TERMS OF REFERENCE (TOR) – iHUB OPERATOR

Project Title	Eswatini iHubs
Functional Title	Support the Establishment and Operationalization of SEDCO iHubs
Duty station	Macetjeni SEDCO Estate
Type	Consultancy Firm
Expected starting date	August 2025 - July 2026
Expected Duration	12 months

1. BACKGROUND

SMEs face higher transaction costs per unit of output, and their lack of networks means that they are at an information disadvantage relative to large firms (Yoshino and Taghizadeh-Hesary, 2016). This information disadvantage is compounded by the fact that, while some start-ups have disrupted entire industries through digital innovation, most MSMEs, and in particular the microenterprises among them, have been slow at adopting Information and Communication Technology (ICT).

The lack of digital preparedness among small businesses has come into sharp focus during the COVID-19 pandemic and in its aftermath. There is growing evidence that MSMEs that could not shift to online modes of delivery faced greater hardships and risked being shut down. Various survey-based studies of constraints facing MSMEs highlight the business owner's entrepreneurial capabilities as measured by his/her qualifications, experience and access to information.

These studies generally reveal that, especially among micro-enterprises, owner-managers have a rudimentary understanding of financials and management practices, and many are computer-illiterate. Such lack of managerial competency is a prime factor in business failure (Martin and Staines, 2008)

2. STATE OF DIGITIZATION IN ESWATINI

As of 2020, Eswatini had 105 mobile cellular subscriptions per 100 people, which is the same as the world average and higher than the SSA average. Despite high mobile phone penetration, internet adoption rates in Eswatini are low at only 47% of the population. One potential reason for this is the high costs associated with accessing the internet. The adoption of broadband services remains low in Eswatini. In 2021, it was estimated that the mobile broadband penetration was only 35%, when calculated with unique subscribers. The usage gap is attributable to the lack of affordability of both fixed and mobile internet services. Unaffordable internet has also negatively impacted the rollout and usage of e-Government and e-Commerce services, as well as entrepreneurial growth, within Eswatini.

The Eswatini Economic Policy Analysis and Research Centre (ESEPARC) conducted an Industry Labor Force Skills Gap Study in 2018 and found that a lack of digital competencies is a major impediment to developing businesses, particularly in electrical engineering and electronics fields. According to the study, technicians in short supply in the ICT industry include network engineers and operators, programmers, and software and system developers/engineers. Digital skills development is significantly constrained, with limited educational curricula and quality training programs.

This is further hindered by the lack of digital infrastructure especially in rural communities and the high costs of internet connectivity, which also poses a significant barrier to online and remote learning, particularly for higher education. There is an urgent need for the establishment of Innovation Hubs (iHubs) and implementation plans for digital skills development, to ensure that SMEs and the youthful population including women and People with Disabilities (PWDs) become digitally literate to nurture a digitally competent SME sector and workforce.

The role of business incubators and accelerators is key in enabling entrepreneurs and businesses to engage in digital commerce. Eswatini ranks 86th out of 137 economies with a score of 24% in the Global Entrepreneurship Index, with the strongest components being risk capital, opportunity perception, and cultural support. However, the weakest scores were for start-up skills, risk acceptance, networking, and process innovation. There is a stark difference between the individual and institutional components of the index, with Eswatini scoring relatively low in the latter.

The survey findings indicate that government support for start-ups and entrepreneurship is very weak, and the capacity of MSMEs in e-commerce is also weak, presenting challenges in expanding their activities and keeping up with changing trends. In Eswatini, the Small Enterprise Development Company (SEDCO), a government-owned initiative operating within the Ministry of Commerce, Industry and Trade is the leading incubation organization. The entrepreneurship ecosystem in Eswatini has made significant progress in the past few years with various schemes to boost start-ups and foster greater innovation. While challenges in government support exist, it is essential to prioritize coordination between early-stage businesses and incubators to encourage an entrepreneurial mindset in Eswatini.

ESCCOM, through the Universal Access and Services Fund (UASF) is committed to bridging the digital divide by connecting the unconnected to the world through the power of Information Communication Technologies (ICT). To bridge the digital divide, ESCCOM is strategically partnering with key public institutions by bringing high-speed internet to the doorstep of end users by providing reliable broadband connectivity. ESCCOM has also committed to making digital services accessible to everyone. Hence providing affordable or subsidized services, as well as essential equipment and devices, to institutions, community centres, and individual users across Eswatini.

3. THE STATE OF YOUTH IN ESWATINI

According to the Integrated Labour Force Survey of 2021, the Eswatini unemployment rate stands at 33.3% with no realistic short-to medium-term expectation of getting a job. In the meantime, over 70% of the population is below the age of 35, with 37.4% being between 15 and 34 years old (Eswatini Census: 2017). The 2021 Labour Force Survey states that 59.1% of youth aged between 20 and 24 are unemployed. It is no secret that Eswatini has an abundance of university graduates, producing about 4000 graduate every year.

However, there is a serious mismatch between the skills required by industry and the skills provided by higher learning institutions in the country. Yes, the youth are graduating but not in the critically needed fields such as Software Development, Data Science and Coding, or STEM-based skills in general. Most of these fields require knowledge of new technology, and this knowledge is deficient in our graduate youth seeking job placements. As the world enters the 4th industrial revolution, operations in different industries and sectors are evolving more towards digitalised processes, hence the need for digital skills. ESEPARC (2022) in its Eswatini National Skills Audit report identified a 25% ICT skill gap for employees occupying the general officer position.

Digital Education and Digital Trade, Industry and Entrepreneurship are two pillars of the 6 focus areas of the Digital Eswatini Strategy (2022 -2027). The Digital Eswatini Strategy aims for Eswatini to become a regional digital centre that supports the UN, AU, and SADC frameworks. The strategy aims to propel the country to be a renowned as world-class producer of digital skills and data capabilities, making Eswatini a digital and knowledge-based middle-income economy. The vision for Eswatini revolves around key themes, such as being connected, participatory, innovative, and inclusive. The focus of the strategy is to shift towards accessible, secure, and sustainable reliance on ICT, promoting an environment that encourages full participation in the digital society, keeping up with the fast pace of change in the sector through research and development, and ensuring every citizen can participate equally in the digital economy.

ICT opens opportunities for SMEs to enter global markets and participate in value chains that would otherwise require substantial investment. The development of local information technology skills and resources can facilitate digital transformation by creating affordable platforms that benefit both the public and private sectors. Entrepreneurship is also crucial for job creation and reducing unemployment, particularly among young people. However, current support systems for start-ups and small business upgrades in Eswatini are inadequate.

4. SPECIFIC CONTEXT

The Integrated business, Employment and Innovation Hubs (iHubs) are innovative centres that assist young people with digital skills development, employment and entrepreneurial development. iHubs are set to be a one-stop shops where youth can expand their businesses, improve their employment profiles, learn new web-based digital skills, explore digital opportunities, receive career guidance and counselling and develop innovation skills and knowledge. The iHubs serves as a convening place and provide access to internet and digital content for job seekers and innovators.

a) **Services:** The iHub will offer a wide range of services, not only specific to entrepreneurship but will encompass a range of services that are set to empower young people. The facility will be an open co-working and meeting space with IT infrastructure (high-speed internet, computer workstations, and charging docks for phones and laptops). Hosting various events open to all (e.g. Talks by high-profile entrepreneurs, presentations on business trends) and often have a research/consulting arm that analyses broader trends on entrepreneurship in the context. The centre will also work on encouraging innovation more broadly, for example by engaging with technology-based Multi-National Companies (MNCs) and local SMEs to impart digital skills to youth and introduce young people to digital entrepreneurship and/or employment opportunities.

Ancillary yet important services such as the crafting of CVs; internet access to research employment and business opportunities; identification of available job placement opportunities; and provision of space to dream new business ideas and receive career guidance, coaching, and counselling to help bring their concepts into reality. The iHubs will help reduce the lack of digital skills for digital jobs and will encourage and inspire innovative entrepreneurial development through the provision of tailor-made business development services.

b) **Target**: The iHubs aim to enhance employability and job creation for young women and men aged 18-35 years in Eswatini by promoting a vibrant MSME sector that is youth-driven through the incubation of innovative business concepts, building entrepreneurship skills, and improving the enabling environment. The objectives of the iHubs are to:

(i) increase employability of youth by facilitating access to skills development, Business Development Services (BDS) and support and accessing of innovative financing (crowd funding); and

(ii) enhance public service delivery through institutional and human capacity development.

The iHub seeks to inculcate and enhance sustainable entrepreneurship that leads to self-employment and the creation of employment opportunities for others. Specifically, the iHubs will address the following challenges: (i) Weaknesses in entrepreneurship skills; (ii) lack of access to employment information and preparation; (iii) limited access to markets and information; (iv) bridging the digital

divide for impoverished regions (Access to information for youth, women, PLWDs, etc); (v) Provision of BDS/business incubation; (vi) provide training on digital skills for digital jobs; (vii) provide career guidance and counseling and (viii) capacity challenges of government institutions for enhanced public service delivery, especially to support youth employability and SME development and overall youth economic empowerment.

c) **iHub Establishment:** The iHubs shall be established at SEDCO estates which have been jointly identified and agreed upon by collaborating partners (SEDCO, ESCCOM & UNDP). Strategic sites outside SEDCO properties may be considered by mutual consensus among the partners with clearly defined user rights. ESCCOM will furnish to SEDCO promptly and free of charge, all necessary data, documentation and information available which is relevant for the discharge of the mandate to establish the iHubs. ESCCOM shall ensure that the funding for the project is availed timeously coming from all partners and in line with the signed Service Level Agreement (SLA). The funds shall be used for the refurbishment of identified structures to be fit for the purpose, the procurement and installation of all necessary hard and soft ICT infrastructure as well as operational costs for the first 24 months.

d) **Project Partners:** The Eswatini Communications Commission (ESCCOM) in partnership with the United Nations Development Program (UNDP) has engaged the services of Small Enterprise Development Company (SEDCO) to set up and operationalize of Digital Access Business Centres / ICT Hubs across the country. The centres will service marginalised groups such as youth, women and persons living with disabilities. The scope of services in the SLA signed between SEDCO and ESCCOM has the following deliverables:

- Establish a model Digital Access Business Centres / ICT Hubs in specific communities for marginalized groups such as the youth, women, and People Living with Disabilities.

- Operationalize and maintain these Centres/ICT Hubs in providing a one-stop shop for ICT training, Business Development Services, business coaching and mentoring, marketing linkages, financial services, entrepreneurship training, web design, networking, software development, and an information resource centre for SMEs and the said marginalized groups.

- Design and implementation of ICT promotional strategies for these marginalized groups.

- Ensure financial and technical sustainability of the iHubs.

To support the growing technology and innovation capacity of the Eswatini youth, SEDCO in partnership with ESCCOM and UNDP calls for the expression of interest from youth owned

businesses for a partnership to operate an ICT Hub (iHub). The incumbent shall be provided with the initial infrastructure and necessary amenities to kickstart operations at the centre.

5. SCOPE OF WORK

SEDCO is seeking a competent Operator of experience, creativity, and capability to manage the ICT Hub as a self-sustaining and thriving centre offering a collaborative environment and space for entrepreneurship development, apprenticeship, and innovation and adoption of ICT by SMEs. The Operator needs to propose a program that is flexible, accessible, inclusive, and welcoming to the youth, women and PWDs of the nearby communities in particular. The Program should curate a variety of creative market-rate and community services and activities that can coexist and interact in an innovative way.

SEDCO shall perform three major roles; (i) Program management (ii) Property/infrastructure management, and (iii) Customer outreach. SEDCO intends to incubate and enter into an initial 12 month agreement with the selected Operator with agreed terms and deliverables. SEDCO may terminate the Agreement if the targets of set Key Performance Indicators for the Hub are not achieved. The Operator may be a legal entity or a team of qualified individuals committed to establish a legal entity before entering into the Agreement.

The Operator will devise a comprehensive Program that is expected to evolve with input from SEDCO and its partners, customers, and the community, within the lifetime of the Agreement. The hub should be a place for building human resources capacities in technologies for national transformation and the programs must be aligned with those of the SME development and innovation agenda. SEDCO will not prescribe a specific business model, however, will support a business with the potential to scale quickly, but also wish to foster an inclusive, supportive environment. The application process will serve as a guide to identify a company's potential growth, business challenges, and knowledge, in addition to the applicant's potential to mobilize resources for the centre.

The focus of the ICT hub is to incubate a youth-led business that provides; (i) a solution for digital skills training and/or (ii) a solution that promotes the digitalization of MSMEs.

6. DELIVERABLES OF THE OPERATOR

Deliverables	Timeframe
1. To support the establishment of the iHub workspace – the operator is expected to propose a conceptual plan of the workspace with specifications that include computers and desks, a dedicated office, ICT equipment, software services, and other creative solutions. The initial infrastructure may be funded to a certain extent.	
2. In line with the conceptual design of the iHub, propose services to be offered by the iHub to digitize SMEs and the surrounding communities.	

3. Propose a self-sustaining iHub business model wit5h 24-month financial projections. The Centre should become self-sustaining through net income generated.	
4. Run ICT capacity-building workshops as part of the iHubs activities	
5. Schedule career development services or programmes that target youth, PWD, and women: target per quarter to be agreed upon.	
6. Run innovative empowerment initiatives such as Hackathons, competitions, etc.	
7. Based on the findings of a reconnaissance to be undertaken by the operator, propose a conceptual design of the IHub based on the identified location.	
7. Convene and run socioeconomic awareness events that may inter alia include health education, sexual exploitation and harassment, and career guidance.	
8. Design and delivery of online training for SMEs, youth, and women on digital skills.	
9. Development of Standard Operation Procedures for running the iHubs and the enrolment of youth in the different programs	
10. Submission of monthly progress reports, including financial reports and feedback from program participants	
11. Submission of a final report of the programme including recommendations for next iHub.	
Total Contract Period	**12 Months**

7. PAYMENTS:

Payment Arrangements: Given the nature of the services to be provided by the operator of the iHub, in the basis of the financial offer of the selected operator, the contracting authority SEDCO will agree with the operator a fixed monthly payment for services rendered. Any additional cost beyond the agreed fixed monthly payment will be borne by SEDCO with the support of collaborating partners, however, such costs must receive prior approval from the contracting authority before they are incurred.

8. RECOMMENDED PRESENTATION OF PROPOSAL.

Interested individuals and/or start-ups should submit their applications on the specified templates and include the following:

- ✓ Brief description on why the start-up   is the most suitable for the assignment, and a methodology on how they will approach and complete the assignment.

- ✓ A company profile, with at least three references.

- ✓ Individual CV of all team members which the start-up will use for conducting the ICT trainings, indicating all experience from similar projects, as well as the contact details (email and telephone numbers).
- ✓ Business plan with 24 months Cash Flow projections

9. CRITERIA FOR SELECTION OF THE BEST OFFER

A successful start-up will be selected based on the Combined Scoring method – where the qualifications and methodology will be weighted a maximum of 70%, and combined with the viability of the business plan and financials which will be weighted a max of 30%, broken down as:

Technical Proposal (70%)

1. Expertise of the firm 20%

2. Proposed methodology 30%

3. Personnel 20%

Financial Plan (30%), to be computed as a ratio of the lowest price among the proposals received by SEDCO.

Location: To be housed at SEDCO's Piggs Peak estate, the ICT hub must serve the rural communities around the Piggs Peak area.

Target: Target customers must be specifically youth, women, and MSMEs situated around Piggs Peak rural communities.

Digitalization of MSMEs: Start-up providing digital skills training solutions to SMEs. A set of IT products/services (Hardware, software) that digitalizes the administration and marketing functions of MSMEs. These could be; computerized hardware, software for accounting, POS, HR, electronic invoicing, inventory etc, social media services, online market places/e-commerce and internet services.

Property Ownership: SEDCO **may** offer office space and working equipment but not ownership of the equipment to the operator firm selected. The Operator will manage customer fit-outs and will manage any necessary repairs and maintenance to prevent the property from falling into disrepair. The Operator with the approval of SEDCO may upgrade to new facilities and equipment that will support viable economic activity and promote business growth in a manner that can be sustained in the years to come. The site will be identified by the partnership primarily in the SEDCO property or other spaces deemed fit for the hub.

10. PRINCIPLES

Activities should aim at long-term sustainability and include a business plan for the IHub, a plan to attract funding, to address training and skills development needs and dissemination. A plan on how you will build networks reaching out to the SMEs in the surrounding

communities, youth, women and People with Disabilities. The selected start-up will be scored and selected based on its alignment with the following principles.

EXPECTED IMPACT	SELECTED START-UPS MUST DEMONSTRATE TO ACHIEVE MEASURABLE IMPACT AGAINST THE SET THEME. ATTRACT A SIGNIFICANT NUMBER OF USERS OF ICT IN THE SME SECTOR
INCLUSION	Selected start-up must show the inclusion of youth, women and PLDs and MSMEs from the surroundiing communities
SUSTAINABILITY	Selected start-up must show to have necessary working capital to fund its day to day business operations
VIABILITY	Selected start-up must show that the business can generate more revenues than cost and operate at a profit.
GROWTH / GRADUATION	Start-up must show the potential to graduate from the 3 year incubation period and sustainably continue with business in the open market space.
INNOVATION	Start-up must be innovative – bringing a new solution, improving and/or expanding of an existing solution

11. ELIGIBILITY Criteria

Only start-ups presenting solutions as required in the scope will be considered

- Start-up must be a Swazi youth-owned ICT business.

- Founder and/or management team must possess IT and/or Business qualification (Certification, Diploma or higher)

- Start-up must be legally registered or if unregistered yet must be willing to formalise before signing an agreement

- The start-up must have a staff complement of not less than 2 personnel

- The start-up must be willing to base its operations in Macetjeni

- Start-up must have available working capital and financial capability to sustain operations

12. APPLICATION STEPS

CALL OUT FOR APPLICATIONS	PRINT MEDIA & ONLINE MEDIA CHANNELS
APPLICATION FORM & BUSINESS PLAN SUBMITTED	Apply online via the Google Forms link provided.

APPLICATION SCREENED	Rejection of incomplete or ineligible applications
DUE DILIGENCE	Due diligence conducted to verify information of shortlisted businesses.
PITCHING OF BUSINESSES	Shortlisted applicants will pitch their business plan to a selection committee.
APPLICATION SCORED	Selection of overall pitch winner and feedback to unsuccessful applicants.
ICT HUB INCUBATION AGREEMENT SIGNED	Winning star-up signs a 12 month iHub operator agreement with SEDCO
PROJECT ACTIVITY COMMENCES	Procurement of ICT hub equipment & commencement of activities
PROJECT CLOSE	Project activities end after or extended after 12 months

TIME FRAME

DATE	ACTIVITY
20 JUNE 25	Applications open
04 JULY 25	Application deadline
11 JULY 25	Shortlisting complete. Successful business plans invited for pitch stage
18 JULY 25	Shortlisted start-ups pitch their businesses
18 JULY 25	Winner of the pitch stage selected.
22 JULY 25	Winner notified
25 JULY 25	ICT hub business incubation agreement signed
01 AUGUST 24	Start date of project activities

PRE-SCREENING & SHORTLISTING

Eligibility – Mandatory

Non-eligible applications will be rejected. Only eligible applications go over to the next stage of shortlisting.

FOUNDER IS A SWAZI NATIONAL (ID COPY)	YES	NO
ID OF FOUNDER IS 1989 AND ABOVE		
FOUNDER/S HAS IT QUALIFICATION (CERT. DIPL. DEGREE)		
START-UP IS AN IT COMPANY (REGISTRATION CERTIFICATE) / INTENTION TO BE A LEGALLY REGISTERED COMPANY		
ID COPIES OF PERSONNEL/STAFF AVAILABLE (2 COPIES)		

Shortlisting scoring

Only the top 10 of the scored start-ups will go to the next stage of pitching their business solutions. As part of the technical proposal, the start-up must ensure that the submission covers the following key elements. The below elements will be included as part of the 70% weighting of the technical proposal.

IMPACT	**DOES START-UP SHOW A CLEAR AND MEASURABLE WAY OF HOW IT'S SOLUTION WILL IMPACT DIGITAL SKILLS EDUCATION?**	**15**
	Does start-up show a clear and measurable way of how it's solution will impact MSME digitalization?	15
	Sub Total = 30/100	
INCLUSION	Are the solutions offered demonstrate to target rural based youth, women and PLDs?	15
	Are the solutions offered demonstrate to target rural based MSMEs?	15
	Sub Total = 30/100	
MARKET TRACTION	Can the start-up prove it has some form of traction in the market? (3 recommendation letters from serviced customers)	15
	Has the business provided realistic cash-flow projections for the first 24 months?	15

Business background/History/ Experience of founder/s in providing IT business related services		10
	Sub Total = 40/100	
	Grand Total = 100/100	

PITCHING

The 10 shortlisted start-ups will pitch their business solutions to a panel of judges who will adjudicate them based on a set judging criteria which will include; business viability, potential to grow/graduate from incubation and sustainability to continue carrying out business activities after the 12-month incubation period.