

Terms of Reference (TOR)

Procurement of a Consultancy Firm on Investment Promotion for IT-BPM industry in Sri Lanka

ICTA/GOSL/CON/QCBS/2021/08

1. Background of the ICTA

Information and Communication Technology Agency (ICTA) of Sri Lanka is the apex ICT institution of the Government and has been mandated to take all necessary measures to implement the Government's Policy and Action Plan in relation to ICT.

ICTA, is a wholly owned institution by the Government of Sri Lanka, a high level entity for providing National Level Guidance and Co-ordination for National Priorities including providing efficient and citizen centric services. With the overall vision of making Sri Lanka, a digitally inclusive country, ICTA's scope spans across 4 main pillars; Digital Government, Digital Economy, Digital Services & Digital Laws and Policies.

ICTA's Digital Economy Strategy looks to utilize existing programmes and all relevant partners in the ecosystem to develop and implement an integrated Digital Economy transformation in Sri Lanka that will pave the way for a thriving and effective digital economy, with higher operational efficiency, lower costs and better services and out-comes for its citizens.

2. Background of the Assignment

In recent years, the Information and Communication Technology (ICT) sector has emerged as a key sector of the Sri Lankan economy and has widened its scope of services to include Information Technology and Business Process Management Services (IT-BPM) as a broader offering. The country's IT-BPM sector has a presence of over 500 companies across industry verticals. Indicative of the positive potential of the sector, IT-BPM exports have shown strong growth from USD 166mn in 2006 to over USD 1.2bn in 2020, employing a workforce of over 145,000. With over 90% value addition and high paying jobs, the sector has made a significant impact on the growth of the Sri Lankan Economy.

Recognizing the immense potential of the sector, ICTA in association with the industry stakeholders is keen to position Sri Lanka as a "go to" destination for global technology and Business Process Management services Multinational companies (MNCs) and Shared Service Centers (SSC's), and is keen to engage with them for facilitating sectoral investments into the

country. The Asia Pacific, United States (USA), United Kingdom (UK), European Union (EU), Canada, Africa and Middle East regions would be the priority regions for the investor-reach out.

In this regard, ICTA is initiating an MNC Outreach Program for the Industry. The objective of this program is to help position Sri Lanka as a destination globally to maximize its potential in the IT-BPM sector. The Technology Industry Development program of ICTA in its primary role of being a catalyst of change in ensuring the future readiness of the technology ecosystem and in-line with its overall objectives to improve the competitiveness of the IT-BPM industry while creating IT-BPM related jobs across all sectors; spearheads this initiative for attracting investments from the global technology and business services MNCs and SSCs through suitable G2G or G2B investment promotion programmes.

To support this endeavour, ICTA now intends to appoint an International Consulting firm which will help to implement the MNC Outreach Programme for the Industry.

3.Main Objective of the Assignment

Attract minimum five (5) global MNCs and minimum 30 Shared Service Centers (SSCs) to set up in Sri Lanka through G2G and/or G2B, B2B programmes so that Sri Lankan ICT companies can plug into global MNC supply chains, develop JVs etc.

4.Specific Objectives of the Assignment

- a) Set a strategy to attract and establish 5 global IT-BPM MNCs and 30 SSCs in Sri Lanka within 2 years (from 2022 to 2024) with a total investment of USD.250 Mn.
- b) Identify strategic and specific opportunities where Sri Lankan IT-BPM companies can plug into global supply chains.
- c) Create networking opportunities and establish relationships with targeted MNCs and SSCs to promote Sri Lanka as a **“go to”** destination for global technology (IT)and Business Process Management(BPM) services MNCs and SSC’s.
- d) Attract MNCs (to be determined based on Investment value i.e USD. 50 Mn investment) through G2G, G2B or B2B Programmes.
- e) Creation of a robust Project governance framework including SMART deliverables with regular reporting on Monthly / Weekly basis.

5.Scope of the Assignment

In the initial phase of the assignment, the outreach programme for the IT-BPM Industry in Sri Lanka shall prioritize IT-BPM sector players in the Europe, UK, USA and Asia Pacific regions. Based on the feedback from the assignment and response of the industry, IT-BPM sector companies in other specific geographies (Africa / Middle East) may be included for outreach. Therefore, in the initial phase of the assignment, the International Consultant will focus on Module 1, Module 2, and Module 4. The International Consultant shall focus on Module 3 on successful completion of Module 1, Module 2, & Module 4, and in discussion with the Client. It is essential the Consultant works closely with members and partners of ICTA and partner entities.

The module-wise Terms of Reference for the International Consultant firm are as follows:

5.1 Module 1: Develop Competitiveness enhancement and Investment Promotion strategy

[Duration - 2 months]

A. Conduct Baseline Assessment and Benchmarking

- i. Review the performance of IT-BPM sector in Sri Lanka along key segments, players, policy environment, and skill base in Sri Lanka for the sector;
- ii. Conduct consultations with SLASSCOM companies and other relevant stakeholders in Sri Lanka and identify specific strengths, issues, and challenges characteristic to the IT-BPM sector of the country;
- iii. Undertake a broad review of the availability of enablers for IT-BPM sector in Sri Lanka such as – availability of Grade A office space, supporting social infrastructure, relevant labour laws, skill availability, tax laws, policy & business environment, etc;
- iv. Benchmark the performance of the country along these enablers with select global competing locations.
- v. Secondary review of existing publications as part of the base lining study including analyst ratings such as Kearney location index on the industry and other pertinent indicators.

B. Develop a Strategy for competitiveness enhancement

- i. Identify strategic opportunities where Sri Lankan IT-BPM sector can position themselves competitively in the world;
- ii. Develop a long-term (5 years) strategy for Sri Lanka's growth based on the review of Sri Lanka's potential and emerging global & regional trends;

- iii. Identify key interventions for ICTA, by which the goals and objectives of the strategy may be achieved. These interventions can include – skill development initiatives, policy initiatives, infrastructure interventions, market development programs, etc.
- iv. Develop an Action Plan for implementing this strategy by prioritizing the key interventions, mapping relevant stakeholders, implementation plan, etc.

C. Develop an Investment Promotion strategy and market outreach plan for targeting correct investors

- i. Identify specific opportunities in the IT-BPM space which promoted for attracting global MNCs to the country.
 - ii. Assist the Client in collation and prioritisation of potential IT-BPM projects across different segments based on value to the country and strategic fit for the country
 - iii. Develop a marketing strategy to support the sector;
 - iv. Develop an outreach plan for attracting global MNCs and SSCs to the country – modes of outreach, calendar of events, target MNCs and SSCs across different segments

5.2 Module 2: Investment Promotion & Facilitation Support – Phase 1 (Europe, UK, USA and Asia Pacific regions)

[Duration - 10 months]

A. Lead generation and reach out

- i. Assist the Client in promoting Sri Lanka as an investment destination for IT-BPM in alignment with the prepared market outreach plan, focusing on reaching out to companies in UK, USA and Asia Pacific regions;
- ii. Develop a short-list of targeted firms and initiate the outreach program through appropriate modes;
- iii. Support the Client in engaging with IT-BPM MNCs & SSCs in the specified markets through various means (online and offline) including conducting road shows, meetings, investor summits, seminars, programmes, etc;
- iv. Provide content to Client for compilation & creation of marketing collaterals for engaging with IT-BPM MNCs & SSCs – brochures, pitch decks, project & investor profiles, presentations, flyers, background notes, etc.

B. Monitoring, tracking, evaluation and sign up

- i. Support the Client in preparing for negotiations with interested IT-BPM MNCs & SSCs to offer them targeted benefits, and obtain feedback to fine tune the investment offering
- ii. Support the Client in facilitate submission of Expressions of Interest / signing of MOUs from potential MNCs & SSCs;
- iii. Support Client in hand-holding the investors, through the investment process in Sri Lanka to facilitate grounding of investments. This shall include coordination support with relevant Government agencies for information on approvals;
- iv. Assist the Client in evaluation of potential investor proposals and carrying out background checks of investors including Know Your Client and due diligence processes.

5.3 Module 3: Investment promotion & facilitation support – Phase 2 (Africa / Middle East regions)

[Duration – 03 Months]

- i. Evaluate the competitiveness of Sri Lanka as compared to these geographies;
- ii. Build on the support provided in Module 2, and support Client in engaging with IT-BPM MNCs & SSCs from other relevant geographies;
- iii. Provide content for preparation of information memorandums and relevant marketing collaterals customized for relevant geographies as identified in discussion with the Client;
- iv. Facilitate submission of Expressions of Interest / signing of MOUs from potential MNCs & SSCs of other relevant geographies.

5.4 Module 4: Institutional capacity development support

[Ongoing throughout the engagement]

- i. Support the Client in reviewing internal institutional capacities for attracting IT-BPM sector investments to the country. These will include capacities for understanding the sector dynamics at Country / regional / global level, reviewing project proposals, investment facilitation, etc;
- ii. Design and support the Client in implementation of an institutional capacity building program;

- iii. Undertake capacity development programs (workshops, training sessions, webinar sessions, etc. as appropriate) based on “Train the Trainer” format;
- iv. Provide content for training material (presentations, notes, illustrations, case studies, etc.);
- v. Review the institutional structure of the Client and propose recommendations to improve its effectiveness for attracting and facilitating IT-BPM sector investments into the country.

6. Time frame for Deliverables

12 months for Module 1,2 & 4 . In the case of the implementing the module 03 a further three(03) month time frame to be considered

7. Transfer of Knowledge

In consultation with the client, capacity building and transfer of knowledge to be ongoing throughout the exercise

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- II. Design and support the Client in implementation of an institutional capacity building program;
- III. Undertake capacity development programs (workshops, training sessions, webinar sessions, etc. as appropriate) based on “Train the Trainer” format;
- IV. Provide content for training material (presentations, notes, illustrations, case studies, etc.);
- V. Review the institutional structure of the Client and propose recommendations to improve its effectiveness for attracting and facilitating IT-BPM sector investments into the country.

8.Expected Outputs & Outcomes

Sl. No.	Expected Action	Time (in Weeks)	Expected output(s)	Expected outcome
Module 1 : Competitiveness enhancement and Investment Promotion strategy				
[Duration – 2 months]				
1.1	Baseline assessment and benchmarking	T + 2 weeks	Inception Report - "IT-BPM Sector in Sri Lanka: Position, Key Trends, and Opportunities"	Baseline understanding of current profile & future potential of the sector in Sri Lanka
1.2	Strategy for competitiveness enhancement	T + 6 weeks	Draft Report "Competitiveness enhancement strategy for IT-BPM Sector in Sri Lanka"	Recommendations for enhancing Sri Lanka's competitiveness for attracting IT-BPM sector investments
		T + 8 weeks	Final Report "Competitiveness enhancement strategy for IT-BPM Sector in Sri Lanka"	
1.3	Investment Promotion strategy and market outreach plan for targeting correct investors	T + 8 weeks	"Investment Promotion strategy and market outreach plan"	Preliminary target list of investors, marketing & promotional plan
Module 2 : Investment Promotion strategy and reach-out planning (Europe, UK, USA and Asia Pacific regions)				
[Duration – 10 months]				
2.1	Set up meetings with targeted MNCs from targeted regions to identify a core group of potential investors.	-	<ul style="list-style-type: none"> ▪ Series of meetings and follow up actions ▪ Meeting Minutes ▪ Letters of Intent / Expression of Interests / MoUs 	Fruitful engagements with leading MNCs
2.2	Assist ICTA to successfully sign the agreements with interested MNCs.	-	<ul style="list-style-type: none"> ▪ Filing of Investment Applications with Bol ▪ Evaluation of applications ▪ Carry out investor due diligence and KYCs 	Negotiations and Inflow of investments from ICT sector MNCs into Sri Lanka with appropriate contracts being signed with BOI
Module 3 : Investment Promotion strategy and reach-out planning (Other geographies)				

[T.B.D]

3.1	Review the competitiveness assessment (undertaken in Module 1 & 2 above) of Sri Lanka as compared to the other geographies	-	<ul style="list-style-type: none"> Report on Sri Lanka's competitiveness as compared to the other geographies 	Assessment of key vectors of Sri Lanka's competitiveness compared to other geographies, which can be used to market Sri Lanka effectively in these regions.
3.2	Set up meetings with targeted MNCs from other geographies (as finalized in discussion with the Client) to identify a core group of potential investors.	-	<ul style="list-style-type: none"> Series of meetings and follow up actions Meeting Minutes Letters of Intent / Expression of Interests / MoUs 	Fruitful engagements with leading MNCs
3.3	Assist ICTA to successfully sign the agreements with interested MNCs. For Investment over 100Mn, a special incentive to be considered.	-	<ul style="list-style-type: none"> Filing of Investment Applications with Bol Evaluation of applications Carry out investor due diligence and KYCs 	Negotiations and Inflow of investments from ICT sector MNCs into Sri Lanka with appropriate contracts being signed with BOI

Module 4 : Institutional capacity development support

[Ongoing]

4.1	Development of an institutional capacity building program	Last month of the assignment	<ul style="list-style-type: none"> Review of internal institutional capacities in investment evaluation and appraisal, investor due diligence and KYC checking; as well as negotiations. 	<ul style="list-style-type: none"> Assessment of internal institutional capacities Identification of areas of training and mapping of these areas with trainees from Client resource persons Review of Client institutional structure and recommendations for efficiency improvement including KPIs for performance monitoring
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4.2	Undertake capacity development programs		<ul style="list-style-type: none"> Training programs - Workshops, training sessions, webinar sessions, etc. 	Capacity development of Client resource persons
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9.Reports and Deliverables

Reports / Deliverables	Timeline
Inception Report - "IT-BPM Sector in Sri Lanka: Position, Key Trends, and Opportunities"	T + 2 weeks
Draft Report "Competitiveness enhancement strategy for IT-BPM Sector in Sri Lanka"	T + 6 weeks
Final Report "Competitiveness enhancement strategy for IT-BPM Sector in Sri Lanka"	T + 8 weeks
Investment Promotion strategy and market outreach plan	T + 8 weeks
02 MNC's & 10 SSC's to be established by end of 2022	T + 12 months
01 MNC's & 10 SSC's to be established by end of 2023	
02 MNC's & 10 SSC's to be established by end of 2024	

10.Responsibilities of the Client

- Introduce to relevant local stakeholders (provide with necessary official letters as applicable) and facilitate connections with ecosystem players.
- Provide the Consultant with secondary research data/reports
- National endorsement and insights provided during meetings with potential MNC's and SSC's

11.Responsibilities of the Consultant

The consultant will follow the work plan and the time schedule agreed with ICTA in undertaking the contract assignment.

- a) Execution of the total scope and ensure that the deliverables and outcome are achieved within the provided time frame
- b) Be flexible to introduce necessary changes to the methodology/methods in consultation with the client and key stakeholders of the client in order to capture the changes of the dynamic market forces
- c) The consultant will work in close collaboration with all stakeholders;
- d) The consultant will undertake collection of all the required data/information from various sources, including Government departments, Ministries, industry participants and other relevant sources;
- e) The consultant will undertake review, assessment and judgment of the data/information in close consultation with the partners;
- f) The consultant will facilitate meetings and presentations as per the agreed work schedule

12.Institutional Arrangements

- a) Client-ICT Agency of Sri Lanka
- b) Any supporting partners – Board of Investment (BOI), Sri Lanka Association for Software and Services (Slasscom), Export Development Board (EDB), Registrar of companies (ROC), Federation of Information Technology Industry Sri Lanka (FITIS), Central Bank, Department of Census & Statistics, Ministry of Foreign Affairs, Department of Commerce, Ceylon Chamber of Commerce etc

13.Qualifications of the consultant

A. Firm level experience:

The Applicant firms applying for the opportunity “Selection of a Consultant to Lead the MNC Outreach Programme for ICT Industry in Sri Lanka”–need to meet the following qualification criteria:

- i. At least 3 prior projects in the last 7 years of min. Investment of USD 50,000,000 (Contract value to be stated) exhibiting experience in dealing **with investment promotion** and investor facilitation. (Case study from a South Asian country would be advantageous)
- ii. At least 3 prior projects in the last 7 years of exhibiting experience in **development of economic plans and sector growth strategies** in South Asia. (Contract value to be stated)

- iii. Prior experience in attracting minimum 2 ICT MNCs with an Investment value of USD 1,000,000+ (Contract value to be stated) on location and investment facilitation in South Asia in the last 7 years.

B. Experience of Proposed Staff

The staff proposed by firms applying for the opportunity “Selection of an International Consultant to Lead the MNC Outreach Programme for ICT Industry in Sri Lanka” will need to meet the following qualification criteria:

	Expert Category	Qualification	Experience
	i. Team Leader	<ul style="list-style-type: none"> ▪ Postgraduate or professional qualification in Finance related discipline such as Accounting, Business, or Economics etc. 	<ul style="list-style-type: none"> ▪ Min. 20 years of relevant experience ▪ At least 2 projects as Team Leader in projects dealing with investment promotion and investor facilitation with Government agencies in South Asia in the last 5 years.
	ii. ICT Sector Lead	<ul style="list-style-type: none"> ▪ Postgraduate or professional qualification in ICT related discipline such as Computer Science, Information Technology etc. 	<ul style="list-style-type: none"> ▪ Min. 15 years of relevant experience ▪ At least 2 projects as ICT Sector expert in projects dealing with investor facilitation, undertaking deep-dive analytical studies, policy formulation, strategy formulation, government engagement, and industry facilitation initiatives, etc. for IT-BPM sector in South Asia in the last 5 years. ▪
	iii. Tax & Policy Lead	<ul style="list-style-type: none"> ▪ Sri Lankan National with qualifications in Public administration, Social Sciences, Economics, 	<ul style="list-style-type: none"> ▪ 8 years of relevant experience. ▪ At least 2 projects as Tax and / or Policy Expert advising Government or private sector clients in areas of tax and investment policies of Sri Lanka.

		Finance and International Business or any other relevant qualifications specific to the assignment.	
	iv. Support Staff (International / Sri Lanka) – 2 persons	<ul style="list-style-type: none"> ▪ Postgraduate or professional qualifications in Finance, Economics or Business Management or any other relevant qualifications specific to the assignment 	<ul style="list-style-type: none"> ▪ Min 3 years experience of having worked on relevant projects.

In addition, preference shall be given to the International Consultant who will bring in a) Subject Matter Experts (SME) with at least 20 years of experience in Sri Lanka and having undertaken assignments for Sri Lanka's IT-BPM sector in areas such as policy formulation, government engagement, capacity development, competitiveness enhancement, designing & implementing sector initiatives, etc. and b) international experts with expertise in engaging with IT-BPM sector companies in other geographies (Nordic countries, Europe, MENA, North America, APAC, etc.) for facilitating their expansion and international investment plans.