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TERMS OF REFERENCE

Job Title:	National non-industry consultant to independently evaluate the concept/full applications by SMEs to the Grants Scheme of the Project
Type of Contract:	Individual Contract (IC)
Duty Station:	Chisinau, Moldova and home based
Expected workload:	up to 20 working days
Duration:	July– 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, 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

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

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

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.

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

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

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.

CONTEXT

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.

INNOVATION GRANTS SCHEME for Moldovan SMEs

One of the key components of the Project is to develop, implement and evaluate impact of an matching grants scheme for SMEs. Such Scheme will permit for the provision, on a competitive basis, of small matching grants to SMEs to implement innovative projects. The Scheme should serve as a pilot intervention, 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.

The main objectives of the Scheme is to: (i) stimulate development of innovations within Moldovan business environment by providing financing for market-oriented development of new or improved products, services and technologies with high commercialization potential; and (ii) pilot an innovation support mechanism and provide insights, lessons learned and best practices for future governmental innovation-support programs.

The detailed description of the scheme is available in the Baseline Study conducted by a team of external consultants and already validated with the Ministry of Economy. Such description contains detailed information on the eligibility of SMEs, amount of the matching grant, application and selection procedures, among others.

OBJECTIVES OF THE CONSULTANCY ASSIGNMENT

The overall objective of the consultancy is to provide an independent evaluation of the concept and, on a later stage, of the full applications by SMEs to the Grants Scheme, based on the specific selection criteria that were developed by the Project. The specific criteria sets include:

- General eligibility criteria
- Innovativeness criteria
- Market potential criteria
- Business model criteria
- Qualifications of the project team

SCOPE OF WORK AND EXPECTED OUTPUT

The scope of the assignment is to support the Project in the selection of the best concept applications by SMEs and the development of a closed list of SMEs that would be eligible to apply with fully fledged applications to the Grants Scheme. SMEs shall register online and apply online to the Grants Scheme with a concept application, based on the available questionnaire. The consultant shall review and assess such applications based on a specific set of criteria and recommend the best applications to pass to the next stage of the national competition. Moreover, SMEs which will pass to the second phase will be invited to apply with a full application. The independent consultant shall lead the process of selection the best full applications, based on specific selection criteria agreed in the Baseline Study, and coordinate the work of industry experts which will be hired to independently assess the full applications from a narrower/sector perspective. The project will select and hire a team of up to 8 national independent industry experts, based on the specific sectors of the real economy identified in the Baseline Study.

KEY EXPECTED DELIVERABLES

Deliverable(s)	Deadline
Review the set of specific criteria for the selection of concept applications, application form and list of applications (up to 1 w/d)	By July 31, 2015
Review and provide an independent evaluation of up to 250 submitted concept applications via the online platform, based on the evaluation form and grid to be provided by the Project (up to 7 w/d)	By September 4, 2015
Review and evaluate the full-fledged applications by SMEs, up to 100 applications, and lead the team of industry experts, to be hired by the Project , from the various fields of specialization of SMEs and focus of the innovation project (based on the evaluation form and grid), up to 12 w/d	By September 30, 2015

ORGANIZATIONAL SETTING

The consultant will work under direct supervision of the Project Manager. The consultant will sign a declaration of impartiality and non-industry affiliation before starting the assignment. Technical assistance and logistical support to the consultant will be provided in the framework of the UNDP Policy analysis, Entrepreneurship and Sustainable Employment Promotion Projects Implementing Unit (PIU) of UNDP Moldova. Disbursements will be performed based on the successful completion of each of the phases and methodological steps in the process. Data collection in SMEs will be conducted by the PIU.

SKILLS AND EXPERIENCE REQUIRED

The minimum requirements for the national consultant are:

- Advanced University degree in Development Economics, Statistics or other relevant fields;
- At least 3 years of proven analytical and report writing skills in such areas as: local economic development, innovations in business and SME development;
- At least 3 years of progressive experience in consultancy for SME development at national level;
- Experience in evaluation of project proposals in the field of broad innovations into SMEs, as defined by OECD, is a strong advantage;
- In-depth knowledge of the national innovations system in the Republic of Moldova or EU systems is a strong advantage;
- Excellent communication and teamwork skills;
- Fluency in English, Russian and Romanian is mandatory.

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 several installments, upon submission and approval of deliverables mentioned in the Section "Key expected deliverables" and certification by UNDP Project Manager that the services have been satisfactorily performed.