
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 implementation actions of a market-oriented cluster in the tourism in Kakheti and Imereti Regions

Period: 1 December 2022 – 31 May 2023

Terms of Reference

1. Brief information about the project

“Clusters 4 Development: Better Business Sophistication in Georgia” Project (hereafter – C4D) is a multi-donor action funded by the EU and the German Ministry for Economic Cooperation and Development (BMZ). The project is implemented by the Private Sector Development and TVET South Caucasus Programme at the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

C4D is an integral part of the EU Programme “Economic and Business Development in Georgia”, Component 3: greater business sophistication, in particular, related to the strengthened policy framework to facilitate the development of SME, clusters and incubators (Result 3.1) and the development and functioning of the clustering approach in at least 5 pilot sectors in Georgian regions (Result 3.2).

In line with these results, the specific objectives of the project are: 1) Enhanced business performance of private sector actors in the construction, tourism and apparel sectors through cooperation mechanisms (Components 1-3); and 2) Improved institutional framework for cluster and business development (Component 4).

Specifically, the project is implemented across four components:

- Component 1: Development and pilot implementation of a market-oriented cluster in the construction sector.
- Component 2: Development and pilot implementation of a market-oriented cluster in the tourism sector.
- Component 3: Development and pilot implementation of a market-oriented cluster in the apparel sector.

- Component 4: Enhancement of institutional capacities for cluster and business development.

Key Implementing Partner of the project is the Ministry of Economy and Sustainable Development of Georgia (MoESD).

Context and current situation in the field of assignment

Clusters4Development project supports establishment of two market-oriented clusters in the tourism sector, one in Kakheti, one in Imereti. Each cluster is comprised of approximately 30 “core” members, with additional “potential” members during the current start-up phase. Cluster members comprise the following types of business: Craft Makers, Concept Accommodation, and Food & Wine Producers. Both clusters have the theme of “Authentic”, with members selected due to their passion and interest in promoting traditional methods of production. Clusters were established in October 2021, and await legal registration, which is scheduled for early 2023. To support the establishment of the clusters, the project has formulated several support activities, both directly to individual cluster members, as well as the clusters themselves.

This approach has been chosen to highlight the clusters as offering something diverse, authentic, and experience-based tourism offerings to the respective regions. In the long-term this will not only help cluster members themselves, but also promote tourism in Imereti and Kakheti, as well as all of Georgia.

Covid-19 has hit Georgia’s tourism sector hard, and this is felt especially in rural areas. Before the pandemic Tourism was a major contributor to Georgia’s economy. 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. Supporting tourism recovery of cluster members is therefore an additional goal of the project.

Cluster members have been assessed by project experts, and 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.

The approach in both project regions reflects 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 food plant heritage” in Imereti.

3. Objective of the project and assignment

The objective of the current assignment is to cover the tourism and clustering aspects related to the establishment and further development of one tourism cluster in Kakheti and one tourism cluster in Imereti. The focus of the clusters is to unite Georgian small and medium size enterprises active in Tourism sector, 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 clusters 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 2021 and 2022, the Project has already identified opportunities for establishing and assuring sustainability and competitiveness of a business clusters related to tourism and hospitality.

Based on the overall objective of the Project, the purpose of this assignment is to help to support the development of the Authentic Kakheti tourism cluster and Authentic Imereti Tourism Cluster (one in Imereti and one in Kakheti) to realize their vision, mission and objectives conducted by the C4D project through its phases of activities. The local expert for Tourism shall, in collaboration with GIZ team and a further local experts and key stakeholders:

- a) Support the implementation of the objectives and planned activities of clusters by development of recommendations - re-evaluate the findings and results of work done previously, study and analyse the objectives and planned activities of clusters. Develop recommendations regarding optimisation of existing objectives and planned activities;
- b) **Co-Develop/participate in developing of the Position Papers** for the regional clusters and its member SMEs and partner stakeholders, support them in further cooperation and development of partnerships & collaborations;
- c) Support in developing further training materials and co-conduct trainings in (including but not limited to): tourism product development, visibility, access to finances, Sustainability, Digitalization, workforce development etc.;
- d) Assess new potential as well as existing individual cluster members and their individual needs in terms of product development, service development & market positioning, co participation in branding and digital promotion strategy development, marketing and digitalization process within the clusters and selected member companies.
- e) Support the team in creating of Individual development planning for the member SMEs based on the assessment and help in implementation of the plans and actions, provide individual coaching and consultations to the cluster member SMEs.
- f) **Contribute to the Institutionalization and strengthening of the clusters** - elaborating action plans and priority fields for activities, facilitating incorporation of EU/industry standards in cluster activities, supporting integration into EU/industry clusters and platforms, and, if needed, registration of the cluster as a legal entity under Georgian law.

- g) **Assessing of the progress, challenges and needs of the cluster** - ensure the sustainability of the cluster. Monitor the implementation of necessary measures to achieve sustainability, strengthening key stakeholders, such as local governments and Destination Marketing Organisations (DMO).

All activities will be conducted in close cooperation with program expert as well as GIZ staff.

3.1 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 tourism and GIZ team.

The details of the assignment components are provided below. Please note that the foreseen implementation steps can be slightly amended during the course of the project.

3.2 Tasks to be performed by the contractor

Phase / Activities	Deliverables	Amount of days
1. Preparations 1.1. Review the findings and results of work done previously, study and analyse the objectives and planned activities of clusters 1.2. Develop recommendations regarding optimisation of existing objectives and planned activities	1.1.1. An assessment report of existing documents and additional recommendations for measures are developed 1.2.1. Recommendation for optimization of objectives and working plan is developed and submitted	1 days
2. Position Papers 2.1 Development of position papers presenting the needs of the cluster to regional/national governmental bodies	2.1.1 Agreeing the topic and interventions with governmental bodies 2.1.2 Preparing the position paper	8 days
3. Development of trainings 3.1 Elaborate the trainings identified into a series of concepts that can be implemented through clusters 3.2 Support the showcasing of selected producers/products for short-term improvement	3.1.1 Development of a series of costed concepts of training/coaching and support packages to businesses 3.1.2 Briefing notes on training and coaching providers 3.2.1 Improved products for showcasing	6 days
4. Cluster Organizational Development 4.1 Visit & assess potential new members, Conduct the interview with selected members (remotely / on place) 1.1.2. Identify other potential cluster members 1.2. Update roadmap and implementation/support plans	4.1.1. Discuss the results with all members 4.1.2 Updated cluster member list 4.2.1 Updated implementation plans 4.2.2 provide needed support to conduct planned activities	8 days
5. Clusters` Development		

Phase / Activities	Deliverables	Amount of days
5.1 Conduct cluster development workshops/trainings	5.1.1 Support the development of development workshops/trainings concept, plan, and evaluation report	5 days
5.2 Support planning and implementation of study tour	5.1.2 Support the development of study tour concept, plan, and evaluation report	
5.3 Support individual cluster members and their individual needs in terms of product development, service development & market positioning, co participation in branding, in strategy development	5.3.1 Create an Individual development planning for the member SMEs based on the assessment and help in implementation of the plans and actions, provide individual coaching and consultations to the cluster member SMEs. 5.3.2 Records of the individual interventions are submitted	
6. Institutionalization and strengthening of the clusters		
6.1. Provide needed support to conduct planned activities	6.1.1 Support conducting the planned activities for clusters & members SMEs	5 days
6.2. Asses the level of digitalization and existing marketing capabilities of cluster and its member companies	6.2.1 Aid the digitalization process when needed by reviewing the digital content, proofreading text & material and etc.	
7. Organizing the closing cluster forum		
7.1. Development of the agenda and the concept for the workshop	7.1.1 Agenda of the workshop 7.1.2 Tentative list of workshop participants (names, entities, positions, contact details, tentative roles with the cluster)	4 days
7.2. Preparation of experts' inputs to the workshop	7.2.1 The concept of the workshop 7.2.2 Workshop moderation plan 7.2.2 Experts' presentations and Results	
7.3 Reporting	7.3.1 workshop implementation report	
8. Final reporting		
8.1. Agree the content of conducted activities with programme expert	8.1.1. List of conducted activities	8 days
8.2. Develop and submit the final report covering the following (but not limited) topics: 8.2.1. Main challenges and opportunities of tourism clusters 8.2.2. Main activities to be accomplished for the further sustainable development 8.2.3. International standards and requirements 8.2.4. Recommendations for clusters to effectively promote sustainability, international standards, quality service provision and digitalization	8.2.1. Final report 8.2.2. Presentation of the report	
8.3 Develop indicator matrix/logframe survey ToRs and support implementation in close coordination with GIZ project team	8.3.1 ToRs for project indicator/log frame survey	

Phase / Activities	Deliverables	Amount of days
Total number of project days		45 days

4. Activities, Deliverables and Due Dates

Expected deliverables and corresponding due dates are provided in the table below. 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
Position Papers (one in Imereti, one in Kakheti)	January 30, 2023
Development of trainings	February 30, 2023
Cluster Organizational Development	January 30, 2023
Potential registration of the cluster as a legal entity under Georgian law	February 31, 2022
Shortlisting & visiting of stakeholders & additional potential cluster members to be integrated in the cluster	December 15 th , 2022
Organizing Study tour & other planned other activities	March 25, 2023
Create an Individual development planning for the member SMEs, provide individual coaching and consultations to the cluster member SMEs.	Ongoing
Final Reporting	May 25, 2023

5. Coordination and Communication

The Contractor works in close cooperation with the GIZ/C4D Programme Expert, and other experts and companies contracted by the project. The contractor will maintain an active communication with cluster members. Reporting is to the GIZ/C4D Programme Expert.

5.1 Additional means of support

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

- a) Accommodation, transportation, venue(s), facilities, interpretation, and food will be covered during the workshops in Georgia by C4D project.
- b) Hotel accommodation to implement visits to regions of Georgia, as appropriate.
- c) Transportation to implement visits to region of Georgia, as appropriate.

6. Conditions and payment terms

Payments will be carried out based on the implementation of this assignment and the acceptance of all deliverables and provision of the invoices according to the following schedule:

6.1.1. Advance payment

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

6.1.2. Final payment

The final payment of the contract value will be made upon the completion of implementation of this assignment & timesheets and the acceptance of the contract implementation report.