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**Programme:** Private Sector Development and Technical Vocational Education and Training Programme in South Caucasus (PSD TVET SC): “Clusters4Development” Project

**PN:** 16.2179.6-007.00

**Activity:** Management of the cluster “Quality and Innovation in Construction Materials”

**Period:** September 2020 – September 2021

### **1. Brief information about the project**

Georgia has undergone significant economic reforms, but a range of critical constraints still impede business growth. SMEs still need constant support to enhance capacities and technological up-scaling, improve adherence to international industrial standards and quality frameworks, contribute to further product diversification and increase their access to global value chains. Moreover, cooperation among sector actors and with public authorities needs to be enhanced to fully exploit market opportunities.

To support business performance of private sector actors in construction, tourism and apparel sectors and to improve an institutional setup for cluster and business development with an ultimate objective of enhanced business performance of private sector fostering the socio-economic development in Georgia and its regions, the PSD TVET SC within the framework of the EU Programme “Economic and Business Development in Georgia”, Component 3: Greater business sophistication, implements the “Clusters4Development” Project (hereafter – the Project) for the period of 3,5 years (from July 2019 to January 2023). The Project has been integrated into the PSD TVET SC implemented by GIZ on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

The Project is composed of four components: (1) development and pilot implementation of a market-oriented cluster in the construction sector; (2) development and pilot implementation of a market-oriented cluster in the tourism sector; (3) development and pilot implementation of a market-oriented cluster in the apparel sector; and (4) enhancement of institutional capacities for cluster and business development.

Within components 1-3, it is foreseen to support the establishment of sectoral clusters. This includes a cluster on “quality and innovation in construction materials”, up to three thematic clusters in tourism (1: Kakheti and Imereti local wine and food tourism cluster; 2: Imereti authentic accommodation cluster; 3: Imereti cultural heritage cluster) as well as a cluster “sustainable apparel made in Georgia”. In Component 4, it is foreseen to support a conducive cluster development framework at the national level as well as to provide specific assistance to Enterprise Georgia (a business development agency under the Ministry of Economy and Sustainable

Development of Georgia) to strengthen its role in promoting business development and providing demand-oriented services and support to the private sector. Throughout all four components, a focus will be put on ensuring direct impact on the business performance of private sector enterprises.

## **2. Background and context of the Project**

Georgia has made substantial economic progress during the last years, with estimated annual Gross Domestic Product (GDP) growth rates over 4% (2017: 4.3%, 2018: 4.2%). Well-founded structural reforms have contributed to an enhanced business environment, including simplified procedures, advancement in e-government processes, improvements in tax administration including specific benefits for micro, small and medium enterprises (MSME) and to fighting corruption. As a result, the country ranks high in the Doing Business Report of the World Bank (2018: rank 9), being the only lower-middle income country in the top 10 countries of the index and having accomplished the highest number of business regulation reforms (2018: 47) since establishment of the index (2003).

Nevertheless, a range of critical constraints still impede business growth. Besides being a country with a small market (2017: 3,7 million inhabitants), it is characterized by a large number of SMEs (94% of all enterprises), which are contributing only 42% to employment and 15% to GDP. Regional disparities are significant, with 50% of SME located in Tbilisi. Despite regulatory improvements, the majority of SME predominantly operate in low added-value segments and show minimal export activities (2.9 % of small and 15.2 % of medium-sized companies export) with low levels of product/market diversification and sophistication. In addition, despite new business opportunities in view of the Deep and Comprehensive Free Trade Area (DCFTA), SME expect to face considerable challenges and short-term costs in order to comply with EU standards and to enhance competitiveness. SMEs still need constant support to enhance capacities and technological up-scaling, improve adherence to international industrial standards and quality frameworks, contribute to further product diversification and increase their access to global value chains. Moreover, cooperation among sector actors and with public authorities needs to be enhanced to fully exploit market opportunities.

The **construction sector** is highly relevant in terms of employment (2016: share of 4.2% of total employed persons, with estimated additional three- to fivefold informal employment) and contribution to GDP (2016: 8.2%). The sector shows dynamic growth (yearly growth rate: approx. 16%) largely linked to a boosting tourism sector, growth of retail sector and infrastructure expansion. The further development of the sector contains significant growth opportunities, but also requires local construction companies and sub-contractors to deal with new types of

buildings, more sophisticated approaches to project planning and the need to procure more and diversified construction materials locally. In addition, the requirements for standards in the construction sector are increasing, including adherence to international technical norms and standards as well as on enhancing energy efficiency of buildings.

To cope with challenges and unlock potentials, capacities need to be enhanced, both at management and technical staff level (e.g. product diversification, marketing, new production technologies, project planning, digitalization). This mainly refers to the significant number of small-scale companies in the sector, which typically lack adherence to quality and standards and have limited oversight on up-coming challenges and market trends. The proposed cluster-based approach will contribute to enhanced sector-wide technological and quality up-grade, product diversification and market access by strengthening cooperation and capacities of market players along both horizontal and vertical value chains.

### **3. Objectives of the Project**

The objective of this project is to establish the market-oriented cluster - “quality and innovation in construction materials”. The focus of the cluster is to unite the **Georgian small and medium size enterprises active in construction material sector** under one umbrella, identify their needs, challenges and opportunities and support them in their further sustainable development through networking, promotion and access to knowledge and expertise.

During the first phase of the project the cluster initiative group is successfully established, and cluster vision and mission are identified.

The purpose of this assignment is to contract an expert who will manage and coordinate the relevant activities in a project sequence. The successive steps will be taken in close cooperation with the cluster initiative group, program expert and international consultant and other involved parties (such as ICCA – Infrastructure Construction Companies Association, EG – Enterprise Georgia and etc.).

### **4. Relevance, Approach, Activities and Deliverables**

The relevance of the assignment falls under Component 1 of the Project: Development and pilot implementation of a market-oriented cluster in the construction sector.

#### **4.1. Approach to the Implementation & Specification of Inputs and Outputs**

The Project seeks to contract an individual expert that will undertake the responsibility of cluster management. The expert will support activities serving the purpose outlined in section 1& 2 through diverse international and local experts.

#### 4.2. Activities, Deliverables and Due Dates

Following activities shall be conducted by the expert:

Phase / Activities	Description of Deliverables	Expert Days	Due Dates
1. Preparatory work for the cluster establishment			
1.1. Organization and coordination of a SWOT meeting	1.1.1. List of participants 1.1.2. Agenda of the SWOT meeting 1.1.3. Presentation 1.1.4. Record of the meeting	8	15 October 2020
1.2. Finalization of cluster strategy in a close cooperation with the initiative group	1.2.1. Strategic document (Vision, mission, strategy and organizational chart) 1.2.2. Organizational guideline (membership type, roles, fees etc.)	5	
1.3. Finalization of a cooperation framework between ICCA and the cluster	1.3.1. Cooperation framework agreed between ICCA and Cluster that includes: - Shared services - Provided services - Membership fee (in ICCA) - Membership guidelines (role, responsibility, rights etc.)	5	
1.4. Coordination and monitoring of the legal consultants in identification of cluster`s legal form	1.4.1. Legal analyzes and recommendations regarding the legal form of the cluster is agreed and finalized (doc.) 1.4.2. All relevant documentations for the foundation of the cluster are submitted by the consultants.	5	
1.5. Coordinate the branding activity of the cluster between the service provider and cluster initiative group in order to develop cluster name and logo	1.5.1. Cluster Brand book (developed by a service provider) that includes - Cluster logo - Cluster title - Further branding materials	5	
1.6. Organization and coordination of a cluster needs assessment workshop	1.6.1. List of participants 1.6.2. Agenda of the Workshop 1.6.3. Presentation 1.6.4. Record of the meeting 1.6.5. List of prioritized needs	5	
2. Establishment of the cluster			
2.1 Election of the boards of directors	2.1.1. List of members of the board	5	30 October 2020

Phase / Activities	Description of Deliverables	Expert Days	Due Dates
2.2. Relevant documentations for the foundation of the cluster are finalized	2.2.1. Cluster registration paper (According to the identified legal form cluster is established based on MoU/Partnership/register extract)	5	
<b>3. Preparation and coordination of an international experts' mission</b>			
3.1. Initiate the activities and share background information about the cluster	3.1.1. share all relevant documentation - Desk research - Presentation - Cluster mission, vision and strategy - Cooperation Framework - Cluster guideline	3	November - December 2020
3.2. Prepare and coordination of a kick off meeting with international experts	3.2.1. List of participants 3.2.2. Agenda and presentation (provided by the international experts) 3.2.3. Record of the meeting	3	
3.3. Coordination of communication and cooperation between ICCA and international experts	3.3.1. Records of the meeting/e-meeting	10	
3.4. Support the international experts in the development of cluster management approach and the strategy of collaboration with umbrella association	3.4.1. Report on the development of cluster management approach	5	
3.5. Support the international experts in conduction of needs assessment	3.5.1. Report on the development of the need's assessment	5	
3.6. Support the international experts in the development of cluster roadmap 2021	3.6.1. Report on the development of the cluster roadmap 2021	5	
<b>4. Conduct of the first Cluster forum</b>			
4.1. Support the program expert in assessment and coordination of a local service provider to organize cluster forum	4.1.1. Tasks and deliverables for the local service provider	5	30 November 2020
	4.1.2. List of participants		
	4.1.3. Options for the location		
	4.1.4. Cost estimate		
4.2. Management of the conduction of the forum	4.2.1. List of participants attended the forum	5	
	4.2.2. Record of the forum		

Phase / Activities	Description of Deliverables	Expert Days	Due Dates
5. Conduct a sequence of PR and marketing phases of the cluster			
5.1. Support program expert in assessment and coordination of a local service provider / individual expert in conduction of social media management	5.1.1. Tasks and deliverables for social media manager / service provider 5.1.2. Monthly report on conducted activities	20	October 2020 -July 2021
6. Preparation and coordination of a second mission of international experts'			
6.1. Share background information about the cluster	6.1.1. share all relevant documentation	4	January 2021- July 2021
6.2. Coordinate the communication between ICCA, cluster members and international experts	6.2.2. Records of the meeting/e-meeting 6.2.3. Report n the mission activity and results	12	
7. Coordinate phases of cluster development			
7.1. Communication with the cluster members to identify their needs	7.1.1. Records of the meeting 7.1.2. List of identified needs and planned activities	30	September 2020- September 2021
7.2. Communication with the program expert	7.2.1. Records of the meeting		
7.3. Communication with ICCA	7.3.1. Records of the meeting		
7.4. Implementation of identified needs	7.4.1. Report on conducted activities		
7.5. Identification of new potential members of the cluster	7.5.1. Records of the meeting 7.5.2. List of new potential members		
7.6. Development of the final report on conducted activities and achievements of the cluster	7.6.1. Final report		

## 5. Coordination and Communication

Close coordination and reporting with the Project Team Leader and the dedicated Programme Expert, as well as an active cooperation with the international consulting company, is mandatory during the implementation of the assignment.

## 6. Conditions and payment terms

### 6.1. Eligible costs

6.1.1. The financial proposal shall not include costs for items which will be provided for by the project separately:

- a) Venue(s), facilities, interpretation, and refreshments for meetings and workshops;
- b) Transportation in Georgia. (The costs for transportation are a subject of reimbursement based on the invoices provided by the consultant)

6.2. **Payments** will be carried out based on the acceptance of deliverables and provision of the invoices according to the agreement signed by the parties.

## **7. Submission Requirements**

The bidding consultant shall submit technical and financial proposals to comply with the following requirements:

7.1. The **technical proposal** shall contain information about the consultant and his/her relevant experience, proposed concept and work plan to implement the assignment;

7.2. The **financial proposal** shall clearly state all types of costs to be charged to the Project to implement this TOR.

## **8. Evaluation criteria**

A technical proposal by a bidder shall be evaluated based on the quality of a technical proposal, bidder's qualifications and experience and consideration of recommendations.

### **8.1. Evaluation criteria for a technical proposal**

A technical proposal by a qualified bidder shall be evaluated based on the relevance of the chapters of the technical proposal to include

- 1) Interpretation of objectives;
- 2) Strategy of implementation;
- 3) Management of processes, cooperation, learning and innovation
- 4) Work schedule and timelines
- 5) Monitoring and evaluation concept

### **8.2. Evaluation criteria for a bidder**

#### **8.2.1. Education**

Master's degree in Engineering, Architecture, Construction Management, Business Administration, Economics, or a related discipline.

#### **8.2.2. Knowledge and skills**

- a) Excellent communication, facilitation and moderation skills
- b) Advanced computer skills including Microsoft Office and web-based applications;
- c) Excellent knowledge of English and Georgian knowledges.

#### **8.2.3. Work experience**

- a) At least 7 years of relevant professional experience providing consulting services to the companies, cluster organizations, BMOs, international development agencies working in the field of private sector development, out of which at least 2 years of working experience in construction sector.
- b) Experience in cluster development (preferably in construction sector)
- c) Professional experience in the following areas:
  - i. Management in construction and construction materials industries;

- ii. Organizational and business strategy development (preferably in construction and construction materials industries);
- iii. Organizational capacity development (preferably in construction and construction materials industries);
- d) Proven track record of supporting international experts' missions to Georgia implementing assignments under international capacity development projects (preferably in construction and construction materials industries);