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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:** Support for development and pilot implementation of a market-oriented cluster in the **tourism and hospitality** sector

**Period:** July 2021 – December 2021

## Terms of Reference

### 1. Context

Georgia has undergone significant economic reforms, but a range of critical constraints still impede business growth. SMEs require 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 impact of the corona crisis brings further challenges.

To support the business performance of private sector actors in construction, tourism and apparel sectors and to improve the institutional setup for cluster and business development with the ultimate objective of enhanced business performance of private sector fostering the socio-economic development in Georgia and its regions, the Private Sector Development and TVET in the South Caucasus Programme (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 is 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, the establishment of sectoral clusters is supported. This includes

a cluster on “quality and innovation in construction materials”, up to three thematic clusters in tourism as well as a cluster “Sustainable Apparel Made in Georgia”. Component 4 contains support to a conducive cluster development framework at the national level as well as 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.

The work of the Clusters4Development project in general is described in Annex 1, First Annual Report.

Tourism was a major contributor to Georgia’s economy before the corona pandemic. It accounted for 7.5 percent of GDP growth in 2018. Georgia received a record number of 8.7 million international visitors (tourists, transit, other) in 2018, a 10 percent increase over 2017.

Still, Georgia considers tourism as a major economic sector and currently works towards the post-corona recovery of the sector.

To cope with challenges and unlock potentials of the tourism sector, especially in the aftermath of the pandemic, capacities need to be enhanced in terms of general and facility level management, quality service and infrastructure (e.g. product diversification, new marketing approaches, sustainable product development, digitalization), quality education in tourism related specialties. This mainly refers to the significant number of small-scale, family owned businesses in the sector, which often lack adherence to quality and standards and have limited oversight on up-coming challenges and market trends. The cluster-based approach will contribute to enhanced sector-wide capacity and quality up-grade, product diversification and market access by strengthening cooperation and capacities of market players along both horizontal and vertical value chains.

With the cluster-based approach the Project focuses on promoting tourism through higher competitiveness of tourism actors in the two project regions: **Imereti** and **Kakheti**. Both regions have a need to further develop their tourism profile, products, quality and cooperation to better exploit their touristic potential. The development of touristic clusters will improve networking and cooperation among actors in the tourism sector in both regions, help up-grade service quality, promote more harmonized approaches to tourism product development, support an enhanced understanding of customers’ needs and expectations, also in view of sustainable and green tourism, and joint visibility activities.

The approach in both **project regions** will reflect the strategic policy framework, in particular the efforts undertaken by the Georgian National Tourism Administration (GNTA) in raising regional tourism profiles both nationally and internationally. The most recent marketing and branding propositions for both regions suggest building the tourism offer around “the primary wine-making region and wine destination in Georgia” in

Kakheti and the “ancient, diverse and rich history, culture and cultural heritage” in Imereti.

Despite the pandemic and until March 2021 the Project conducted significant work to prepare one cluster per region. A team of national and international experts identified around 70 potential cluster members per region. A detailed summary of the work conducted so far is attached in Annex 2.

### **1.1 Objective of the project and assignment**

The objective of the current assignment is to support the establishment and further development of one tourism cluster in Kakheti and one tourism cluster in Imereti.

The focus of the cluster is to unite **Georgian small and medium size enterprises active in Tourism 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.

**The vision** for the cluster is to develop a cooperative, innovative space where tourism, technology, sustainability and knowledge meet - a space where different stakeholders within Georgia’s tourism industry support and collaborate with each other to build a strong image of Georgia’s tourism industry both locally and internationally

**The mission** is to represent, promote and support Georgian SMEs in Tourism sector while increasing their competitiveness in the local and international market as well as providing Tourism service producers with tools and skills which allow them to be more competitive in terms of sustainability, product development, marketing, and international exposure/outreach.

In 2020, the Project has already identified opportunities for establishing and assuring sustainability and competitiveness of a business clusters related to tourism and hospitality in Imereti and Kakheti and identified potential cluster members in both regions.

Based on the overall objective of the Project, the purpose of this assignment is to help establish the two clusters (one in Imereti and one in Kakheti) to realize their vision, mission and objectives. The local expert shall, in collaboration with a team of international and a further local expert on cultural heritage, and key stakeholders:

- a) Study and analyze the objectives and planned activities of the clusters and develop recommendations - review the findings and results of work done previously
- b) **Co-Develop the Cluster Strategies and implementation plan** - Assess member companies, support the development of training materials and co-conduct trainings in (including but not limited to): tourism product development, visibility, access to finances, Sustainability, Digitalization, workforce development etc.

c) **Contribute to the development of an efficient communication strategy** regarding sustainability and development both for local and international markets;

d) **Contribute to the Institutionalization and strengthening of the clusters** - This will include preparation and organization of one cluster forum per region, elaborating action plans and priority fields for pilot activities, and, if needed, registration of the cluster as a legal entity under Georgian law.

e) **Support the marketing and digitalization process within the clusters and selected member companies.**

f) **Assess the progress, challenges and needs of the cluster.** The central idea is to ensure the sustainability of the cluster. The international consultant team will develop and monitor the implementation of necessary measures to achieve sustainability. Particular attention needs to be devoted to strengthening key stakeholders, such as local governments and Destination Marketing Organisations (DMO).

All activities will be conducted in close cooperation with the team of international experts as well as GIZ staff.

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

To serve the purpose outlined in section 1, the Project seeks to contract a competent local consultant / tourism expert (an individual) in tourism and hospitality to prepare grounds for, to support and work in tandem with another local expert providing expertise in sustainable cultural heritage tourism and an international consulting company to be implementing activities serving the purpose outlined in section 2.1. through a team of international experts in the fields of (1) clustering in tourism, (2) gastronomy and (3) cultural heritage (4) Marketing/Digitalization (hired separately).

The details of the assignment components are provided below. Please note that the implementation approach might be adapted during the course of the project.

### 2.1. Tasks to be performed by the contractor

Phase / Activities	Deliverables	Amount of days
<b>1. Preparations</b>		
1.1. Review the findings and results of work done previously, study and analyse the objectives and planned activities of clusters	1.1.1. An assessment report of existing documents and additional recommendations	5 days
1.2. Support international consultants in developing	for measures are developed	

Phase / Activities	Deliverables	Amount of days
recommendations regarding optimization of existing objectives and planned activities	1.1.2. Potential member SME overview reviewed, if necessary amended and submitted	
<b>2. First field mission and Workshop</b>		
<p>2.1 Initiation of cooperation with the international consulting company</p> <p>2.2 Joint development of the agenda of the first mission of international experts to Georgia</p> <p>2.2 Supporting Implementation of the first mission of the international experts to Georgia</p> <p>2.3 Together with the international experts, finalization of the concept for the workshop with each cluster</p> <p>2.4. Supporting international experts' inputs in preparation of the workshop</p> <p>2.5. Participation in the workshop and moderation</p>	<p>2.1.1 Protocol of an online kickoff call to contain sections on its agenda, participants and results: cooperation arrangements, operational plans and schedule of actions for joint work (English, *.docx)</p> <p>2.1.2 Agenda of the mission</p> <p>2.2.1 Tentative list of workshop participants in each region (names, entities, positions, contact details, tentative roles with the cluster, drawing on previous work is prepared and submitted to the international team with all the needed information.</p> <p>2.3.1 Work jointly on the concept of the workshop</p> <p>2.4.1 Work jointly Workshop moderation plan</p> <p>2.4.2 Supporting the process of preparation for Experts' presentations:</p> <p>2.5.1 Supporting the international team in</p>	<p>12 days – (including days for implementation of workshop)</p>

Phase / Activities	Deliverables	Amount of days
<p>2.6 Joint preparation of a mission and workshop report which shall include the cluster initiation roadmaps for each cluster and documentation of feedback from participants</p>	<p>preparation of the Mission implementation report with annexes (minutes of preparatory and wrap-up meetings with the Project and the local consultants, minutes of meetings, workshop implementation report to be submitted by the local experts as well as all other relevant documents for the Mission implementation report, survey of participants feedback)</p> <p>2.6.2 Workshop report</p>	
<p><b>3. Development of strategy</b></p> <p>3.1 Support the international team in development of the cluster’s sustainable development strategies for the next 3 years</p> <p>3.2 Jointly with international team work on an action plan to implement the strategies for the next year detailed (2021) and until 2023 general.</p> <p>3.3 Develop and introduce a report to the international team with the list of proposed interventions and trainings for cluster’s member companies</p> <p>3.4 Trainings are conducted according to the developed agenda</p>	<p>3.1.1. Input provided for the Cluster’s sustainability strategies (Imereti and Kakheti)</p> <p>3.2.1. Input provided for Action plan (detailed and general) developed and submitted</p> <p>3.3.1. Overview of the potential interventions with recommendations is submitted.</p>	<p>12 days</p>

Phase / Activities	Deliverables	Amount of days
	<p>3.4.1. Trainings are conducted according to the plan – Agenda, attendees</p> <p>3.4.2. Training assessment result is developed and submitted (Trainings are not necessarily developed and conducted by the local experts – additional experts and trainers might be hired. This depends on the assessment. Local experts are expected to facilitate and participate in key-training events.)</p>	
<b>4. Support the development of both clusters` communication</b>		
<p>4.1. Support the international team in developing a communication strategy for both clusters</p> <p>4.3. Communication strategy and guideline is introduced to members of both clusters</p>	<p>4.1.1. Report provided for the input in Clusters` communication strategies</p> <p>4.3.1 Records of the meeting are submitted</p>	3 days
<b>5. Organizing field trips in regions</b>		
<p>5.1 Planning of a second international field mission</p> <p>5.2. Shortlisting of stakeholders to be met</p> <p>5.3. Mission planning</p>	<p>5.1.1 Scope, agenda, itinerary and logistics plan for the international experts` second or further missions to Georgia (English, *.docx)</p> <p>5.2.1 A short-list of stakeholders to be met during the field mission (English, *.docx)</p> <p>5.3.1 The scope, agenda, itinerary and logistics plan of the field mission to</p>	20 days – in the field

Phase / Activities	Deliverables	Amount of days
5.4 Implementation of stakeholder meetings and interviews	conduct relevant meetings, on-site visits and interviews (English, *.docx)  5.4.1. Documentation of the meetings and interviews with the Project stakeholders: actual itinerary, list of meetings held, minutes of meetings copies of filled-in forms and interview questionnaires if applied (*.pdf)	
5.5 Field trips to be conducted	5.5.1. The local expert will also travel on their own to prepare missions for the international team or to do the follow-up work.	
<b>6. Mid-term assessment</b>		
6.1. Review document on new members and mid-term assessment report (combination of both first assessment and mid-term assessment for the international team). 6.1.1. Conduct interviews with potential members (in the regions) 6.1.2. Discuss the results with potential cluster members 6.2 Advise the international team in communicating the action plan and results of intervention plans with local SMEs	6.1.1 Mid-term assessment report is submitted  6.1.2 Record of the meetings with members and GIZ is submitted  6.2.1 List of actions that can / will be supported until 2022, is agreed with members and GIZ	6 days
<b>Total Number of Days</b>		<b>58 days</b>



## 2.2. Activities, Deliverables and Due Dates

Expected deliverables and corresponding due dates are provided in the table below. Based on the current pandemic and uncertain situation, all the dates correspond to an ideal implementation of the contract and may be modified, based on the existing situation in Georgia at the time of the implementation.

Milestones	Deadline
Study and analyse the objectives and planned activities of clusters & development of recommendations	July 31, 2021
Organizing the First cluster fora (one in Imereti, one in Kakheti)	September 31, 2021
Development of a vision and a strategy for both clusters	October 31, 2021
Elaboration of an action plan and identification of priority areas for pilot activities	November 31, 2021
Potential registration of the cluster as a legal entity under Georgian law	October 31, 2021
Development of communication strategy for both clusters & introduction to beneficiaries	December 1, 2021
<b>Mid-term assessment</b>	December 15, 2021

## 3. 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/international experts and the local tourism and hospitality expert, is mandatory during the implementation of the assignment.

## 4. Other Conditions

### 4.1. Additional means of support

Items to be provided for by the Project separately shall include:

- a) Venue(s), facilities, interpretation and refreshments for workshops;
- b) Hotel accommodation to implement visits to regions of Georgia, as appropriate;
- c) Transportation to implement visits to region of Georgia, as appropriate;

- d) In case of the expert traveling to the regions (Imereti or Kakheti) without the GIZ provided transportation, GIZ will cover the transportation costs according to the submitted **financial proposal**. (Section 6.2 of the ToR)

**4.2. Payments** will be carried out based on the acceptance of deliverables and provision of the invoices according to the following schedule:

**4.2.1. Advance payment**

Advance payment in up to 20 % of the contract value will be made upon the signature of the contract.

**4.2.2. Final payment**

The final payment up to 80 % of the contract value will be made upon the completion of Phase 7 of the assignment – Final Reporting – and the acceptance of the contract implementation report.

## **5. Other provisions**

5.1 The cost of services agreed with this Agreement shall include income tax and cumulative pension contributions if applicable (employer's contribution as well as payment to be made on behalf of the contractor) envisaged by the legislation of Georgia.

5.2 Payment will be made via bank transfer.

## **6. Submission Requirements**

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

**6.1.** The **technical proposal** shall contain proposed concept and work plan to implement the assignment, CV with bidder's relevant experience, and recommendations;

**6.2.** The **financial proposal** shall clearly state all types of costs to be charged to the Project to implement this assignment (e.g. honorarium; transportation cost, in case of expert's travel to regions (Kakheti & Imereti) without the GIZ provided transportation, up to two times per region (including the including income tax and pension saving 2% if applicable) considering provisions of Section 4.1 of the ToR.

## **7. Evaluation criteria**

A technical proposal by a bidder shall be evaluated based on the assessment of: (1) proposed concept and work plan, (2) bidder's qualifications and experience, and (3) recommendations.

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

A technical proposal shall be evaluated based on the relevance of the chapters of the concept and work plan to include:

- a) Interpretation of objectives;
- b) Strategy of implementation;
- c) Management of processes, cooperation, learning and innovation;
- d) Work schedule and timelines;



- e) Monitoring and evaluation concept.

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

### **7.2.1. Education**

Master's degree in tourism, economics, business administration, geography, history or a related discipline.

### **7.2.2. Knowledge and skills**

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

### **7.2.3. Work experience**

- a) More than 7 years of professional experience in tourism in Georgia;
- b) Sectoral research and analysis in the tourism and related industries in Georgia: at least 3 successfully completed assignments;
- c) Experience in working with major development partners in Georgia working in the field of private sector / tourism development, in tandem with international and local experts;
- d) Experience in consulting of SMEs in tourism and related industries in the regions of Georgia in the fields of: (1) organizational and business strategy development, (2) organizational capacity development, (3) development / diversification of niche tourism and HORECA products.

## **7.3. Recommendations**

At least two recommendation letters from international development partners / programs / projects to Georgia issued to a bidder in the last 2 years shall certify that the bidder successfully completed consultancy assignments of the scope and complexity similar to this assignment.