Economics, Social Science or other relevant fields;

Experience

- At least 5 years of proven experience in delivering trainings and organizing/leading workshops on broad aspects of innovation for SMEs development;
- At least 3 years of proven experience in training SMEs on the specific topic of interest, as per the provided list;
- Familiarity with the situation in the national innovations systems in the CEE region and Moldova is a strong asset;
- Knowledge of the EU regulations, including institutional, legal and policy frameworks, in the area of innovation and technological transfer is a strong advantage;

Competencies

- Strong analytical, drafting and training skills.
- Ability to analyse, plan, communicate effectively with stakeholders and present ideas clearly and effectively.
- Excellent communication and teamwork skills.

- Demonstrated interpersonal and diplomatic skills.
- Ability to enter new environments, adapt quickly and produce immediate results.
- Computer literacy - competent user of the main Microsoft Office programs.

Language requirements

- Fluency in written and spoken English. Knowledge of Romanian or Russian would be an asset.

PERFORMANCE EVALUATION

Contractor's performance will be evaluated against timeliness, responsibility, initiative, communication, accuracy, and overall quality of the delivered products.

FINANCIAL ARRANGEMENTS

Payments will be disbursed in installments, upon submission and approval of deliverables, and certification by UNDP Moldova Project Manager that the services have been satisfactorily performed.