



Scope of Work

For

Angel Investment Development Program

1) PROJECT BACKGROUND OBJECTIVES:

The Innovative Private Sector Development Project (IPSD) is the Ministry of National Economy (MoNE) project funded by the World Bank (WB) and implemented by DAI as a Project Implementing Agency (PIA). IPSD is a US\$22 million project with the objective of improving economic opportunities for individuals and firms in the West Bank and Gaza (WB&G). It also falls under the World Bank's overarching objective to alleviate market failures related to gaps and binding constraints in the entrepreneurship ecosystem of the digital economy including human capital, financing, product markets, enabling policies, institutional support, and connectivity.

The IPSD project has the overarching objective of creating conditions that incentivize the private sector and simultaneously mitigate the risks faced while investing in a fragile and uncertain environment. It will support reforms to create an environment where private sector investment and jobs can grow. The project's components are aligned to major Bank and Government objectives of: (i) increasing ties to regional markets; (ii) building skills for the private sector's labor market needs; and iii) reforming business environment. The project addresses the Palestinian National Policy Agenda (2017-2022) and its focus on improving Palestinian human capital. IPSD will also support the mobilization of private sector finance by addressing key constraints on the sector caused to a large extent by the fragmentation of and the restrictions upon the Palestinian territories. Through top-down support on policy and framework-building combined with bottom-up support on skill development and pilot initiatives, binding constraints will be addressed to attract private capital and foster sustainable private sector growth.

Entrepreneurship is not new to Palestine; however, the entrepreneurial ecosystem is only recently beginning to coalesce. There are several existing and emerging stakeholders supported by donor or private funds, who are involved in supporting entrepreneurs with incubation, mentoring, networking, finance, skills and market linkages.

Financing is available in the ecosystem, but it is not widespread, and the lack of early-stage financing contributes to a weak pipeline of deal flow. There is organized funding at each of the key stages of the entrepreneurship life cycle from at least one source, but often from only one source. Angel investment is not organized and remains largely inaccessible to startups at the seed/early stage. While there has been an increase in equity financing available to startups at the early growth and growth capital stages in the WB&G, financiers often report weak demand and dry investment pipelines.

Business angel investing in Palestine has the potential to emerge as an effective form of capital to bridge the equity gap for early-stage enterprises and could play a foundational role in the broader entrepreneurial financing ecosystem. Angel investing involves high net worth individuals (HNWIs), typically, successful entrepreneurs, industrialists, corporate/business executives, and investors investing

their own capital into startup and early-stage businesses.

High Net Worth Individuals (HNWIs) in the West Bank largely come from non-digital/technology backgrounds, have a general risk-averse mentality and are unfamiliar with startup investment structures and strategies, which raises the need to provide a program to address these gaps by promoting and supporting the development of new angel groups/networks in the WB&G while potentially linking in regional ecosystems and Palestinian diaspora. Initial tactics will target identifying and cultivating potential angel investing 'champions' (lead HNWIs) and group managers who can serve as anchors for developing new angel groups and will include providing operational support to sustain such activity.

The mandate of this SOW falls under IPSD's Component 1, Activity 2 and addresses the lack of early-stage financing within the context of the Palestinian entrepreneurial ecosystem as there is a strong need to address knowledge and experiential deficiencies in startup investing/fundraising on both the demand (entrepreneur) and supply (capital) sides. To build an enabling ecosystem to address these gaps, IPSD's Component 1, Activity 2 will adopt a three-pillared approach to build capacity of investors, entrepreneurs and entrepreneur support organizations (i.e., ESOs):

- **Angel investor group building:** developing structured angel groups while mobilizing complementary early stage capital sources through a combination of technical assistance and coaching to investors.
- **Investment Readiness Advisory Services (IRAS):** improving entrepreneur ability to raise capital by providing investment readiness and investor engagement support; and
- **Catalytic Funding:** offering investment readiness (pre-investment) grants to bridge the early commercialization funding gap to investment, and co-investment funding aimed at de-risking and stimulating private investment.

Through investment readiness advisory services, catalytic funding, and the mobilization of angel investors, IPSD's interventions are expected to contribute towards improving funding availability for early-stage companies, as well as investment pipeline building of start-ups and high growth potential businesses ready for investment.

2) OBJECTIVES AND JUSTIFICATIONS OF THE ASSIGNMENT

IPSD is seeking an expert firm/consortium with experience working with early-stage investors (angel investors, seed stage funds, VCs, family offices, corporate VCs, etc.) to provide on-the-ground and remote design and delivery of the Program for Angel Investment Development (PAID) for the Palestinian Ecosystem.

The project aims to support the development of new angel initiatives (groups/networks/syndicates/etc.) in the WB&G while potentially linking in regional ecosystems and Palestinian diaspora. Initial tactics will target identifying and supporting potential angel investing 'champions' (lead HNWIs) and group managers, and more generally early-stage investment programs targeting private investors, that can serve as anchors for developing new angel groups, and will include providing technical support and operational guidance to sustain their activities.

IPSD may also provide additional assistance through capacity development grants (CDGs) to support the initial setup and operating costs associated with launching a new angel investing initiative. The Firm/Consortium may be asked to provide input on the CDG program including the estimated funding needs and key performance-based indicators for such grants for potential recipients.

The Firm/Consortium may be responsible for supporting and assessing angel investing initiatives that apply for CDGs, which could include preparing budgets and development plans along with preparing an assessment report that will be utilized in the review process of such initiatives' applications.

The core outputs for the project are to have angel investors actively, either individually or preferably through locally-led angel initiatives (network/group/syndicate/etc.), reviewing opportunities and investing in local startup companies.

Beyond the core objectives, IPSD aims for the following goals within phase 1:

- At least 20 individual angels engaged by investor support activities;
- At least 2 Angel network/group initiatives are supported by the program;
- Angel investors who have joined/benefited from the program invest in (2-4) tech/tech enabled start-ups introduced through the program; and
- At least \$250K private capital is mobilized in investments.

3) PHAZED IMPLEMENTATION AND TIMELINE

Due to the nature of this program, and the importance of sustaining the activities that will result from it, the project may utilize a phased implementation approach during which the first year and a half will be essential, and a contingent second phase, an additional 12 months may follow as below:

- Phase 1 (18 months) will include an awareness raising and investor cultivation program [Task 1: 6 months] and the design, launch and implementation of the technical assistance program [Task 2: 12 months]. The firm/consortium will also support the CDG program during Phase 1, including working with TA beneficiaries who may apply for CDGs and providing recommendations. Central to sustainability and scaling, this could include developing planning/strategy documents, defining objectives and key development milestones, and preparing budgets.
- Phase 2 (12 months), if deemed necessary, would include the continuation of both programs over an additional 12-month period. This would include continued support for launched and potentially new angel investment initiatives. The focus will be on scaling and moving the initiatives to sustainability. The Firm/Consortium's tasks may also include support to initiatives in identifying specific needs, applications, and recommendations toward CDGs or other program support.

It is important to highlight, the technical/financial proposal will be evaluated and examined to determine its responsiveness and compliancy with requirements specified in this solicitation document (see Tasks 1 and 2 below) within Phase 1. The financial proposal must include all envisioned costs including travel where face-to-face sessions are proposed.

Phase 1 of the assignment is expected to be undertaken between July 2022 and Dec 2023.

4) TASKS AND DELIVERABLES

The Firm/Consortium, working in collaboration with IPSD will have the principal scope of work as follows:

Task 1: Awareness Raising and Investor Cultivation

- Conducting outreach and networking to identify and short-list potential investors (in partnership with local support partners and the IPSD team,);
- Hosting awareness raising events (preferably in-person) on angel/early stage investing and/or leading special topical workshops for select audiences; and

- General educational sessions with new/prospective investors to consider investing in the early stage/angel investing asset class, including High Net Worth Individuals (HNWIs) and other private capital sources, such as family offices, corporates or other investment funds.

Task 1 Deliverables

Deliverable 1.1: A detailed Inception Report (due 4 weeks from contract signing) with: detailed methodology and approach to implementation with particular sensitivity and appreciation of a fast-evolving business environment post COVID-19 on angel investing, and private investments in general. Outreach and networking plan; and the program branding, rollout plan with timelines; curriculum overview; confirmation of delivery team of expert coaches and advisors (including part of the core delivery team and those that are part of an extended bench of experts); client reporting/coordination and draft participant feedback forms.

Deliverable 1.2: Prepare and implement a program branding and marketing plan. The plan will include conducting appropriate outreach in the West Bank and Gaza (and regionally and internationally within the Palestinian diaspora if relevant), including but not limited to: tapping online/offline channels as well as network of organizations supporting the development of the Palestinian entrepreneurial ecosystem (including investors, incubators, accelerators, etc.). The outreach plan may include giving presentations that help prospective investors gain a clear sense of PAID program objectives/outcomes, support approach, etc.

Deliverable 1.3: A Database of investors with target investment areas and needs assessment.

Deliverable 1.4: Training materials, sample documents (term sheets, e.g.) and guidance documents.

Deliverable 1.5: Hosting at least 4 awareness sessions, either in-person or online with the focus on early stage investing with the possibility of accompanying such sessions with workshops, where the audience can be introduced to case studies in angel investing.

Deliverable 1.6: Designing and implementing a monitoring and evaluation framework.

Task 2: Designing and leading an angel investment technical support program to develop local, regional, and/or diaspora angel investors into structured angel investing initiatives (networks, groups, syndicates, etc.) to invest in startups.

The capacity development approach, model and format should be proposed initially in the proposal and inception report and may be iterated based on findings during Task 1 implementation.

Training topics and approaches could include:

- Support angel group champions by providing coaching and technical assistance in leadership development for new/existing angel groups.
- Technical assistance to develop investing skills and initiative (network, group, syndicate, etc.) capacity. The approach may be iterated to match prospective angel leaders/group sophistication levels, investment structures and market conditions. The firm will be expected to provide (or customize existing materials to local context) training materials and resources. Support areas could include, but not be limited to, the following:
 - Identifying personal interests, motivations and objectives of individuals and determining how they fit into a particular investment style/thesis;
 - Developing management models and operating guides, and supporting review of registration types/structures for angel groups/networks;
 - Attracting members and developing membership policies;

- Investment models and deal structuring appropriate for startups and SMEs, such as equity and convertible notes or revenue share;
- Mechanics for deal sourcing, due diligence, terms negotiation and deal execution;
- Understanding investment documents such as term sheets, stock/note purchase agreements and shareholder agreements;
- Strategies and tactics for de-risking investments, such as group investing and portfolio theory;
- PR/Marketing campaign strategies
- Post-investment responsibilities including mentoring, board governance, follow-on financing and exit strategies; and
- Pathways to angel network operating sustainability, including sponsorship, relationships with universities and revenue-generating activities
- Coaching or otherwise supporting other types of investors investing locally, potentially including private investors such as corporations or family offices on early-stage private investing in the start-up asset class;

Areas of technical support could include:

- Supporting promotional and awareness raising activities including angel investing workshops, events, summits, or forums;
- Developing/leading other knowledge-building activities such as study trips; and
- Addressing legal/regulatory policy topics in an advisory capacity, as appropriate.
- Developing and/or providing relevant technical support including materials and support documents, for instance sample membership agreements, management guidelines, due diligence templates/checklists, sample term sheets, etc.

Task 2 Deliverables

Deliverable 2.1: A detailed design and work plan with: detailed methodology and approach to the implementation of Task 2. Rollout plan with timelines; curriculum overview; confirmation of delivery team of expert coaches and advisors (including part of the core delivery team and those that are part of an extended bench of experts); client reporting/coordination and draft participant feedback forms.

Deliverable 2.2: Program delivery – including the implementation of coaching and support to angel group champions; group-based program delivery (as appropriate); regional and international linkages facilitation and support; building working partnerships or engagements to achieve project outputs and outcomes with domestic and regional/international angel groups. Technical assistance, coaching and support shall range from in-person to remote trainings. Reporting on this deliverable will be on a quarterly basis covering the activities and achievements of the program during that period

Deliverable 2.3: Hosting at least 4 educational sessions with new/prospective investors to consider investing in the early stage/angel investing asset class, including High Net Worth Individuals (HNWIs) and other private capital sources, such as family offices, corporates or other investment funds.

Deliverable 2.4: A manual or operating guide for supported initiatives, which is developed in collaboration with the leadership of such initiatives, this may also include Group/organizational documents such: membership agreements, investment process chart, group collateral materials, etc.

Deliverable 2.5: Designing and implementing a monitoring and evaluation framework.

Deliverable 2.6: Periodic reporting on implementation progress at both the individual angel group level (monthly) and overall PAID program level (quarterly), including flagging issues/challenges in implementation and suggested refinements/pivots. This includes Beneficiary feedback forms from technical assistance provided to angel groups champions and members.

Deliverable 2.7: Phase 1 completion report including lessons learned during implementation and a proposed roadmap and methodology for Phase 2.

5) SPECIAL TERMS AND CONDITIONS

Activities during the primary implementation period will include a mix of in-country and remote activities and the Firm/Consortium will undertake a minimum of quarterly (4) visits to Palestine. Visits could include in-country delivery of workshops, mentoring, facilitating investor meetings with startups, and other engagements with angels and other investors.

The Firm/Consortium will be responsible for:

- Establishing a project schedule and setting development and implementation target milestones for the Angel Investment Development Program by which IPSD can measure the program's progress and effectiveness;
- Establishing a set of indicators to measure investor and angel group support activities, influence in the early stage investing market development and effectiveness;
- Packaging and collating training curriculum content and materials for online accessibility (where appropriate) and for transfer to IPSD resource repository;

In the context of the assignment, the consultancy firm/consortium will work closely with IPSD to conduct the PAID TA program, and the DAI/PIA should be copied in all correspondence with other project stakeholders. The following conditions should also apply:

- The consultancy firm/consortium to submit an initial inception report within 10 business days of contract signing which should give the proposed work plan, timeline, and payment schedule against interim milestones and a schedule of deliverables. A more detailed Inception report will be due 4 weeks from contract signing specific to Task 1 and Task 2.
- Setting and achieving targets regarding participation in the training program and completing assignments by Beneficiaries.
- All deliverables must be reviewed and approved by IPSD.
- All deliverables must be delivered in electronic MS Word, PowerPoint, and PDF Formats (and other formats as mutually agreed).
- Final deliverables must be delivered in the English language, and in the Arabic language as well, if required.
- The consultancy firm/consortium is required to submit progress report to the IPSD summarizing completed tasks, delayed tasks, issues and risks, and next steps on a monthly basis.

6) NATURE AND MODE OF DELIVERY

While the program may include a structured training/awareness raising component, the coaching and technical assistance provided to new and established angel investing initiatives should be on a bespoke and customized basis,

with a goal to enable these initiatives to periodically review startups and invest in promising ones. Additional specific support shall be provided on an Ad Hoc basis according to the needs raised by the investors and by IPSD.

7) DATA CONFIDENTIALITY/DATA OWNERSHIP

All data collected under this PAID training program including the documentation about the data and its collection methodology will be the property of DAI and the World Bank. The consultancy firm/consortium must protect the confidentiality of the Beneficiaries and individuals participating in the training programs at all stages. The consultancy firm/consortium must ensure that data or the documentation referred to above, collected or compiled under this SOW, are not distributed for commercial or non-commercial purposes to third parties, nor will they be used by the consultancy firm/consortium, their staff and/or consultants, or their sub-contractors for purposes other than those expressly stated in this SOW, and agreed according to the consultancy firm/consortium's technical proposal, without the written approval of DAI prior to, during, or after completion of the assignment.

DAI will have a non-exclusive right to utilize any materials developed under this assignment.

8) QUALIFICATIONS OF CONSULTING FIRM

The firm/consortium selected for the implementation of the above assignments should possess the following:

- **Overall Capabilities and Relevant Expertise of the Firm/Consortium**
 - o Minimum five years of experience in similar activities, with a track record for providing early stage/angel investment development training and coaching, especially with experience in emerging markets
 - o Consortium principals should have experience as angel/early-stage investors with a track record of making and exiting investments
 - o Comprehensive knowledge of startup business life cycle and business development trajectories, especially for digital technology companies, and early-stage investment structuring
 - o Deep knowledge of angel group operating structures and business models
 - o Strong understanding of legal/regulatory guidelines for early-stage private equity investing
 - o Deep appreciation for entrepreneurial ecosystems and the roles of diverse stakeholders and community enablers
 - o Working knowledge of technology sectors, especially in MENA
 - o Background in matching technology startups with investors
 - o Experience coaching executive level professionals and building organizational capacity are pluses
- **Ability to Design and Deliver Engaging Training & Coaching Programs**
 - o Robust catalogue of angel investor training materials, as indicated above
 - o Thoughtful strategies for engaging with new early stage/angel investors to attract them to the start-up tech asset class and developing tailored resources and support that consider local context, economic/market conditions, and investor sophistication
 - o Capacity to integrate regional information/current affairs, regional-specific practices, and emerging opportunities (e.g., diaspora investing or crowdfunding) into training curriculum and institutional strategy.
 - o Commitment demonstrated by program design elements to engage angels/investors in ongoing coaching/mentoring to empower and inspire angel commitment
 - o Local presence to facilitate the delivery of the program.

- **Firm Leadership and Implementation Team**
 - Experienced professionals with strong leadership skills and high levels of integrity
 - Ability to support IPSD vision clearly and to execute the strategy provided in the training and consulting plan
 - Excellent project management capacities with ability to execute the technical, advisory, and reporting components within specified timeframes and budgets
 - The consultancy firm/consortium must have an administrative and technical staff to manage events and develop the necessary setup and technical resources.
 - Ability to be agile and adaptive in the fluid COVID-19 environment.
 - Open and collaborative communication and engagement style.
- **Strong and Relevant Networks (local and international)**
 - Access to international network of investors and mentors who can increase connectivity and knowledge access for investors
 - Links to potential partners in the international tech start-up/early-stage investor communities, including incubator/accelerators, venture capital investors, angel groups, business and technical experts, policy experts, and research and development organizations
 - Availability of trainers/sub-contractors, as well as local client-facing staff that are fluent in spoken and written in both the Arabic and English languages.
- **Monitoring & Evaluation Capacity**
 - Experience executing a comprehensive M&E strategy, including collecting and compiling data, survey design, and analysis

9) Qualifications for Coaches and Subject Matter Experts

The trainers proposed by the consultancy firm/consortium must meet the following minimum qualifications:

- University Degree.
- Minimum 8 years' experience in training with a minimum of 10 training courses during the last three years for similar subjects delivered in English (and Arabic is highly preferred).
- Knowledge of the local and regional markets through previous work experience of conducting training is a plus.
- Coaches and subject matter experts should have extensive experience (8+ years) as early stage investors or as entrepreneurs who have raised private capital.
- Fluent in oral and written English; Arabic is a plus.

The submitting consultancy firm/consortium should introduce their proposed trainers and coaches in the proposal and include their resumes.

The submitting consultancy firm/consortium will work closely with the DAI/PIA, the World Bank, MoNE, and other stakeholders to conduct the assignment. The consultancy firm can be a consortium/joint venture to meet the qualifications and requirements of the assignment.

The submitting consultancy firm/consortium must also demonstrate how all tasks envisioned in the assignment will be carried out and provide detailed information on team members who will be responsible for carrying out each task (both technical and operational tasks). Moreover, the consultancy firm/consortium is expected to identify the key experts that cover all aspects of the assignment, as well as to provide an indicative level of effort for experts for both online and remote engagement.

All tasks in the proposal must be assigned to specific personnel fully without leaving for assumptions who is responsible for tasks. Disclosure of contractual relationship between personnel and the submitting consultancy firm/consortium, (whether personnel are part time, full time or sub-contracted) is required.

Note: In addition to narrating the details, an organogram showing supervisory arrangements should also be included.

10) DURATION OF THE ASSIGNMENT

The assignment for phase 1 shall be for 18 months, with the possibility of a second phase of 12 months contingent upon performance and approval from DAI/PIA and the World Bank. As indicated above, Phase 1 of the assignment is expected to be undertaken between July 2022 and December 2023. Pending results of phase1, while phase2 is expected to run from January 2024 to December 2024.