

# Terms of reference (ToRs) for the procurement of services below the EU threshold

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Digital Transformation Strategy for Jordan Loan Guarantee Corporation (JLGC)	<b>Project number/ cost centre: 17.4102.4-001.00</b>
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## **0. List of abbreviations**

AVB	General Terms and Conditions of Contract (AVB) for supplying services and work 2020
BMZ	Federal Ministry for Economic Cooperation and Development (BMZ)
CBJ	Central Bank of Jordan
ERP	Enterprise resource planning
JLGC	Jordan Loan Guarantee Corporation
MSME	Micro, small and medium enterprises
ToRs	Terms of reference

## 1. Context

### ***Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)***

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is a German development agency that provides services in the field of international development cooperation. GIZ mainly implements technical cooperation projects of the Federal Ministry for Economic Cooperation and Development (BMZ), its main commissioning party, although it also works with the private sector and other national and supranational government organizations on a public benefit basis. In its activities GIZ seeks to follow the paradigm of sustainable development, which aims at balancing economic development with social inclusion and environmental protection. GIZ offers consulting and capacity building services in a wide range of areas, including management consulting, rural development, sustainable infrastructure, security and peace-building, social development, governance and democracy, environment and climate change, and economic development and employment.

### ***'Employment-oriented MSME promotion' project***

Jordan's economy is dominated by a strong public sector. Traditionally the largest employer, accounting for 41% of the workforce, the public sector has seen a massive decline in recruitment in recent years. Latest official statistics indicate an unemployment rate of 18.3% in 2017. Currently, Jordan's economic growth does not create enough job opportunities to compensate for this change. In 2016, there were only 49,600 newly created job opportunities while the number of job seekers grew by more than 100,000.

Nonetheless, Jordan's private sector provides opportunities for growth, innovation and employment. Jordan's density of micro, small and medium enterprises (MSMEs) is considerably lower than in other higher middle-income countries. But MSMEs are crucial for the Jordanian economy and labour market: of the 160,000 registered businesses in the country, more than 90% are micro-enterprises. MSMEs often fail to compete with foreign companies, partly due to a lack of qualified personnel and limited access to business development services. In addition, protracted registration and approval procedures as well as a rigid legal framework make it hard to establish new enterprises and to invest in MSMEs.

In order to help tackle these challenges, the project 'Employment-oriented MSME promotion' aims to support Jordanian's private sector in accordance with 'Jordan 2025 – A National Vision and Strategy' and the 'Jordan Economic Growth Plan 2018-2022'. The project's objective is to improve the opportunities for employment-oriented growth of micro, small and medium enterprises and it engages in four main fields of activity: (1) improving enterprise competitiveness in selected sectors of Jordan's economy, (2) enhancing MSME competences through the provision of financial and business development services, (3) improving the business and investment climate in selected sectors, and (4) strengthening the capacities of MSMEs to adopt gender-responsive business approaches.

The project supports the implementation of sectoral and market strategies to boost the prospects of MSMEs and the sectors altogether. Key partners include governmental agencies

engaged in MSME promotion, business and professional associations as well as the national and local chambers of commerce and industry. To increase its efficiency and effectiveness, the project will focus its activities on three sectors selected through an in-depth study and stakeholder consultation, namely food processing, information and communication technology (ICT) and tourism.

By enabling companies to increase their competitiveness and create more job opportunities, the project ultimately targets jobseekers, entrepreneurs and employees of Jordanian MSMEs. A special focus is placed on young people entering the job market as well as women and informal workers. Improving the conditions under which MSMEs operate as well as the offer of services and skills they require, should also encourage entrepreneurs to start their own businesses, leading to a higher density of MSMEs and to employment-intensive growth. On an institutional level, the project strengthens the capacities of key partners to provide relevant services and promote policies that improve the business-enabling environment for MSMEs.

The project started in 2018 and will run until 2024. It is part of a special initiative designed to stabilize and promote development in North Africa and the Middle East run by Germany's Federal Ministry for Economic Cooperation and Development (BMZ). Through the projects that make up this special initiative, BMZ aims to improve the economic and social prospects for people in the region.

### ***Jordan Loan Guarantee Corporation (JLGC) and MSME access to credit***

One of the objectives of the *'Employment-oriented MSME promotion'* project is to improve the provision of financial services to MSMEs in Jordan in order to boost their skills and competences in managing their business and thus enhance their prospects. The onset of the Covid-19 crisis has worsened the already challenging cash flow and liquidity limitations of small businesses. Providing technical support to partners and stakeholders who strive to improve the financial standing of MSMEs in Jordan is a key interest of the project.

The Jordan Loan Guarantee Corporation (JLGC) is one of such partners. It is a public shareholding company established in 1994 by the Central Bank of Jordan to improve access to finance for Jordan's SMEs. The JLGC provides guarantees for more than 1,800 loans a year, with an annual total value of JD99 million so far.

Jordan Loan Guarantee Corporation began with one simple program for SME's guarantees. Now there are 2 major programs tailored to improve SME access to finance and provide more risk measured instruments to banks and exporters: (1) Loan Guarantee and (2) Export and Domestic Credit Guarantee.

In March 2020, the Central Bank of Jordan (CBJ) launched a JD500 million support program in partnership with the Jordan Loan Guarantee Corporation (JLGC) to help small and medium enterprises (SMEs) through the crisis and thus contain the negative consequences of the Covid-19 crisis on the performance of the local economy. The program aims to facilitate financing on favourable terms to help SMEs not only survive the crisis, keep their staff and cover their financing needs, i.e. operating expenses, working capital and fixed assets, but also resume their activities at normal levels and even grow their business in the near future.

Under the program, loans are granted through commercial banks at lower interest rates (i.e. 2 percent maximum) and will benefit from loan guarantees for 85 percent of the loan value, compared to 70 percent for regular programs. The loan guarantee approval process is managed by the JLGC. A support package also includes a grace period of up to one year. The program gives banks delegated authority up to a value of JD250 thousand and also allows banks to restructure outstanding loans of individuals and companies.

With this loan program, the JLGC has seen the size of its loan portfolio grow five-fold, a substantial increase in workload that must be managed efficiently to ensure the beneficiaries receive timely feedback and support. Further increases in workload are expected in the near future, as the CBJ is in the process of launching a micro-finance facility that would also include loan guarantee products managed by the JLGC.

The safety measures the health crisis has brought about also pose difficulties for credit applicants: as movement is restricted, direct contact with financial institutions is limited. A paper-based application and approval process, therefore, will only work to the detriment of the program. The digitalization of processes and work streams is essential to guarantee business continuity. Eventually, the integration of JLGC processes with those of commercial banks receiving and handling applications is also essential for a smooth application and approval processes.

### ***Digital Transformation Strategy***

JLGC has implemented an enterprise resource planning (ERP) business suite that covers all standard financial and administration modules, as well as customized modules for loan guarantees, follow up and compensation, risk management and portfolio analysis, and an integrated module for trade credit insurance. The implementation of this system started six years ago. The customized operational modules in particular are not running smoothly yet and are subject to continuous amendments and improvements, mainly due to new business needs, surfacing requirements and some shortcomings in certain cases. There are areas of the business process, such as credit scoring for instance, that have not yet been digitalized.

Furthermore, as JLGC's operations do not happen in isolation, to deliver on their mandate, the relationship and interface with key business partners is of paramount importance. Currently, the different institutions' IT management systems do not speak to each other or provide opportunity for the required integration. When small businesses seek credit, for example, they must fulfil certain requirements for the commercial bank. The bank, in turn, must provide certain documents to JLGC for their analysis. To boost efficiencies, these processes and requirements would benefit from being streamlined.

JLGC aspires to operate a stable system that addresses all their business needs, but also ensures that their system is adequately integrated with that of key business partners to ensure business processes run as smoothly as possible.

An initial assessment of JLGC processes and the IT infrastructure in place took place in 2020. It sought to (1) analyse and diagnose JLGC's current IT management system, (2) explore the potential and requirements for full digital integration of key processes with relevant business partners, and (3) provide recommendations for successful digital transformation. The overall recommendation was to set up a portal that allows JLGC's business partners (commercial banks and exporters) to submit requests and communicate with JLGC online, achieving digitalization of JLGC's processes and business cycle and streamlining the loan guarantee and credit export guarantee approval process. The products shall be made available to the consultant(s) as a foundation upon which to build the strategy described below.

## **Objectives**

This assignment sets out to develop a comprehensive digital transformation strategy for JLGC, outlining its digital vision, objectives, key milestones to be achieved, action plans to be followed and complementary measures necessary to deliver on the vision.

In the development of the above-mentioned strategy, the following specific objectives are to be addressed:

- Review the products of the previously undertaken analysis and diagnosis of JLGC's current IT management system and business processes in order to identify gaps, shortcomings and areas that need further development;
- Review the adequacy and efficiency of key business processes and advice on required process reengineering;
- Explore, under the guidance and leadership of JLGC and in close consultation with key counterparts, the potential and requirements for full digital integration of key processes with relevant commercial banks, exporters and other business partners;
- Facilitate the development of a vision and milestones in close collaboration with the JLGC and its business partners;
- Advise on tools, solutions, approaches and complementary measures (such as IT solutions, organizational development and change management support, regular dialogue formats or capacity building and training needs) required to deliver on the digital transformation vision;
- Develop multi-stakeholder action plans to ensure successful implementation by JLGC and its business partners;
- Develop a timeline for the implementation of the digital transformation strategy;
- Provide costing estimates where relevant in order to develop an indicative budget for implementation;
- Provide final versions in professionally designed formats.

## **2. Tasks to be performed by the contractor**

The GIZ 'Employment-oriented MSME promotion' project, working closely with the JLGC, is looking for short-term expertise to undertake the development of a digital transformation strategy for JLGC as per the objectives described above.

The consultant(s) shall build upon a rapid diagnosis and assessment exercise concluded in 2020. An external and IT audit of the ERP system used at JLGC assessed and evaluated the functionality of the system in terms of appropriateness, accuracy, acceptance and compatibility in order to meet the needs of JLGC users for the following processes: Human Resources, Payroll, Financials, Loan Guarantee, Credit Export Guarantee and Risk Management. This audit assignment fieldwork included: discussions with JLGC business users, a revision to ensure the accuracy of the processes, and benchmarking the system design with most successful practices.

The development of the strategy shall be a consultative, participatory process engaging first and foremost the JLGC team, but also relevant stakeholders and business partners, e.g. commercial banks, exporters, micro-finance institutions. As part of the strategy document itself, the experts shall also advise on tools, solutions, approaches and complementary measures (such as regular dialogue formats or capacity building and training needs) required to deliver on the digital transformation vision.

Furthermore, the strategy itself shall be complemented with a detailed timeline, draft action plans for implementation, an estimated budget and concrete suggestions of expertise required (internal capacity needs, external expertise to be sought, tools and technologies proposed) for successful implementation.

The required deliverables are itemized below:

### Deliverables

- 2.1 Proposed work plan for the assignment to be presented upon the kick-off call.
- 2.2 Brief documentation of all relevant workshops and consultations undertaken to inform the development of the strategy's vision, objectives and milestones.
- 2.3 Presentation sharing initial findings and recommendations to inform the development of the strategy.
- 2.4 Draft digital transformation strategy for review presented to key stakeholders in a workshop or similar
- 2.5 Final, designed digital transformation strategy, including a detailed timeline, relevant action/work plans, leads/proposals for implementation and an estimated budget for implementation.
- 2.6 Final, designed presentation to JLGC and its business partners.

Certain milestones, as laid out in the table below, are to be achieved by certain dates during the contract term, and at particular locations:

<b>Milestone</b>	<b>Deadline/place/person responsible</b>
Proposed work plan	July 7
First findings workshop	July 25
Draft strategy and complementary documents	August 12
Final strategy and complementary documents	September 16
Final workshop	September 30

Period of assignment: From **1 July 2021 until 31 December 2021**.

### **3. Concept**

In the bid, the bidder is required to show how the objectives defined in Chapter 2 are to be achieved, if applicable under consideration of further specific method-related requirements (technical-methodological concept). In addition, the bidder must describe the project management system for service provision.

#### **Technical-methodological concept**

**Strategy:** The bidder is required to consider the tasks to be performed with reference to the objectives of the services put out to tender (see Chapter 1). Following this, the bidder presents and justifies the strategy with which it intends to provide the services for which it is responsible (see Chapter 2).

The bidder is required to present the actors relevant for the services for which it is responsible and describe the **cooperation** with them.

The bidder is required to present and explain its approach to **steering** the measures with the project partners and its contribution to the results-based monitoring system.

The bidder is required to describe the key **processes** for the services for which it is responsible and create a schedule that describes how the services according to Chapter 2 are to be provided. In particular, the bidder is required to describe the necessary work steps and, if applicable, take account of the milestones and contributions of other actors in accordance with Chapter 2.

The bidder is required to describe its contribution to knowledge management for the partner and GIZ and promote scaling-up effects (**learning and innovation**).

### **Project management of the contractor**

The bidder is required to explain its approach for coordination with the GIZ project.

- The contractor is responsible for selecting, preparing, training and steering the experts (international and national, short and long term) assigned to perform the advisory tasks.
- The contractor makes available equipment and supplies (consumables) and assumes the associated operating and administrative costs.
- The contractor manages costs and expenditures, accounting processes and invoicing in line with the requirements of GIZ.

The contractor reports regularly to GIZ in accordance with the AVB of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH from 2020

The bidder is required to draw up a **personnel assignment plan** with explanatory notes that lists all the experts proposed in the bid; the plan includes information on assignment dates (duration and expert days) and locations of the individual members of the team complete with the allocation of work steps as set out in the schedule.

## **4. Personnel concept**

The bidder is required to provide personnel who are suited to filling the positions described, on the basis of their CVs (see Chapter □), the range of tasks involved and the required qualifications.

The below specified qualifications represent the requirements to reach the maximum number of points.

### **Team leader**

#### Tasks of the team leader

- Overall responsibility for the advisory packages of the contractor (quality and deadlines)
- Coordinating and ensuring communication with GIZ, partners and others involved in the project
- Personnel management, in particular identifying the need for short-term assignments within the available budget, as well as planning and steering assignments and supporting local and international short-term experts
- Regular reporting in accordance with deadlines
- Strategic guidance throughout the assignment

#### Qualifications of the team leader

- Education/training (2.1.1): University qualification (German 'Diplom'/Master) in Economics, Business Management, Finance, Banking
- Language (2.1.2): Good business language skills in English are mandatory
- General professional experience (2.1.3): 10 years of professional experience in the financial systems development sector
- Specific professional experience (2.1.4): 5 years supporting credit guarantees
- Leadership/management experience (2.1.5): 6 years of management/leadership experience as project team leader or manager in a company
- Regional experience (2.1.6): 5 years of experience in projects in the Middle East (region)
- Development Cooperation (DC) experience (2.1.7): 6 years of experience in DC projects
- Other (2.1.8): Experience developing digital transformation strategies, organizational development, change management, process re-engineering

#### **Short-term expert pool with minimum 1, maximum 3 members**

##### Tasks of the short-term expert pool

- Provide insights/knowledge in the field of digital tools, IT solutions, IT infrastructure
- Provide insights into process re-engineering
- Provide local insights/knowledge and support required translation

##### Qualifications of the short-term expert pool

- Education/training (2.6.1): 1 expert with university qualification (German 'Diplom'/Master) in IT or related field
- Language (2.6.2): 1 expert with very good language skills in Arabic, good language skills in English required for all experts
- General professional experience (2.6.3): 1 expert with 10 years of experience in the IT, digital solutions, innovation sector
- Specific professional experience (2.6.4): /
- Regional experience (2.6.5): 1 expert with 10 years of experience in Jordan
- Development Cooperation (DC) experience (2.6.6): /
- Other (2.6.7): specific experience with credit guarantees is a plus

The bidder must provide a clear overview of all proposed short-term experts and their individual qualifications.

## **5. Costing requirements**

### **Assignment of personnel**

Team leader: On-site/virtual assignment for 30 expert days

Short-term expert pool: total 30 expert days

### **Travel**

If required and feasible considering Corona-related restrictions, the bidder is required to calculate the travel by the specified experts and the experts it has proposed based on the places of performance stipulated in Chapter 2 and list the expenses separately by daily allowance, accommodation expenses, flight costs and other travel expenses.

The bidder should account for 4 flights (economy class) to Amman and 20 expert days in Amman, Jordan, for the team leader / any international short-term expert(s).

For those 20 expert days, kindly calculate per diems à 46€ and accommodation allowances à 126€ (see German Travel Guideline “Bundesreisekostenrichtlinie”) accordingly.

### **Workshops, training**

The contractor implements the following workshops:

- Briefing for the validation of initial findings
- Workshop to develop/present the draft strategy
- Final feedback/validation workshop

If virtual, no costs should be stipulated. If physical, the costs for location, catering and similar workshop-related items shall be covered by the GIZ project in country.

### **Other costs**

- Visa costs, if required and feasible
- Design costs for designing the strategy in an intuitive manner for presenting to management and other relevant stakeholders (e.g. presentation slides, visual onepager, final strategy document)

## **6. Inputs of GIZ or other actors**

GIZ and/or other actors are expected to make the following available:

- Workshops' logistics

## **7. Requirements on the format of the bid**

The structure of the bid must correspond to the structure of the ToRs. In particular, the detailed structure of the concept (Chapter 3) is to be organised in accordance with the positively weighted criteria in the assessment grid (not with zero). It must be legible (font size 11 or larger) and clearly formulated. The bid is drawn up in English (language).

The complete bid shall not exceed 10 pages (excluding CVs).

The CVs of the personnel proposed in accordance with Chapter 4 of the ToRs must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages. The CVs must clearly show the position and job the proposed person held in the reference project and for how long. The CVs should also be submitted in English (language).

If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment.

**Please calculate your price bid based exactly on the aforementioned costing requirements. In the contract the contractor has no claim to fully exhaust the days/travel/workshops/ budgets. The number of days/travel/workshops and the budget amount shall be agreed in the contract as 'up to' amounts. The specifications for pricing are defined in the price schedule.**