
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: Development and pilot implementation of a market-oriented cluster in the tourism sector - Preparatory Work regarding cultural heritage
Period: 25 January 2020 – 30 April 2020

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 SMEs 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 vade 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 continuous 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.

Tourism 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. This figure included 4.8 million tourists, which was 16 percent higher than the previous year. Between 2017 and 2018, the total value added in the **Tourism Sector** increased by 21.5% and reached 2.68 billion GEL due to increased demand. As a result, tourism's gross value added, as a proportion of GDP, increased from 6.8% to 7.6%. The additional value added in the tourism industry in 2018 was mainly driven by travel companies (an increase of 30.1%) passenger traffic (air transport increased by 43.8% and other transport increased by 17.7%), food objects (an increase of 16.3%), and accommodation (an increase of 12.4%).

Georgian National Tourism Administration's marketing, branding and promotion strategy defines wine and food tourism and cultural heritage tourism as two of Georgia's three key tourism offerings. GNTA notes that "tasting Georgian cuisine and wine" is the main motive for 70 percent of international visitors. The expenditures of foreign guests in Georgia have a huge effect on the national balance of payments. Approximately 71.8% of Georgia's service export revenues come from tourism. The outlook for the sector remains highly optimistic, and it is forecast that more jobs will be created, and more income will be generated in the years to come.

To cope with challenges and unlock potentials of tourism sector, 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 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 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 proposed cluster-based approach, the Project will mainly focus 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 significant touristic potential and gain more benefits from the growing number of tourists in Georgia. The proposed cluster approach will support improved networking and cooperation among the various actors in the tourism sector in both regions, support an up-grade of critical 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.

The purpose of this assignment is :

- a) to identify opportunities for establishing and assuring sustainability and competitiveness of a business clusters related to cultural heritage in Imereti and Kakheti
- b) to come up with a short list of cluster initiatives and to elaborate cluster initiation roadmaps for this purpose.

to do so in preparation of the work of an international team of experts which will have a wider scope, establishing also clusters for local wine and food tourism, clusters for authentic accommodation tourism, and the above mentioned cluster(s) for cultural heritage tourism in each of the Project target regions of Kakheti and Imereti

3. Relevance, Approach, Activities and Deliverables

The relevance of the assignment falls under Component 2 of the Project: Development and pilot implementation of a market-oriented cluster in the Tourism sector.

3.1. Approach to the Implementation & Specification of Inputs and Outputs

The Project seeks to contract **a local cultural heritage expert** in the field of cultural heritage to contribute to and to work in tandem with another local consultant in tourism and hospitality and an international consulting company to be implementing activities serving the purpose outlined in section 2.

The assignment for the local consultant on cultural heritage shall be carried out in seven phases:

Phase (1): Desk Research & Analytical Framework

The local cultural heritage expert shall

- 1) Prepare background information, inter alia:
 - a) contribute to the other local consultant's work to compile and annotate (in English) the list of **legal documents**, standards and regulations applicable to the cultural tourism in Georgia
 - b) compile and annotate (in English) the list of **EU directives** relevant to the cultural tourism to be implemented in Georgia over coming years under DCFTA;
 - c) contribute to compiling and annotating (in English) the list of **government policies** / strategies and action plans in the cultural/religious pilgrimage/ tourism in Georgia having relevance to the industry developments in the Project's target regions of Kakheti and Imereti;
 - d) compile and annotate (in English) the list of exiting **sectoral reviews**, value chain analyses and market studies in the cultural tourism in the Project's target regions of Kakheti and Imereti (Georgian or English) published / made available by peer reviewed journals / contributing authors, government agencies, international development projects or agencies and industry associations in the **last three years**;
 - e) In tandem with the local tourism expert compile and annotate (in English) the list of valid **data sources** (national and international) to be consulted with to make sound judgements and analysis on the current standing of the cultural/religious pilgrimage/ tourism in Georgia with a particular emphasis on the Project target regions of Kakheti and Imereti
 - f) compile a comprehensive **list of stakeholders** (with a short description of their roles, functions, relevant services) in the cultural tourism in Georgia to include, among others: government ministries; government agencies; education and training providers (including vet schools); international development partners / projects; industry associations, BMOs and BSOs; and SMEs, other

- organizations working in the target regions of Kakheti and Imereti; and the established cultural tourism sites and attractions offering cultural tourism experiences in the Project's target regions of Kakheti and Imereti (e.g. museums, churches, local art and craft producers; cultural centers, guesthouses offering authentic accommodation / hospitality services, local cuisine and additional tourism services, guides, tour operators, logistics and transport companies etc.);
- 2) Contribute to drafting of the **analytical framework** for the collection and analysis of primary data to be collected from the stakeholders in the cultural tourism in Georgia and in the Project's target regions of Kakheti and Imereti over the course of the implementation of this assignment (forms, questionnaires, interview guides, data entry, storage, retrieval, processing, and report generation solutions, reporting forms, etc.).
 - 3) Propose potential options for digital solutions to be applied in potential cultural heritage clusters in Imereti and Kakheti for consideration with the international experts

Phase (2): Preparations for the fact-finding mission

The local cultural heritage expert in coordination with the local tourism and hospitality expert shall engage in:

- 1) Initiating cooperation with the international consulting company to be contracted by the Project:
 - a) participate in a skype call session with the international consulting company, and the Project for getting to know each other, making cooperation arrangements, conducting operational planning and synchronizing the schedule of actions for the joint work;
 - b) share background information and the draft analytical framework for the collection and analysis of primary data;
- 2) contributing to finalizing the analytical framework for the collection and analysis of primary data;
- 3) Conducting initial data collection to pile up information on the potential stakeholders (see subparagraph f) of section 3.1 above) to be used to assess the willingness and potentials of the latter to become affiliated with the shortlisted cluster initiatives in the Project's target regions of Kakheti and Imereti (see section 2);
 - 1) Compiling a short-list of stakeholders to be met during the international experts' fact-finding mission to Georgia (see Phase 3);
 - 2) Finalizing of the scope, agenda and itinerary of the international experts' fact-finding mission to Georgia and arrange for the logistics of relevant meetings, on-site visits and interviews with informants of an in-depth sectoral and cluster potentials' assessment for the shortlisted cluster initiatives (see Section 2) in the Project's target area of Kakheti and Imereti.

Phase (3): Fact-finding Mission Support

The local cultural heritage expert shall:

- 1) Participate in and contribute to the meeting with the Project, international experts and relevant counterparts;

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- 2) Participate in and contribute to the stakeholder workshop for shortlisting and SWOT analyses of cluster initiatives to identify priority measures for the Project support for each shortlisted cluster;
 - 3) Participate in the implementation of the scheduled meetings, on-site visits and interviews with potential stakeholders of clustering initiatives in the Project's target regions of Kakheti and Imereti to collect primary data;
 - 4) Participate in and contribute to the wrap-up meeting with the Project and relevant counterparts to discuss the findings of the mission and to agree on the outline of a cluster initiation roadmap to be used in the next phases of the assignment;
 - 5) Contribute to the international experts work to compile the mission implementation report.

Phase (4): Assessment Reports & Recommendations

The local cultural heritage expert shall

- 1) Contribute to drafting an in-depth sectoral and cluster potentials' assessment report for the suggested cluster initiatives to be prepared by the contracted international consulting company;
- 2) Contribute to preparing recommendations on the feasibility of shortlisted cluster initiatives and mapping potential members of the shortlisted cluster initiatives.

Phase (5): Preparations for the second mission

The local cultural heritage expert shall:

- 1) Contribute to the finalization of the scope, agenda and itinerary of the international experts' second mission to Georgia;
- 2) Contribute to the drafting and finalization of the concept note for the workshop;
- 3) Contribute to developing international experts' presentations and other materials to be used during the workshop, including:
 - a) The presentation of the findings of the in-depth sectoral and cluster potentials' assessment report for the suggested cluster initiatives in the Projects target regions of Kakheti and Imereti;
 - b) The principles of developing cultural heritage related tourism products and potentials for cultural and pilgrimage tourism development in Imereti and Kakheti regions;

Phase (6): Second Mission Support

The local cultural heritage expert shall:

- 1) Participate in and contribute to the preparatory meetings with the Project and relevant counterparts;
- 2) Participate in and contribute to the workshop to develop **cluster initiation roadmaps**;
- 3) Participate in and contribute to the mission wrap-up meeting with the Project to summarize work done and agree on next steps;
- 4) Contribute to drafting the mission implementation report to include, among other things, the workshop implementation report;

- 5) Contribute to drafting and finalizing a comprehensive workshop report.

Phase (7): Final reporting

The local cultural heritage expert shall prepare and submit the contract implementation report to include, among other things:

- 1) A full account of tasks implemented under this ToR against due deliverables defined in the assignment;
- 2) Overview of outputs generated through the implementation of the assignment;
- 3) Justifications and clarifications on changes made to the initial implementation plan, if any;
- 4) Recommendations for the next steps;
- 5) Annexes giving evidence on the provision of each of the submitted deliverable and on the agreements on changes to the plan / definition of the deliverable made in writing between the local consultant and the Project, if any.

3.2. Activities, Deliverables and Due Dates

Deliverables indicated in this the following table shall comply with the respective specifications indicated in section 3.1 of this ToR. The following overview is indicate. Bidders may deviate from the number of expert days indicated if they can provide reasons.

Phase / Activities	Description of Deliverables	Expert Days	Due Dates
1. Desk Research & Analytical Framework			
1.1. Desk research and background information	1.1.1 Annotated list of legal documents, standards and regulations applicable to the cultural/religious pilgrimage/ tourism in Georgia (English, *.docx)	2	14 February 2020
	1.1.2 Annotated list of EU directives relevant the cultural/religious pilgrimage/ tourism to be implemented in Georgia (English, *.docx)	1	
	1.1.3 List of government policies / strategies and action plans in the cultural/religious pilgrimage/ tourism in Georgia having relevance to the industry developments in the Project's target regions of Kakheti and Imereti; (English, *.docx)	1	
	1.1.4 Sectoral reviews, value chain analyses and market studies in the cultural/religious pilgrimage/ tourism in Georgia with a particular emphasis on the Project's target regions of Kakheti and Imereti (English, *.docx)	2	
	1.1.5 Annotated list of valid data sources (national and international) to be consulted with to make sound judgements and analysis on the current standing of the cultural/religious pilgrimage/ tourism in Georgia with a particular emphasis on the Project target regions of Kakheti and Imereti (English, *.docx, hyperlinked as appropriate)	1	

Phase / Activities	Description of Deliverables	Expert Days	Due Dates
	1.1.6 Comprehensive list of relevant stakeholders, with a short description of their roles, functions, profile, services (English, *.docx, hyperlinked as appropriate)	3	
1.2 Analytical Framework	1.2.1 Description of inputs to the draft analytical framework for the collection and analysis of primary data (English, *.docx)	1	16 February 2020
2. Preparations for the fact-finding mission			
2.1 Initial data collection	2.1.1 Initial database of the potential stakeholders to be used to assess the willingness and potentials of the latter to become affiliated with the shortlisted cluster initiatives in the Project's target regions of Kakheti (English, *.xlsx or another suitable format)	10	28 February 2020
2.2. Shortlisting of stakeholders	2.2.1 A short-list of stakeholders to be met during the fact-finding mission (English, *.docx)	0.5	
2.3. Fact-finding mission planning	2.3.1 The scope, agenda, itinerary and logistics plan of the facts-finding mission to conduct relevant meetings, on-site visits and interviews with informants of the assessment (English, *.docx)	0.5	
3. Fact-finding Mission Support			
3.1. Initiation of the fact-finding mission	3.1.1 Participation in the meeting with the Project, international experts and relevant counterparts as evidenced by the MoM (English, *.docx)	0.5	20 March, 2020
3.2. Implementation of the stakeholder meetings and interviews	3.3.1 Participation in the stakeholder meetings evidenced by relevant minutes of meeting and the mission implementation report (English, *.docx)	10	
3.3. Implementation of the SWOT analyses workshop	3.2.1 Participation in the SWOT analyses workshop evidenced by workshop implementation report and pictures taken (English, *.docx, *.jpg for pictures)	1	
3.4 Wrap-up of the fact-finding mission	3.4.1 Participation in the wrap-up meeting with the Project, international experts and relevant counterparts as evidenced by the MoM (English, *.docx)	1	
3.5 Reporting on the implemented fact-finding mission	3.5.1 Inputs / comments to the mission implementation report (English, *.docx)	1	
4. Assessment Reports & Company Recommendations			
4.1. Development of the assessment report	4.1.1 Inputs / comments to the draft in-depth sectoral and cluster potentials' assessment report (English, *.docx)	1	3 April, 2020
4.2 Development of company recommendations	4.2.1 Inputs / comments to recommendations and justifications on each assessed company / organization (English, *.docx)	1	

Phase / Activities	Description of Deliverables	Expert Days	Due Dates
5. Preparations for the second mission			
5.1 Planning of the second mission	5.1.1 The scope, agenda, itinerary and logistics plan for the international experts' second mission to Georgia (English, *.docx)	0.5	14 April, 2020
5.2. Development of the workshop concept	5.2.1 Input to the concept note for the workshop to develop cluster initiation road maps (English, *.docx)	0.5	
5.3 Preparation of workshop materials	5.3.1 Contribute to the international experts' presentations (see paragraph 3, phase (5) in section 3.1 above) evidenced by relevant e-mail communication (copies of communication in *.pdf)	2	
6. Second Mission Support			
6.1 Initiation of the second mission	6.1.1 Participation in the meeting with the Project, international experts and relevant counterparts as evidenced by the MoM (English, *.docx)	0.5	24 April, 2020
6.2 implementation of the workshop	6.2.1 Participation in the workshop to develop cluster initiation road maps as evidenced by workshop implementation report and pictures taken (English, *.docx, *.jpg for pictures)	2	
6.3 Wrap-up of the second mission	6.3.1 Participation in the wrap-up meeting with the Project, international experts and relevant counterparts as evidenced by the MoM (English, *.docx)	0.5	
6.4 Reporting on the second mission	6.4.1 Inputs / comments to the mission implementation report (English, *.docx)	0.5	
6.5 Development and finalization of the workshop report	6.5.1 Inputs / comments to the comprehensive workshop report (English, *.docx)	1	
7. Final reporting			
7.1 Development of the contract implementation report	7.1.1 Contract implementation report (English, *.docx)	1	27 April, 2020

4. 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.

5. Financial terms and conditions

5.1. Costs to omit in the financial proposal

The financial proposal shall **not include** costs for items to be provided for by the Project separately, including costs for:

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

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

5.2.1. Advance payment

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

5.2.2. Interim payments

- a) The first interim payment in up to 20 % of the contract value will be made upon the completion of the Phase 2 – Preparations for the fact-finding mission – of the assignment;
- b) The second interim payment in up to 20 % of the contract value will be made upon the completion of the Phase 3 – Fact-finding Mission Support – of the assignment;
- c) The third interim payment in up to 20 % of the contract value will be made upon the completion of the Phase 4 – Assessment Reports and Company Recommendations – of the assignment.

5.2.3. Final payment

The final payment up to 20 % 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.

6. Submission Requirements

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

- 6.1. The **technical proposal** shall contain information about the bidder’s relevant experience, proposed concept and work plan to implement the assignment, and recommendations;
- 6.2. The **financial proposal** shall clearly state all types of costs to be charged to the Project to implement this assignments (e.g. honorarium, daily allowance, communication, transportation, etc.) considering provisions of Section **Error! Reference source not found.** of the ToR.

7. Evaluation criteria

The technical proposal by the 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 the 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

Higher education in Arts, History, Architecture, Design, Caucasian studies, Cultural Heritage Preservation or a related field, preferably with international exposure to account for an international perspective on the topic.

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 command of English, both written and spoken.

7.2.3. Work experience

- a) Proven knowledge of Georgia's history and culture, in particular the regions of Imereti and Kakheti
- b) Experience in identifying types of heritage and heritage objects and assessing them from the perspective of heritage preservation and tourism
- c) Experience of working on Georgia's cultural heritage sights' touristic development strategies, action plans, or any other related topic;
- d) Experience of working with issues of tangible and intangible cultural heritage in Georgia;
- e) Preferably, Experience in working with authentic constructions, building materials and design in Georgia;
- f) Preferably, 5 years of in-house and/or corporate consulting experience in private sector development in the Tourism/Hospitality sector.

7.3. Recommendations

At least two recommendation letters from international development partners / programs / projects or government agencies in 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.