



Call for proposal

Terms of References for opening phase: Strengthening trust, integrity and compliance between and in Small and Medium Enterprises and public sector in Moldova

1. Background

In recognition of the political commitment of the Republic of Moldova (hereinafter “Moldova”) to European Union (EU) integration and engagement on a reform-driven agenda, in June 2022 the European Council (EC) granted Moldova the status of candidate country. In light of the historic decision reached in a context of great uncertainty, the EU encouraged Moldova to exert further efforts to advance reforms in judiciary, public administration and procurement. Particularly the justice sector is affected by conflicts of interests, and lack of compliance and integrity. Moreover, the lack of collaboration among anticorruption and integrity institutions to address grand, systemic and petty corruption and to eliminate vested interests including organized crime is a further obstacle towards rule of law.

The government and its partners joined hands to fight corruption through a ‘state modernization’ approach. An approach focusing on i) nominations of new judges and prosecutors based on thorough integrity checks, ii) digitalization of procedures, iii) revision of curricula in law schools including on ethics and code of conducts, iv) provision of high level advisors to ministries, aligning reforms with EU standards, v) reformation of civil service and vi) capacity building to independent anticorruption institutions such as National Integrity Agency, National Anticorruption Agency or Anticorruption Prosecutors Office.

This approach is crucial and will be further enhanced. Nevertheless, it is important to address corruption also as a system based on (historical) social norms, impunity, entrenched narratives and perceptions as well as mistrust between political, public and private sector. Hence, besides looking at drivers of corruption such as political actors and public institutions, it is necessary to look at enablers of corruption such as Moldova’s society at large and the private sector.

Considering that the private sector in Moldova is not homogenous, corruption risks have to be differentiated: the small percentage of large corporations and State-Owned Enterprises are those for which corruption poses the greatest risks. At this level some of the grand corruption is of a collusive nature. The vast majority (95-98%) of businesses in Moldova are Small and Medium Enterprises (SMEs). For them, the corruption has mostly to do with bribes that are either extorted from them or proactively given to avoid red tape and (formal or informal) sanctions, mainly due to black, shadow or even illicit economy.

On the SMEs side, the bureaucratic complexity means that being compliant is very expensive incl. taxation for operating in formal economy, but also time-consuming. Furthermore, many SMEs are not conversant with the entirety of the rules they should be complying with and therefore operate partially or totally in the informal realm.

For the public officials, particularly those providing services and those performing inspections, red tape creates incentives for demanding bribes. One element that enables discretionary abuse of the rules is the fact that many SMEs are not aware of what exactly they should be compliant with. Another element that incentivizes bribery is that the rules are actually very difficult to comply with and thus often, even

well-intentioned entrepreneurs, will make some mistake or omission that can then be exploited to extract a bribe. Bribery is further problematized by organizational cultures still existing in the public sector that emanate from the Soviet era. These entail top-down punitive imposition of directives as opposed to a responsive and accountable stance vis-vis SMEs.

As agreed by private and public stakeholders, media and civil society organizations in Moldova, the relationship between SMEs and public sector is affected by mistrust and fear, bureaucratic complexity and an organizational culture that tolerates abusive behaviors. In recognition of this, Moldova has advanced in strengthening the anticorruption legal framework with direct and indirect impact on SMEs: Law on preventing and combating money-laundering; Law on Integrity; Law on Limited Liability Companies and amendments to the Law on right to work for foreigners, to name just a few.

However, best reform intentions won't be successful unless underlying issues and existing social and cultural norms are addressed and space for new norms, incentives and innovation is in place. Reducing red tape and corruption in line with Sustainable Development Goal 16.5 (substantially reducing corruption in all its forms) will influence the trust in the Moldovan economy, boost growth and reduce outmigration.

2. Project focus

Implementing good governance principles such as compliance and integrity principles within SMEs and public sector will provide the basis also for Switzerland using country systems and fostering direct investments, reducing transaction costs for investors, enhancing resilience to shocks and making the public and private sector a more attractive employer. Furthermore, in June 2023 Moldova has signed the Free Trade Agreement with member countries of the European Free Trade Association (EFTA), including Switzerland, which can boost the free movement of goods and services as well as the increase of investments from EFTA countries into Moldova.

Therefore, the Swiss Representation in Moldova (SR-M) plans a new project with the title *Strengthening trust, integrity and compliance between and in SMEs and public sector in Moldova* (STIC) focusing on genuine dialogues between SMEs and public sector at all levels, enhancing trust, changing social norms, reducing corruption in both public and private sector and reducing incentives for shadow and black economy in Moldova so that i) SMEs and public stakeholders at national / regional / municipal level implement simplified and transparent integrity and compliance mechanisms and ii) Anticorruption, integrity and enforcement agencies fulfil their mandate with ethics and integrity.

3. Scope of the mandate

The opening phase of this new project spans from 1st of November 2023 until 31st of October 2024. The purpose of the opening phase is to engage with key stakeholders of public and private sector at national, regional and municipal level to understand their specific needs and issues in order to address red tape, enhance trust, strengthen the concept of compliance and integrity, validate assumptions and to prepare all documents needed by SR-M for phase 1 planned from November 2024-October 2028.

In order to support the SR-M during the opening phase, the SR-M is looking for a national mandate holder (team of consultants organized through a legal entity). The mandate holder undertakes a variety of activities from February until September 2024 aimed at validating project assumptions (through meetings, workshops, exchange visits, collective learnings and decision-making processes etc.), collecting additional information required for fine-tuning project approaches (through desk studies, interviews and deep dives to understand development barriers etc.), and conducting preliminary exploration of feasible and impactful stakeholder engagement approaches.

Concretely, the mandate holder – in close collaboration with the SR-M - will be responsible for exploring and clarifying the following questions and issues:

1. Validating assumptions and localisation of phase 1

Revising and updating existing Political Economy Analyses and complementing them in view of the first phase of the project. This includes:

- Identifying key stakeholders and their agendas: local champions, possible spoilers and potential intervention partners (public institutions, key members of the business community, Civil Society facilitators, etc)
- Identifying political risks to the project, developing possible scenarios and proposing risk mitigation modalities for the project.

Assessing the link between this project and ongoing reforms, projects and interventions addressing the private sector in Moldova. This includes:

- Updating and deepening the existing mapping of the Government of Moldova civil service and administrative reforms addressing red tape and the business environment. What has worked, what has not worked and why?
 - What existing or planned reforms or initiatives have the most potential to enhance synergies and complementarities with this project?
 - Assessing possible links to e-governance, e.g. BiZ Radar app, online tax services, online notary services.
- Defining scope for collective actions with other donors (e.g. EU, USA, Sweden), organisations such as DCAF (police inspectors) as well as implementing partners such as GIZ.
- Identifying suitable working modalities to ensure complementarity and synergies with other Swiss projects in governance and economic development domain.

2. Identifying project entry points, approaches, and scope through a co-design, participatory methodology involving key stakeholders of public and private sector at all levels.

3. Proposing intervention strategy at the different governance levels (central/regional/local) as well as the geographic scope in line with key stakeholders needs and interests. This includes:

- Selecting the territories of interventions, whereby a mix shall be envisaged: on the one side, regions with high needs for such an intervention, on the other side, regions where the proof of concept and quick wins can be achieved to make the approach credible to other regions. The selection criteria should ensure a representative and inclusive selection of regions for phase 1.
- Considering different intervention levels, and assessing feasible and impactful stakeholder engagement modalities. For example, micro entrepreneurs might come into dialogue with municipal-level authorities. SME organizations might enter dialogue with national-level stakeholders. A sectoral approach can also be considered if there are specific sectors in which SMEs are active and where quick wins can be achieved or sectors that are particularly affected by red tape and corruption.

4. Identifying concrete problematic behaviours and drivers of corruption among the stakeholder groups that the intervention will address. This includes:

- Mapping and characterizing social norms that incentivize bribery among SMEs using also gender lenses considering the high percentage of women entrepreneurs. Ascertain whether similar social norms prevail amongst different categories of SMEs, or whether there is regional or sectoral variation
- Mapping and characterizing organizational culture practices and behaviours that incentivize bribery among public officials. Ascertain variation across key institutions
- Considering (and, where possible, testing) trust-building approaches to engage SMEs and supporting them to work together.

5. Exchanging with national and foreign investors to collect their views and contribution to the project that could change the conditions and incentives for new investments and emerging enterprises. This includes:
 - Understanding how the project can adopt concrete approaches or topics that would optimize SMEs preparedness for EU accession
 - Showcasing the relevance of this program with regard to poverty reduction (corruption is known as one of the main development barriers).
6. Preparing a blueprint and supporting documents for project implementing phase 1 (4 years)
 - Based on the intervention strategy, defining and elaborating the aid modality (contributions to other initiatives, mandate to be tendered out, or combined version)
 - Supporting the preparation of key documents.

7. Methods, approach and deliverables

During the opening phase a mix of methodologies will be required to achieve the goals of the mandate. These will include:

- Desk research and review of relevant documents
- Meetings, workshops and in country exchange visits together with the stakeholders from public and private sector at national, regional and municipal levels and SCO M to prepare the inputs for the key documents of phase 1.
- A series of assessments involving co-design focus group discussions to validate and test proposals for project implementation approaches and to create ownership.

Throughout duration of the mandate, the mandate holder will work closely with the SR-M team as well as – sounding board - with an anti-corruption back-stopper from the Basel Institute on Governance (BIG) and representatives from the Swiss State Secretariat for Economic Affairs (seco).

Main deliverables:

- Political economy analysis (based on desk review) by 28th of February 2024
- Report on first findings permitting SR-M to take decision on aid modality with re to Project Implementing Unit (PIU) for phase 1 (option: mandate through tender or contribution to a stakeholder who can facilitate the first phase) by 31st of March 2024
- Content for tender document (if PIU will be tendered) by 15th of April 2024
- Content for project document by 30^{iest} of August and final draft by 30^{iest} of September 2024
- Progress reports and workplan (simple format to be agreed with approval of inception report) by end of each month

8. Schedule of the mandate

The mandate spans from February until September 2024 in close collaboration with the SR-M and shall not exceed 220 working days:

Activities (consultants)	Mandate holder	SR- M team	Deadline/dates
Finetuning of expectations, working approaches and deliverables and presentation of inception report	x	x	By 30.01.2024
Assessments, workshops (joint learning and decision process) and meetings at different levels with key stakeholders in line with the scope of the mandate	Lead	x	Feb-Aug 2024

Facilitation and moderation training for key stakeholders and mandate holder	x	Lead	20.-22.02.2024
Monthly meetings with SR-M and need based with sounding board (BIG / seco)	Lead	x	End of each month
Main deliverables	x		As per deadlines under point 7

9. Qualification and expertise

The mandate holder shall be a team of consultants providing following expertise and competencies:

- Expertise in the field of integrity and compliance at public and private sector in line with EU standards
- Expertise in the field of SMEs (incl. understanding gender gaps and gender related issues) and business analyses
- Expertise in the field of corruption prevention and corruption risk assessment
- Excellent understanding of change management and ability to facilitate change processes
- Excellent skills to analyse and write reports
- Excellent network and access to government and private sector actors at all levels and convening power
- Excellent understanding of do no harm / conflict sensitive working principles
- Capacities to organise workshops and learning journey in the country at central / regional and local level and fund management capacities
- Fluency in English, Rumanian and Russian language

The mandate holder (legal entity) will be leading the process and be responsible for the deliverables. **The total number of days are estimated at max. 220.** The mandate holder will work in close consultation and collaboration with the Senior Regional Advisor on Peace, Governance and Rule of law (main interlocuter) as well as the senior national program officer of governance and economic development of the SR-M. Furthermore, there will be a sounding board, which meets during key moments, with representation of the Basel Institute of Governance and seco.

10. Technical and financial offer

The offer for this assignment should adhere to the following structure, including page limitation:

Chapter	Description	No. page (max)
0	Covering letter with signatures	1
1	Technical Offer	5
1.1	Introduction with motivation for the bid	
1.2	Understanding the mandate	
1.3	Description of the proposed methodology and implementation plan with timeframes, risks, constraints and opportunities	
1.4	Competencies, roles and responsibilities of the consultant team	
2	Financial Offer: in MDL in accordance with the indicative numbers of days (point 9) and in compliance with annexed budget template	1
3	Annexes: -CVs of consultants participating (each CV not exceeding 2 pages) -List of similar assignment and work experiences -Others	

The financial offer must be prepared in MLD, indicating separately the consultants' fees/tariff, expenses for travels, per diems, cost for workshops incl. renting workshop rooms, translators etc. (annexed template).

Following criteria will be used to select the best proposals:

- Qualifications of the consultant team according to the list of required qualifications and expertise as per chapter 9 above (weighting factor: 50%)
- Quality of the Technical Offer (weighting factor: 30%)
- Quality of the Financial Offer (weighting factor: 20%).

All bids/proposals should be sent latest by **30^{iest} of November 2023** by e-mail to:

Ms. Genevieve Federspiel Singh: genevieve.federspiel@eda.admin.ch and
Swiss Cooperation Office Moldova: chisinau@eda.admin.ch

The subject of the email should read: **Call for proposal STIC Moldova**