

REQUEST FOR EXPRESSIONS OF INTEREST **CONSULTING SERVICES**

Selection # as assigned by e-Tool: RG-T3256-P001

Selection Method: Simplified Competitive Selection

Country: *Regional*

Sector: *IFD/CTI*

Funding – TC #: *ATN/OC-17046-RG*

Project #: *RG-T3256*

TC name: *Consolidation of the Small Business Development Centers Network of the Americas in Central America and the Dominican Republic*

Description of Services: *Evaluation of service quality, demand and relevance of SBDC's in Central America and the Dominican Republic*

Link to TC document: <https://www.iadb.org/Document.cfm?id=EZSHARE-1909848625-18>

The Inter-American Development Bank (IDB) is executing the above mentioned operation. For this operation, the IDB intends to contract consulting services described in this Request for Expressions of Interest.

Expressions of interest must be delivered using the IDB Portal for Bank Executed Operations (<http://beo-procurement.iadb.org/home>) by: *February 27th, 5:00 P.M.* (Washington D.C. Time).

The consulting services (“the Services”) include the evaluation of SBDC centers and networks in El Salvador, Guatemala, Honduras and Dominican Republic to assess their individual performance in terms of the quality and relevance of the services they provide to businesses under the SBDC methodology. Also, it will evaluate the regional Central American and Dominican Republic network of SBDCs and the capacity of the SBDCs in each country to participate in and benefit from this network. The consulting firm will also carry out a demand study of services effectively required by current and potential beneficiary SMEs in each country, and an exploratory study on the benefits of SBDCs on the aggregate productivity in one of the beneficiary countries.

Eligible consulting firms will be selected in accordance with the procedures set out in the Inter-American Development Bank: [Policy for the Selection and Contracting of Consulting firms for Bank-executed Operational Work](#) - GN-2765-1. All eligible consulting firms, as defined in the Policy may express an interest. If the Consulting Firm is presented in a Consortium, it will designate one of them as a representative, and the latter will be responsible for the communications, the registration in the portal and for submitting the corresponding documents.

The IDB now invites eligible consulting firms to indicate their interest in providing the services described below in the draft summary of the intended Terms of Reference for the assignment. Interested consulting firms must provide information establishing that they are qualified to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Eligible consulting firms may associate in a form of a Joint Venture or a sub-consultancy agreement to enhance their qualifications. Such association or Joint Venture shall appoint one of the firms as the representative.

Interested eligible consulting firms may obtain further information during office hours, 09:00 AM to 05:00 PM, (Washington D.C. Time) by sending an email to: [Santiago Reyes \(sreyes@iadb.org\)](mailto:sreyes@iadb.org) and [Gregorio Arévalo \(gregorioa@iadb.org\)](mailto:gregorioa@iadb.org)

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Draft Summary of Terms of Reference

* The full version of the TOR will be provided at the RFP stage

1. Background and Justification

1.1. According to studies conducted by the Inter-American Development Bank in 2013 and 2014¹, in Latin America, public policies on innovation and technology "have often focused their efforts on promoting investment in research and development and have provided less attention and resources to programs aimed at disseminating and assimilating technology in small and medium-sized companies". In this context, it is necessary to make available to SMEs in Latin America public policy instruments that take into consideration the characteristics of the business structure of the region and define relevant interventions in technological advice and innovation for different types of businesses.

1.2. Since 2003, and with the support of the US government and various regional agencies, the University of Texas at San Antonio (UTSA) Institute for Economic Development hosted one of the most successful Small Business Development Centers (SBDC) programs in the United States and has been the leading institution in promoting and expanding the SBDC model throughout Latin America. The SBDCs are the main source of technical and managerial assistance for small businesses in the United States, and promote growth, innovation, productivity, diversification, and increased revenue for small businesses through improvements in their business practices, technology, and management practices. The SBDC is a collaborative effort between the public, academic, and private sectors, with the support of the US federal, state, and local government agencies, which jointly invest in efforts to guarantee the sustainability of the program and maximize its efficiency. In 2015, the national network of SBDCs in the US assisted business clients to create more than 98,660 jobs, open 17,207 new businesses, generate U\$7.1 billion in new sales, and secure U\$4.7 billion in new financing. As a result, the national SBDC network generated fiscal revenues of more than U\$615 million, yielding a return of U\$2.79 per dollar invested in the program.

1.3. Similarly, the SBDC model in the US includes the Women Business Development Centers (WBDCs), which are a nationally recognized leader in promoting women's economic development. These centers provide services

¹ IDOM Consulting 2014, "Servicios de Extensionismo Tecnológico: Análisis y propuesta para la mejora de los SET en cinco casos de estudio en América Latina", Washington DC: mimeo para el Banco Interamericano de Desarrollo; Shapira P., Youtie J., Cox D., Uyarra E., Abullah G., Rogers, Downing C., 2015, "Institutions for Technology Diffusion", Inter-American Development Bank, Technical Note N.IDBTN-832

and programs to support and accelerate women's business ownership and strengthen the impact of women in the economy by creating jobs, fueling economic growth, and building stronger communities. They also aim to increase awareness of women entrepreneurship, promote their economic self-sufficiency, accelerate firms' growth, and stimulate positive public policy changes for women.

- 1.4.** Because their goals are not defined by the number of firms supported but by the incremental growth in sales and employment of those small businesses, the SBDC program focuses on supporting formal firms with high growth potential. Since SMEs are disproportionately affected by market failures related to lack of information about optimal business practices, technology, market strategy, access to finance, etc., their performance can be substantially improved through direct interventions, such as the SBDC program, that help these firms overcome those market failures. The potential impact on growth for this important segment of firms is clearly illustrated in the case of Chile, where 50 new centers were implemented in 2015-16. These centers managed to generate, up until the end of 2017, an increase in sales of the companies served by more than US\$44 million, 3,180 new formal jobs, and a ratio of US\$2.2 of incremental sales for every dollar of public resources invested.²
- 1.5.** In the Central America and Dominican Republic region, since 2010, the Government of El Salvador and UTSA adapted the SBDC model and opened the first pilot projects in the country. In 2015, with 14 centers operating in El Salvador, as a result of the interventions carried out by these centers, firms created 5,167 new jobs and generated additional sales of US\$ 22.2 million dollars³. In 2011, CENPROMYPE and UTSA began the transfer of the CDMYPE / SBDC model to the countries of the SICA region in coordination with key actors from the public, private and academic sectors. By 2015, the SBDCs model expands in the region and El Salvador creates its National Centers network. The existence of this network of SBDCs in Central America and the Dominican Republic has allowed generating added value in terms of strengthening the political dialogue between the authorities promoting SMEs, especially with respect to the business development service delivery model, achieving more support through the presentation as a regional block with a common agenda in front of third parties and the efficiency in the use of resources through the implementation of services and common tools of the Centers in the region. Currently, the SBDCs network in Central America wishes to strengthen its centers through its networks both nationally and regionally, and to be able to apply standardization in the quality of services, certification of advisers and directors and accreditation of the centers. For this reason, it is necessary at this stage of development of the centers to strengthen them at the level of country and regional network in terms of the quality of the services delivered and their operation in order to move towards the new phases incorporating new areas that will allow them to grow and develop closer to the level that today the SBDCs operate throughout the United States.
- 1.6.** In this context, IDB through its Competitiveness, Technology and Innovation division approved a technical cooperation (TC) with a main goal to promote growth, innovation, productivity, and competitiveness of small businesses in Central America and Dominican Republic. The specific goal of this TC is to improve the quality and impact of the Small Business Development Centers network in Central America and Dominican Republic, and strengthen small businesses in the region, helping them attain better access to capital, technology, and markets. The TC has 3 components; i) to develop an evaluation of the regional Central American SBDC network and of the SBDCs programs in El Salvador, Guatemala, Honduras and Dominican Republic and conduct a demand study of business services effectively required by SMEs in each country, to assess their individual performance in terms of the quality and relevance of the services SBDCs provide to businesses under the existing methodology and the capacity of each country network to participate in and benefit from the regional Central American network, with a view to propose of an Action Plan to improve the SBDC Central American and the participating countries' SBDC Networks; ii) finance the implementation of the Action Plan for the

² Centro de Sistemas Públicos, Departamento de Ingeniería Industrial, Facultad de Ciencias Físicas y Matemáticas, Universidad de Chile, "Evaluación de Impacto de los Centros de Desarrollo de Negocios en Chile", January 2018.

³ Informe de Centros de Atención MIPYME de Centroamérica y República Dominicana, Resultados e Impactos 2016, CENPROMYPE.

improvement of the regional SBDC network and the SBDC programs in El Salvador, Guatemala, Honduras and the Dominican Republic resulting from the first component, including in the areas of gender, access to finance and digitalization of firms, and to improve the SBDC model implementation where weaknesses are identified, and iii) develop and implement a communication and dissemination strategy for the regional and country SBDC networks.

2. Objectives

- 2.1.** The overall goal of this consultancy is to evaluate SBDC centers and networks in El Salvador, Guatemala, Honduras and Dominican Republic to assess their individual performance in terms of the quality and relevance of the services they provide to businesses under the SBDC methodology. This component will also evaluate the regional Central American and Dominican Republic network of SBDCs and the capacity of the SBDCs in each country to participate in and benefit from this network. In addition to these evaluations, the consultant will execute two specific studies, as explained in 3.2 and 3.3 below, which will be complementary inputs for the design and execution of the Action Plan. The consulting firm will carry out a demand study of services effectively required by current and potential beneficiary SMEs in each country, and an exploratory study on the benefits of SBDCs on the aggregate productivity in one of the beneficiary countries.
- 2.2.** Based on the findings of these studies, the consultant will identify areas for potential improvement of the SBDC networks' services and SME targeting at both the country and regional levels, as well as the systematize the best practices and lessons learned in the transfer and implementation processes of these centers. On the basis of the evaluation of the SBDCs and of the SME demand study, an Action Plan to be agreed with key stakeholders (including executing agencies in each country, CENPROMYPE, UTSA and the Bank) will be developed by all relevant stakeholders. The Action Plan will include specific proposals to better target t
- 2.3.** he beneficiaries of the SBDC country programs in firms with effective growth potential and for the SBDCs to better support beneficiary SMEs improve their access to finance, the development and growth of their businesses, a strategy to mainstream gender issues in the operation of the centers, and ways to promote the digitization of beneficiary firms in each country.

3. Scope of Services

- 3.1.** For the development of this consultancy, the consulting firm will coordinate with the UTSA's Institute for Economic Development (UTSA) a visit to San Antonio, TX to discuss the advances in the SBDC model implementation in the selected countries, learn about other SBDC experiences, and ensure knowledge of the US model design and implementation before it carries out its field trips to the participating countries. The best practices by these types of centers in the United States and other countries in the Latin American region (such as in Colombia and Chile) need to be considered in the diagnostic and proposal for the SBDC improvement Action Plan. As part of this process.
- 3.2.** The consultant will make at least one trip to each beneficiary country to carry out the field research and necessary data collection, including ad-hoc surveys, on the issues listed. As part of these visits, the consulting firm should select a group of at least five SBDCs to be visited in each participating country and meet not only with the people who manage and operate the SBDCs but also with the clients to whom services have been provided and potential clients who have not yet received support from the centers, in order to evaluate and contrast the relevance, quality and demand for services that these centers currently provide to the services that are effectively demanded and required by the beneficiary SMEs.
- 3.3.** The consultant will also perform an exploratory study on the benefits of SBDCs on the aggregate productivity

in one of the beneficiary countries. Specifically, using the surveys to clients of SBDCs, the consultant should explore the extent to which growth in formal SMEs supported by the SBDC program creates benefits to the economy by attracting workers from less productive or informal firms.

3.4. The consulting firm must make a presentation either in one of the participating countries or in the US of the final diagnostic of the centers and networks, and of the SBDC improvement Action Plan to be proposed to the specialists of the IDB, the UTSA technical team working with the SBDC programs in Central America, and the government implementation agencies and authorities responsible for the SBDC programs in each participating country, to jointly agree on a final Action Plan for the reinforcement and improvement of the operation and relevance of the individual SBDCs in each country, for the network of centers within the countries and for the Central American SBDC network. This agreed-upon improvement Action Plan would be implemented through the second component of this Regional TC.

3.5. The project coordinator at CENPROMYPE will assist the evaluator in the coordination of meetings, logistics, and the identification of local surveyors, if necessary. UTSA will also be available to provide technical assistance and support to the evaluator, as may be required.

4. Key Activities

4.1. The consulting firm will carry out an initial mission to visit the 4 beneficiary countries to collect data on a sample of centers (at least five centers per country) in each country, conduct a dialogue with the executing agencies responsible for the implementation of the SBDC program in each country and also with the regional Central American SBDC network based in CENPROMYPE. I will also carry out additional visits as may be required to evaluate their performance in terms of the quality and relevance of the services they provide to SMEs, and to be able to answer, at a minimum, the following questions:

Regarding the SBDCs centers in each country

- a) What kind of services are the SBDCs providing?
- b) What kind of clients are they reaching? (type of business, sectors, size, sales, etc.)
- c) What kind of professionals are staffing these centers? (academic and professional profile, gender, and experience)
- d) What kind of contract do the specialists of the centers have and for how long, and are their salaries competitive in their respective markets to attract professionals with the knowledge and quality required?
- e) What type of support (financial, methodological, etc.) do the executing agencies actually provide to the SBDCs in each country?
- f) What type of information do the SBDCs collect on their beneficiaries? Is there information on women and minority beneficiaries? How well do they use the information? Do they follow up with beneficiaries after receiving services?
- g) How do SBDCs make decisions regarding new services?
- h) How do SBDCs maintain updated their professional services for the benefit of the SMEs they serve?
- i) What management practices do SBDCs follow within their organizations? Are these good practices? Which management practices would SBDCs need to follow to improve their services?

Regarding the SBDC programs and networks within each country and at the regional level:

- a) Do the SBDCs act as network within each country, and what kind of interactions do they have?
- b) What is the role of CENPROMYPE within the Central American network of SBDCs?
- c) What is the extent of local agencies' participation in the Central American network?
- d) Is there transfer of technology, best practices and experiences in the SBDCs network?

- e) How effectively is the SBDC accreditation process being implemented, and to what extent? Is this process having an impact in improving SBDCs in each country? What changes would be required in order to make the accreditation process have a greater impact?
- f) What is the role of the UTSA in the Central American network of SBDCs and with the beneficiary countries?
- g) What is the level of interaction of the Central American network of SBDCs with other SBDC networks in the region?
- h) What is the level of involvement of the country executing agencies with their SBDC programs? Do they allocate adequate staff resources (in terms of professional level and time) to their supervision and improvement?
- i) Are budgetary allocations at the program and individual center levels sufficient for the SBDCs to attain their programmatic goals in terms of quantity and quality of services to SMEs?

Regarding of the demand of services in each country (services actually offered and potential services not yet offered but demanded and required by SMEs):

- a) Describe firms' demand characteristics in terms of type of services required by current and potential SBDC clients.
- b) How effectively do SBDC services solve clients' problems?
- c) What segments of enterprises (in terms of size, sectors, etc) are being served, and which ones should be covered (instead of and/or in addition to the SMEs currently being served)?
- d) How well are SBDCs serving the needs of minority or women-owned and led firms? Do they collect data that allows for gender and minority-focused interventions to foster women and minority-led enterprises, employment and professional development?
- e) How can existing demand be better met by the SBDCs?
- f) How many SMEs can the centers currently serve and what types of services and what quality can they offer with their present capacity? Do they offer specialized services for minority and/or women-led enterprises?
- g) Do SMEs being served have growth potential and are they formal-sector enterprises (in terms of their legal registration and operation)?
- h) What services are being offered and what new (or different) types of services would be required in each country to better match potential demand and needs?

4.2. On the basis of its evaluation and demand study findings, the consulting firm will prepare a draft Action Plan with specific measures to be implemented with support from Component 2 of the TC by the SBDCs in each country, the network of centers within each beneficiary country, and at the level of the Central American network of SBDCs. This proposed Action Plan should contain elements of improvement in terms of the services delivered by the centers, the types of experts that should be working in these centers, the types of sectors and of firms that should be served in each country, among other considerations.

4.3. The consulting firm will select a country to carry an exploratory study on the impact that SBDCs have on the benefits of SBDCs on the aggregate productivity of the country. Before doing field work, the consultant firm will propose a methodological and data collection approach that allows them to identify the reallocation of resources to beneficiary firms of SBDCs. The results of this study will be presented to all stakeholders and the IDB as part of the inputs required to design the Action Plan.

4.4. The consulting firm will make a presentation of the Action Plan at a location to be determined (either in one of the beneficiary countries or in the US) to the IDB specialists, the local executing agencies and policymakers, and the UTSA experts, and facilitate arriving at a consensus and agreement on a SBDC improvement Action Plan for each beneficiary country and the Central American network as a whole to be implemented under the SBDC model and methodology.

5. Expected Outcome and Deliverables

5.1. The main expected outcome of this consultancy is to have an evidence-based evaluation and demand study in order to design and propose an Action Plan to be agreed among the project's key stakeholders and implemented through Component 2 of the TC, in order to promote growth, innovation, productivity and competitiveness of SMEs in the region and support the integration of the country and regional SBDC networks, their links with other SBDC networks of the LAC region and the US.

5.2. The consulting firm should produce the following deliverables:

- a) A document with the consultancy's the Work Plan, including proposed activities, their sequence and timing, the proposed technical team, and the methodology to be used (including surveys). This Work Plan should be approved by the IDB technical team before the consulting firm conducts its the first fact-finding trips to UTSA and the beneficiary countries in the region.
- b) A preliminary report with a diagnostic of the SBDCs national networks in El Salvador, Guatemala, Honduras, and Dominican Republic, and of the Central American regional network as a whole.
- c) A demand study of services effectively required by SMEs in each beneficiary country.
- d) An exploratory study on the benefits of SBDCs on the aggregate productivity for a selected country.
- e) A final report with the diagnostic of the SBDCs, incorporating comments from the IDB and key project stakeholders.
- f) A presentation of the diagnostic report, the demand study and the proposed draft SBDC Action Plan to the Bank, the local executing agencies and the UTSA.
- g) A final report with the Action Plan agreed upon with the IDB, local agencies, and UTSA.

Project Schedule and Milestones

5.3. The schedule of deliverables and milestone for this project will be as follow:

DERIVERABLES	MEANS OF VERIFICATION	DEADLINE (since the signing of the contract)
Working Plan and Methodology	Document with Working Plan and methodology	15 days
Preliminary diagnostic and demand study reports	Document with the preliminary diagnostic and demand study report	3 months
Survey for the exploratory study	Instrument to collect data for the exploratory study	3 months
Diagnostic final report	Document of the final SBDC country and regional	5 months

	program report	
SME Demand Study final report	Final Report with the Demand Study of services effectively required by SMEs in each beneficiary country	5 months
Exploratory study report	Document with the exploratory study, including databases with collected data	6 months
Presentation of results	Meeting for the presentation of results	5 months
Action Plan final report	Document of the agreed-upon Action Plan final report	6 months

6. Payments

6.1. Payment for this lump-sum contract for up to \$85,000 and will be based on project milestones or deliverables presented below. The Bank looks forward to receiving the most competitive cost and quality proposal for the services described herein.