Schweizerische Eidgenossenschaft
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Embassy of Switzerland in Armenia

Swiss Cooperation Office South Caucasus

**Request for Proposal:
Assessment for advancing tech-enabled Private Sector Engagement in Switzerland's international cooperation in Armenia**

Terms of Reference

1. Background

a. Context

Technological advancement in the information and communications technology (ICT) sector, commonly referred to as digital technology, has rapidly transformed lives, and economies. Digital technologies, and the transformative potential that they present, can offer developing countries with the opportunity to leapfrog in their development journey. World Bank notes that digital technologies have the potential to: 1). boost innovation by reducing information and transaction costs; 2). scale-up efficiency as services become cheaper, faster, and more convenient; and 3) promote inclusion by bringing services to segments of society that were previously either unserved or under-served.[1]

Rise in innovation, efficiency, and inclusion resulting from such digital technologies, therefore, can also be leveraged to generate development dividends. The possibilities to integrate technology in order to advance development agenda across various sectors are diverse and numerous. Whether it is through supporting micro, small and medium enterprises (MSMEs) to scale-up their performance by integrating tech-based solutions for optimising sales and generating greater employment opportunities, or by helping farmers to be able to better track the status of their crops and livestock through remote sensors to optimise the level of inputs for a more climate-resilient production, or even supporting students of vocational education and training courses to leverage technologies such as augmented reality and virtual reality to gain an immersive learning experience where infrastructure constraints exist, digital technologies can be leveraged to advance development outcomes across multiple sectors.

The integration of technology into both public services, and private sector activities can yield all of the aforementioned benefits. However, what differentiates private sector from their public sector counterpart—in most contexts around the world—is that private sector plays an important role in both *developing and using* digital technologies and services (e.g., software development companies, manufacturing of tech-based hardware, etc.), whereas the public sector is generally limited to using digital technology and services. However, the role of the public sector in advancing research and development of new technologies through state-owned or subsidised academic institutions which can provide the infrastructure and services such as incubation can serve as important pillar to support technological development. On the other hand, public sector is also very much concerned of improving the welfare by investing

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[1] World Bank (2016). *World Development Report: Digital dividends.* (Washington, D. C.).

into digital technologies and services as public goods, which might not be attractive for private sector.

Armenia's ICT sector has witnessed consistent and strong growth over the years. The industry is estimated to have more than 1'000 ICT-firms operating actively, employing more than 20'000 workers, generating over USD 1 billion in value, and is projected to continue its strong growth.[2] The Government of Armenia has played a proactive role to improve the competitiveness of the ICT industry with the Ministry of High-Tech Industry responsible for the development and execution of strategies and policies pertaining to the ICT industry.[3] Given Armenia already having a strong domestic ICT sector, an important piece of the digital transformation potential for its economy is already present. Going forward, harnessing the productive potential of the ICT sector for the transformation of other sectors such as agriculture, education, industry and commerce, health, governance and others in order to foster a future-proof and climate-resilient inclusive economy will be vital.

b. SDC's strategic priorities

The overall goal of Swiss Cooperation Programme for South Caucasus Region 2022-25 is that the *people of South Caucasus benefit from a sustainable and inclusive economic and social development, democratic public institutions, human security, peace and increased climate change resilience though enhanced regional dialogue and cooperation.* Migration, environment, digitalisation, and media are considered as mainstream topics throughout the portfolio while good governance, gender, and social inclusion are treated as transversal themes. Importantly, private sector development features prominently as part of the Cooperation Programme, in alignment with Switzerland's International Cooperation Strategy 2021-24. In Armenia, several projects supported by the SDC relate either directly or indirectly to the promotion of inclusive economic development working with a diverse range of stakeholders, and particularly the private sector. Digitalisation is an important mainstream topic in the Swiss Cooperation Programme for South Caucasus Region 2022-25, and Switzerland's International Cooperation Strategy 2021-24 identifies the potential of digitalisation in generating development dividends.

c. Private Sector Engagement approach

Around the world, private sector is recognised as a key partner to the achievement of the Sustainable Development Goals (SDGs). Private sector drives innovation, brings goods and services closer to the people, creates employment, and helps lift people out of poverty and improve their quality of life. This important role of the private sector, and the need to engage with the private sector to advance development agenda, has been highlighted in Switzerland's International Cooperation Strategy 2021-24. Within its overarching mandate to reduce poverty, the SDC's vision is to contribute to sustainable development by increasing its engagement with the private sector to foster innovation and to achieve greater impact. The SDC defines Private Sector Engagement (PSE) as *SDC and one or several private sector partners joining forces on an equal footing for an impact-driven development intervention.[4]* The SDC considers co-initiating, co-steering, and co-funding as core attributes of PSE collaborations.

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[2] International Trade Administration (2022). *Information and Telecommunications Technology.* Available at: https://www.trade.gov/country-commercial-guides/armenia-information-and-telecommunication-technology [Accessed: 20 January 2023].

[3] *Ibid.*

[4] SDC (2021). *SDC Handbook on Private Sector Engagement.* (Bern).

2. Objective of the assignment

The overall objective of this assessment is to provide sound analysis and advice the SDC on how to integrate and advance tech-based or tech-enabled private sector engagement initiatives into the existing project portfolio in Armenia. The analysis is expected to be conducted under two broad categories viz., **contextual**, focusing on urban and rural communities in the regions of Armenia, and **sectorial**, relating to the priority sectors of Swiss cooperation such as Vocational Education and Training (VET), Agriculture, Tourism, and Climate Change.

Specifically, the sub-objective(s) are elaborated upon below, which are foreseen to be further defined and finalised by the consultant(s) and in agreement with the SDC, as one of the deliverables of this assignment.

a. Contextual analysis

i. Identify - in a concise and succinct manner - the status of digitalisation in Armenia (generally), and the ICT industry and digital solutions provision (DSP)[5] business (specifically)—including, but not limited to, the size of the market, key players in the ICT industry ecosystem, panel of services offered, client and market share composition, opportunities and challenges faced by the Armenian ICT industry.

ii. Understand the evolution of digital/ICT policies in Armenia, including the key developments in the last ten-years, expected future trajectory of digital/ICT policy development, and identify the existing challenges surrounding digital/ICT sector, which could be enabled by policy reform/development.

iii. Understand whether the ICT industry and related entities in the ICT-enterprise ecosystem have the willingness and capacity to partner with SDC-funded projects in Armenia to catalyse the achievement of project outcomes.

- Understand what are the driving factors that interest the potential private sector partners to enter into a PSE initiative—their needs and expectations.
- Identify any barrier(s) that currently prevent(s) the emergence of productive partnerships between donors—such as the SDC—and the target private sector partners.

iv. Map the challenges that can be addressed through digital technologies by evaluating the readiness of the ICT industry (market-driven) or the Government (welfare-driven) to invest. Additionally, try to differentiate based on context and significance of the challenges.

v. Identify the level of appetite among small and medium-sized enterprises (SMEs) in Armenia to leverage ICT technologies as a paid-service for improved business performance.

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[5] Digital Solutions Provision here is being defined as business-to-business or business-to-government transactions that offer tech-based solutions to optimize business/operational performance

vi. Understand how the integration of information and communications technologies could enable SDC-funded projects in Armenia to achieve their outcomes more effectively, efficiently, and sustainably.

vii. Understand whether SDC-funded projects, through effective tech-enabled PSE partnerships, could catalyse the growth of the Armenian ICT industry while also leveraging the sector's potential to contribute to efficient and effective achievement of project outcomes? Additionally:

- What value addition can the partnership with SDC-funded projects bring to the tech-sector ecosystem?
- What are the risks of such partnerships and how can they be mitigated? (Please also refer to SDC's PSE risk management guidelines)

viii. Identify if there are any Swiss entities[6] that could be mobilized if there are areas where the local ICT-sector would need capacity building to be able to respond to market needs (in relation to both contextual and sectorial analysis questions).

ix. Identify the various technical and financial modalities of cooperation (e.g., co-financing, challenge fund, impact-linked incentives, impact-linked loans, etc.) that SDC can potentially initiate and enter into with the private sector players in the Armenian ICT-industry, taking into account the local context—i.e., readiness and willingness of the local partners and the legal/regulatory landscape in Armenia—as well as SDC's internal guidance on private sector engagement.

- As part of the analysis, identify whether any such modalities of cooperation could involve risks of market distortion and if so, how such modalities could be designed such that the benefits of such initiatives are not limited to select partners only but rather benefit the larger industry/sector.

x. Identify the potential for forging win-win partnerships with Swiss ICT companies and ecosystem players (accelerators, incubators, universities, etc.) to pilot new projects/incubate new ideas in Armenia in the education/agriculture/SME-promotion/tourism/climate change thematic areas:
- What kind of partnership modalities could be foreseen for such an engagement?
- Which companies/organisations/entities from Switzerland could be potential candidates for such a partnership with SDC in Armenia?

b. Sectorial analysis

Sectorial analysis component of the study seeks to answer the following questions:

i. Are there existing examples of Armenia's DSP sector (both private and public) offering tech-based solutions to the following SDC-relevant sectors?
- Vocational Education and Training (VET),

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[6] E.g., Impact Hub Switzerland, Seedstars, F10, etc.

- Agriculture,
- Tourism,
- Climate Change.

ii. Do Armenian DSPs have the capacity to develop internet-based distance learning solutions for educational institutions (Business-to-Business), and farmers/students (Business-to-Customers)?
- Are there any examples or success stories?
- Does the current market demand and supply situation for Ed-tech indicate possibilities for a viable business model?
- Could such model(s) enable greater inclusion of women and other vulnerable groups into VET/Agricultural VET education?
- Does the demand-side (educational institutions, farmers/students) have the required level of digital knowhow and capacity to make the most of such Ed-tech solutions?

iii. Are there any existing ICT-based employment-matching services run by the public or private sector? Could such a tool enable better labour market outcomes?[7]

iv. Are there existing ICT-based market information platforms (public or private) that enable SMEs to better understand market demand, future projected demand, relative prices, risks (incl. climate-related risks), etc. in agriculture and tourism (or any of the other priority) sectors?[8]
- If yes, what have been the outcomes and learnings from such initiatives/platforms, particularly vis-à-vis user awareness (of the platform), utilization rate and user satisfaction, and periodicity of information update?
- If no, is there existing local capacity among Armenian DSPs to create and operate such a tech-based platform?
- Are there innovative business models to run such a market information system (MIS) platform as a viable private business? Or, would such a business model become viable only with external support in the form of state-subsidy or donor support?

v. Can ICT-based solutions be leveraged to improve access to finance for rural SMEs?[9]
- If yes, what are/could be some examples[10]?
- If no, is there existing local capacity among Armenian DSPs/financial intermediaries/regulators, etc. to create and operate such a tech-based access to finance models?

vi. Can ICT-based solutions (internet based advisory and digital payments, for example) be leveraged to improve access to business development services for rural SMEs and farmers?
- Is there adequate ICT infrastructure in place in rural Armenia to enable such a model?

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[7] Such platforms could potentially also be used by students to view skills-demand in real-time in different regions of the country and historic data could be used to show longer-term trends in skills-demand.
[8] Please see as an example: https://www.travelinsights.ai
[9] E.g. tech-enabled solutions such as farmers' credit card which not only eases working capital burden for farmers, but also helps build a credit profile for medium-to-long term use.
[10] Please consider including mobile money into the analysis.

- Is there local capacity among Armenian DSPs to develop the necessary IT (soft) infrastructure in order to run such a business development services (BDS) model?
- Are BDS a viable private business—especially with lower transaction costs thanks to digital media? Or, would such a business model become viable only with external support in the form of state-subsidy or donor support?

vii. Can Armenian ICT-sector (start-ups, ICT-based enterprises, DSPs) be mobilized to develop innovative solutions to challenges faced by the skills and labour market, and agricultural, tourism value chains?
- If yes, can it be market-based?
- If it cannot be market-based, how can it be fostered?
  - i.e., through what kind of private sector engagement (PSE) models? E.g. Support facility, Social Impact Incentives (SIINC), Impact bonds, etc.
  - i.e., through what kind involvement from the Government?

viii. Can the ICT-sector be mobilized to develop solutions for climate change-adaption and mitigation strategies, including but not limited to: reforestation/climate resilient agriculture/water management/increased energy efficiency/carbon trading?
- Are there existing examples of such initiatives/projects in Armenia?
- Are there globally successful examples that could be replicated in the Armenian context, considering the capacity of the tech-sector?
- Can such tech-based climate solutions be market-based?

3. Methodology

It is foreseen that the assignment will be carried out in three stages described below, the consultant(s) can propose amendments to this methodology in their offer if they believe it will improve the quality of the deliverables.

a. Desk review and first review

A comprehensive review of available literature and resources including examples of ICT-based/enabled private sector engagement initiatives will be conducted by the consultant(s) through a thorough desk review. The SDC will provide the consultant with the available documentation which may include but is not limited to project documents, factsheets, brochures, reports, and information on relevant PSE initiatives known to SDC. In cases where it is possible, SDC can also connect the consultant(s) with third parties such as any donor partners that have past or on-going ICT-based/enabled PSE partnership examples, in Armenia and/or such initiatives supported by the SDC in other geographies. Based on the initial desk research, the consultant(s) will also develop suggestions on sharpening and finalising the objective of the assignment (i.e. research questions) and propose the structure of the final report. The consultant(s) will prepare a first draft report at the end of this phase, which will be presented to SDC and comments and feedback will be incorporated.

b. Key informant interviews

Based on the finalised research questions and guided by the outcome of the desk review, the consultant(s) will carry out interviews with key stakeholders in Armenia to receive further insights from the practitioners and better understand the ground realities. The list of key

stakeholders will be proposed by the consultant(s) to the SDC as part of the first draft submission, and will be finalised upon approval by the SDC. These would ideally include: ICT-based enterprises (DSPs) and start-ups, SMEs across priority sectors, business associations, financial intermediaries, investors, incubators, accelerators, universities/academic institutions, industry experts, regulators and other relevant government bodies. The consultant(s) will be expected conduct consultations with at least 10 ICT-based enterprises (DSPs) and start-ups, 25 SMEs across priority sectors, and at least 10 other key informants representing the various stakeholders mentioned above.

c. Final review

In the final stage, the consultant will review the first draft of the report based on the inputs and insights received during the key informant interviews and make adjustments wherever necessary. A final draft report will be prepared that addresses all the areas of inquiry/questions raised in Chapter 2. Furthermore, in a dedicated chapter in the final report, the consultant(s) will be expected to evaluate the (global and sectorial) possibilities of advancing tech-enabled/based PSE in SDC's existing project portfolio in Armenia and propose concrete ways for SDC in this regard—including any high potential PSE initiative that may have been identified by the consultant(s) during the course of the assignment, either based on desk research or key stakeholder interviews. The report will be finalised upon incorporation of SDC's inputs and feedback and upon its approval of the final draft.

4. Deliverables

The consultant shall provide SDC with the following:

a. Detailed work plan and a list of proposed key informant interviews, to be discussed with and endorsed by SDC.
b. Database (with contact information) of all key informants created by the consultant which is drawn upon for key informant interviews as described in Chapter 3.
c. Brief notes of key informant interviews;
d. Presentation of findings and progress with SDC team upon the completion of each stage under Chapter 3;
e. A first draft report that incorporates findings from the literature review, final set of research questions/area of inquiry, and proposed structure for the final report.
f. A final report that is prepared upon the completion of steps a. and b. under Chapter 3, and upon receipt of inputs and feedback from SDC on the draft report and incorporation of any additions or changes as required.
g. Concept paper with outlined pilot tech-enabled PSE projects relevant for the existing SDC projects with identified possible private sector partners.
h. Workshop on results and on potential follow-up steps with partners of SDC portfolio in Armenia and selected experts.

5. Required qualifications

Given the scope of the study, a team of at least one international and one local consultant shall be recruited. The consultancy team with the following qualifications are deemed eligible to conduct the assignment:

a. Solid practical and academic background related to private sector development, enterprise development and market-building, tech-

based/enabled enterprise growth, business development support services, and impact investing.

b. Solid understanding of Armenia's development context, its key industries including the ICT-industry, financial system, and entrepreneurship ecosystem, and government policies, strategies, and legislations on the ICT-sector specifically, and private sector development generally.

c. Previous working experience in the region (South Caucasus or Eastern Europe) is desirable;

d. Solid expertise and experience in the field of private sector and business development, ideally with some experience with public private partnership;

e. A strong sensitivity and responsiveness to bringing forward and dealing with, gender and social inclusion, digital divide, inequality of opportunity faced by SMEs to advance growth, and the political economy of private sector development.

f. Excellent analytical skills (quantitative and qualitative) and strong ability to communicate and summarize analyses in writing;

g. Experience of working with SDC is desirable, but not required;

h. Very strong writing skills in English. Fluency in the Armenian language (reading and speaking) for local consultant; and

i. Good interpersonal skills and time management.

6. Proposed work plan

The following work plan provides suggested dates, responsibilities and resources needed for the various activities of the assignment. This work plan will eventually be adapted and agreed, based on a detailed work plan proposed by the consultant(s). Start and end date are in principle fixed. Award decision and contracting are expected to take place in May 2023.

Activity	Date	Responsible parties
Inception meeting with SCO SC Armenia Office	May, 2023	Consultant(s); SDC
Submission of deliverables a. and b. under Chapter 4	May, 2023	Consultants(s)
Presentation of interim findings and progress	June, 2023	Consultant(s); SDC
Submission of deliverable c. under Chapter 4	June, 2023	Consultant(s)
Submission of deliverable e. under Chapter 4	July, 2023	Consultant(s)
Presentation of interim findings and progress	July, 2023	Consultant(s); SDC
Submission of deliverable f. under Chapter 4	August, 2023	Consultant(s)
Final Report (upon incorporation of SDC feedback and inputs; final submission for approval)	August, 2023	Consultant(s)

Task/Activity	Number of working days
Preparation of detailed work plan, list of proposed key informant interviews and database preparation	3
Desk review	8
Preparation of first draft report, presentation(s) to SDC	6
Key informant interviews and meeting brief(s) preparation	8
Stakeholder workshop	5
Preparation of final report and concept paper	10
Total working days	up to 40

7. Submission guidelines and evaluation criteria

Interested candidates, including consulting firms and individual consultants, are invited to send an application package, including the below listed documents, in English to the following email: yerevan@eda.admin.ch **by 10 May 2023, 23:30 Central European Time**:

a. A profile/CV demonstrating the firm's/consultant's relevant experience and competencies. Ideally we are looking forward to a consortium of Swiss and Armenian firms/consultants.

b. A brief proposal (maximum 5 pages) where the methodology and work plan are presented, as well as a short description of the understanding of the present mandate.

c. A detailed financial proposal, indicating the cost required for undertaking the assignment. The financial proposal is to be submitted in accordance with the requirements outlined in Annex 1.

In the subject line, please indicate "**Proposal: Assessment for advancing tech-enabled Private Sector Engagement in Switzerland's international cooperation in Armenia**".

Only complete applications with all the documents described above and submitted not later than by the deadline will be considered.

Check also:

Annex 1: Requirements for the financial proposal
Annex 2: SDC Handbook on Private Sector Engagement