

Terms of reference (ToR) for the procurement of services below the EU threshold

CONFIDENTIAL

Consultancy services to Ministry of Finance of Iraq to strengthen its macroeconomic modelling and capacity

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0.	List of abbreviations	2
1.	Context.....	3
2.	Tasks to be performed by the contractor	4
3.	Concept.....	7
	Technical-methodological concept	7
	Project management of the contractor (1.6)	8
	Further requirements (1.7).....	8
4.	Personnel concept.....	8
	Expert.....	8
5.	Costing requirements	9
	Assignment of personnel and travel expenses	9
	Sustainability aspects for travel	9
	Workshops, events and trainings.....	10
6.	Inputs of GIZ or other actors.....	10
7.	Requirements on the format of the tender	11
8.	Outsourced processing of personal data	11

0. List of abbreviations

AG	Commissioning party
AN	Contractor
AVB	General Terms and Conditions of Contract for supplying services and work
FK	Expert
FKT	Expert days
KZFK	Short-term expert
ToRs	Terms of reference
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism
CAB	Current Account Balance
CBI	Central Bank of Iraq
FBSA	Federal Board of Supreme Audit
FDI	Foreign Direct Investment
FFM	Public Finance and Financial Markets
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
LTGM	Long-Term Growth Model
MENA	Middle East and North Africa
MFMOD	Macroeconomic and Fiscal Model
MTEF	Multi Year Expenditure Framework
MTFF	Medium Term Fiscal Framework
MYRB	Multi Year Rolling Budget
OECD	Organization for Economic Cooperation and Development
RMSM-X	Revised Minimum Standard Model - Extended
GOI	Government of Iraq
MoF	Ministry of Finance of Iraq
MoP	Ministry of Planning of Iraq
CBI	Central Bank of Iraq
MoOil	Ministry of Oil of Iraq
FBS	Federal Budget Strategy, effectively a Budget Framework Paper

1. Context

The BMZ-funded Strengthening Public Finances and Financial Markets (FFM) II project supports the reform priorities of the Government of Iraq as articulated in the Iraqi National Development Plan and the Sudanese government's agenda, with a focus on public financial management, domestic revenue mobilisation, financial integrity, and financial-sector stability. The Project contributes to macro-fiscal stability and inclusive economic development by strengthening budget credibility, improving public investment management, increasing non-oil revenues through tax and customs reform, and enhancing the AML/CFT framework to improve financial transparency and access to international finance.

Project interventions follow GIZ's capacity-development approach at individual, organisational, and system levels. These interventions contribute to improved fiscal sustainability, better mobilisation and allocation of public resources, increased private-sector access to finance, and reduced vulnerability to oil-price volatility and climate-related economic risks.

The Iraqi population is the ultimate target group, benefiting from improved governance, economic stability, and service delivery. Primary institutional partners include the Ministry of Finance (including tax and customs authorities), the Central Bank of Iraq (including the Financial Intelligence Unit and financial intermediaries), and the Prime Minister's Office. Project activities are implemented at the central government level in Baghdad.

Since 2003, Iraq has faced persistent political, economic, and institutional challenges that continue to constrain sustainable development. Structural weaknesses, including heavy reliance on oil revenues, limited fiscal space, low trust in public institutions, and a constrained private sector—have reduced the state's ability to respond effectively to economic shocks, climate pressures, and demographic demands. Addressing these challenges requires strengthened public institutions, improved economic governance, and a gradual shift towards a more diversified and resilient economy.

Due to its high dependence on oil exports and the oil price, Iraq experiences drastic fluctuations in the disposable budget with huge deviations between the planned and actual budgets. The Budget Department of the MoF uses projections incorporating GoI policies set out in the 'National Development Plan and the 'Strategy for Combating Poverty' as well as ad hoc inputs from line Ministries, the Central Bank, and the Central Statistics Organization to produce a 'Federal Budget Strategy (FBS) – effectively a Budget Framework Paper. In Iraq, revenues are overwhelmingly generated (91%) from a single natural resource – oil – and which are highly susceptible to volatility in world markets. Hence, considerable attention is given to the projections generated by the Ministry of Oil about future prices when formulating the fiscal framework.

The FBS includes the latest available information and developments in GoI policies that may impact on revenues and expenditures, as well as macroeconomic data and assumptions about GDP, inflation (CPI), population growth and exchange rates. Previous trends are observed, and forecasting techniques are used to derive projections which, in addition to the above, estimate loan disbursements and repayments, other financing items, and the oil price. This data is combined into a report which is shared with Parliamentary working groups on the budget, but it is neither published nor reviewed by another independent entity. This makes proper forecasting an important aspect of budget planning. However, the FBS does not explicitly include assessments – quantitative or qualitative – of the impact of alternative macroeconomic assumptions, given the sensitivity of markets to such information. This is due to lack of use of a state-of-art macro-economic model. Iraq does not use a robust macroeconomic model as a context for preparing annual budgets.

Strengthening Public and Financial Markets (FFM) in Iraq - Phase I established that MoF capacities of the MoF require a major boost. Hence efforts were focused to build the fundamental capacities of select ministry personnel in a highly participatory process on building and managing a mid-term macroeconomic and fiscal model (MFM) for Iraq and to lay the groundwork for model development. The overarching measures included equipping the responsible staff with basic IT infrastructure and licenses to E-views and power-BI; data review, interpretation from the Iraqi Accounting Standards into GFS standard, and verification. Moreover, the terms of reference for the technical working group within the MoF and for the high-level inter-ministerial committee were drafted. The groundwork for the mid-term macroeconomic and fiscal model (MFM) is complete.

Under Phase II of the Strengthening Public Financial Management (PFM) in Iraq project, GIZ will continue supporting the Ministry of Finance (MoF) in strengthening its institutional capacities for macroeconomic and fiscal forecasting, as well as the production of budget-relevant analyses. This support will include continued assistance in data collection, processing, validation, analysis, and interpretation, alongside the development of macroeconomic forecasts, statistical modelling, and reporting on key macroeconomic indicators. To further enhance the MoF's capacities in macroeconomic forecasting, fiscal forecasting, and macro-fiscal sensitivity analysis, the project will deliver targeted capacity development measures, including tailored training programmes for relevant staff from the MoF and other key Iraqi PFM institutions.

In parallel, the project will facilitate and support the institutional change process required to establish, operationalize, and strengthen the Ministry of Finance's Macroeconomic Forecasting Technical Working Group (TWG), ensuring its effective functioning as a technical coordination mechanism. To promote a systematic and institutionalized budget review process, the project will also support the establishment and functioning of a high-level inter-ministerial committee to serve as the governance and oversight body for the Macroeconomic Framework (MFM). Accordingly, project support will address both the technical and institutional dimensions necessary to strengthen macro-fiscal forecasting and budget planning processes.

2. Tasks to be performed by the contractor

Core objectives of the assignment:

- 1) To finalise customization of a macroeconomic model on the applicable features of different macroeconomic models incorporating Iraqi Government's requirements
- 2) To support the institutional change process required to establish, operationalize, and strengthen the Ministry of Finance's Macroeconomic Forecasting Technical Working Group (TWG), ensuring its effective functioning as a technical coordination mechanism within the budgetary process
- 3) To support the establishment and functioning of a high-level inter-ministerial committee to serve as the governance and oversight body intended to promote a systematic and institutionalized budget review process
- 4) To further enhance the capacities of the MoF and other key Iraqi PFM institutions in macroeconomic forecasting, fiscal forecasting, and macro-fiscal sensitivity analysis by delivering targeted capacity development measures

The Expert will provide technical advisory support to the MoF and other institutions of the GoI with responsibilities for budget preparation process, macroeconomic modelling, and fiscal forecasting, including, but not limited to the following:

- further capacity enhancement measures;

- technical advisory support on macro-fiscal modeling and forecasting; and
- organizational and chain management within the budget process;

The tasks will include:

- data collection, processing, validation, analysis, and interpretation, alongside the development of macroeconomic forecasts, statistical modelling, and reporting on key macroeconomic indicators.
- development/customization of a macroeconomic model on the applicable features of different macroeconomic models incorporating Iraqi Government's requirements
- identification of improvements such as strengthening the consistency of economy-wide flow-of-funds, improving the analysis of long-term growth scenarios, and formulation of a consistent growth-oriented, medium-term adjustment program will be identified.
- support the institutional change process required to establish, operationalize, and strengthen the Ministry of Finance's Macroeconomic Forecasting Technical Working Group
- support the institutional change process required to establish, operationalize, and strengthen the systematic and institutionalized budget review process

The contractor is responsible for providing the following services:

1. Continued review and assessment of the Data Sources and Historical Data Collection

a. the Data Sources, include, but not limited to: MoF (DG Budget, DG Economics, DG Debt Management); Central Statistics Office, Central Bank of Iraq, Ministry of Labour, Ministry of Planning, etcetera.

b. Datasets include, but not limited to: National Income Accounts, GDP, Growth, Investments – both public and private, Inflation, Revenues – Oil and Non-Oil, Capital and Recurrent Public Expenditures, Employment, Balance of Payments, Monetary Survey.

c. the Data Sources and Collection will be reviewed for past 10 years or as the Expert deems fit for the task of model building.

2. Continued customization of the selected features of macroeconomic model suitable for the Iraqi Government requirements.

3. To enhance capacities of the selected departments of the MoF and other agencies:

a. development of the tailored training material on the use of selected macroeconomic model

b. conducting hands-on training on the use of customized macroeconomic model for the assigned MoF staff. The exact group size for workshop is subject for further approvals by MoF.

c. Reviewing revised projections of MoF staff and advising adjustments, if needed

4. To develop Terms of Reference for establishing a High-level committee for producing and implementing Medium Term Macroeconomic Framework as well as Medium Term Fiscal Framework

5. To develop framework documents that establishes a conducive legal framework for implementation of the selected macro-economic model:

a. Developing Medium Term Economic Framework

b. Developing Medium Term Fiscal Framework that will include (i) Medium-Term Expenditure Framework (MTEF) and (ii) Multi Year Rolling Budget (MYRB).

In addition to the reports required by GIZ in accordance with the AVB, the contractor submits the following reports:

- Inception report deliverable in English language as a Word Document (5 –7 pages) with all supplementary documents
- Detailed technical report after completion of each deliverable in English language as a Word Document (5 –7 pages) with all supplementary documents
- Interim report(s) in English as a Word Document on 20.11.2026; 20.06.2027; 20.11.2027 (7-10 pages) with all supplementary documents and the model
- Final report in English as a Word Document on 20.09.2028 (not longer than 15 - 20 pages) with all supplementary documents and the model

The interim report(s) and the final report should provide information about the progress made towards objectives in each of the monitoring areas specified above.

Certain milestones, as laid out in the table below, are to be achieved during the contract term:

Milestones/process steps/partial services	Deadline/place/person responsible
Develop the mid-term macro-fiscal forecasting model / up to 15 working days	Hybrid (remotely and in person in Baghdad)/ within 3 months after the start of the contract
Further capacity enhancement of the MoF Macroeconomic Forecasting Technical Working Group by delivering tailored training programmes and technical assistance/ up to 20 working days	Hybrid (remotely and in person in Baghdad)/ within 6 months after the start of the contract
Introduce and formalise the macro-fiscal forecasting model into budgetary process of the MoF/ up to 15 working days	Hybrid (remotely and in person in Baghdad)/ within 12 months after the start of the contract
Introduce and formalise and further capacity enhancement of the CBI Macroeconomic Forecasting Technical Working Group/ up to 20 working days	Hybrid (remotely and in person in Baghdad)/ within 12 months after the start of the contract
Introduce and formalise the Medium-Term Fiscal Framework Committee; promote its'	Hybrid (remotely and in person in Baghdad)/ within 12 months after the start of the contract

establishment as a custodian of a systematic quarterly and annual budget reviews/ up to 10 working days	
Introduce, formalize and promote the establishment of the process of regular budget execution reviews by the Medium-Term Fiscal Framework Committee (MoF, MoP, CBI and MoOil)/ up to 10 working days	Hybrid (remotely and in person in Baghdad)/ within 16 months after the start of the contract
Facilitate a high-level consultation and lobbying sessions/ up to 10 working days	Hybrid (remotely and in person in Baghdad)/ within 18 months after the start of the contract
Final Report on the task is developed and submitted/ up to 5 working days	Remotely/ within 23 months after the start of the contract
Total up to a maximum of 105 days	

The milestones are indicative and subject to a revision based on partner approvals and/or the availability or allocation of resources

Period of assignment: from 01.09.2026 until 01.09.2028.

3. Concept

In the tender, the tenderer is required to show *how* the objectives defined in Chapter 2 (Tasks to be performed) are to be achieved, if applicable under consideration of further method-related requirements (technical-methodological concept). In addition, the tenderer must describe the project management system for service provision.

Note: The numbers in parentheses correspond to the lines of the technical assessment grid.

Technical-methodological concept

Strategy (1.1): The tenderer is required to consider the tasks to be performed with reference to the objectives of the services put out to tender (see Chapter 1 Context) (1.1.1). Following this, the tenderer presents and justifies the explicit strategy with which it intends to provide the services for which it is responsible (see Chapter 2 Tasks to be performed) (1.1.2).

The tenderer is required to present the actors relevant for the services for which it is responsible and describe the **cooperation (1.2)** with them.

The tenderer is required to present and explain its approach to **steering** the measures with the project partners (1.3.1) and its contribution to the **results-based monitoring system** (1.3.2).

The tenderer is required to describe the key **processes** for the services for which it is responsible and create an **operational plan** or schedule (1.4.1) that describes how the services according to Chapter 2 (Tasks to be performed by the contractor) are to be provided. In particular, the tenderer is required to describe the necessary work steps and, if applicable, take account of the milestones and **contributions** of other actors (partner contributions) in accordance with Chapter 2 (Tasks to be performed) (1.4.2).

The tenderer is required to describe its contribution to knowledge management for the partner (1.5.1) and GIZ and to promote scaling-up effects (1.5.2) under **learning and innovation**.

Project management of the contractor (1.6)

Not applicable

Further requirements (1.7)

Not applicable

4. Personnel concept

The tenderer is required to provide personnel who are suited to filling the positions described, on the basis of their CVs (see Chapter 7), the range of tasks involved and the required qualifications.

The below specified qualifications represent the requirements to reach the maximum number of points in the technical assessment.

Expert

Tasks of the expert

- Overall responsibility for the advisory packages of the contractor (quality and deadlines)
- Coordinating and ensuring communication with GIZ, partners and others involved in the project
- Regular reporting in accordance with deadlines

Qualifications of the expert

- Education/training (2.2.1): university degree (German 'Diplom'/Master) in Economics, Statistics, Public Finance, or similar
- Language (2.2.2): C2-level language proficiency in English
- General professional experience (2.2.3): 15 years of professional experience in the economics, statistics or public finance sectors
- Specific professional experience (2.2.4): 10 years in advisory services to governments and development/ customization of macroeconomic models and fiscal forecasting in multiple country settings
- Leadership/management experience (2.1.5): not applicable
- Regional experience (2.2.6): 5 years of experience in projects in MENA (region), of which 2 years in projects in Iraq (country)
- Development cooperation (DC) experience (2.2.7): 7 years of experience in DC projects
- Other (2.2.8): 5 years of professional experience in providing training to government staff of multiple countries on macroeconomic models.

5. Costing requirements

Assignment of personnel and travel expenses

Per diem allowances are reimbursed as a lump sum up to the maximum amounts permissible under tax law for each country as set out in the country table in the circular from the German Federal Ministry of Finance on travel expense remuneration (downloadable from the [German Federal Ministry of Finance – tax treatment of travel expenses and allowances for international business travel as of 1 January 2026 \(GERMAN ONLY\)](#)).

Accommodation allowances are reimbursed as detailed in the specification of inputs below.

With special justification, additional Accommodation costs up to a reasonable amount can be reimbursed against evidence.

All business travel must be agreed in advance by the officer responsible for the project

Sustainability aspects for travel

GIZ has undertaken an obligation to reduce greenhouse gas emissions (CO₂ emissions) caused by travel. When preparing your tender, please incorporate options for reducing emissions, such as selecting the lowest-emission booking class (economy) and using means of transport, airlines and flight routes with a higher CO₂ efficiency. For short distances, travel by train (second class) or e-mobility should be the preferred option.

CO₂ emissions caused by air travel must be offset. GIZ specifies a budget for this, through which the carbon offsets can be settled against evidence.

There are many different providers in the market for emissions certificates, and they have different climate impact ambitions. The [Development and Climate Alliance \(German only\)](#) has published a [list of standards \(German only\)](#). GIZ recommends using the standards specified there.

Specification of inputs

Fee days	Number of experts	Number of days per expert	Total	Comments
Designation of TL/key expert/short-term expert pool	1	105	105	Inclusive of both on site and remote work
Travel expenses	Number	Price	Total	Comments
CO ₂ compensation for air travel	1	1,400.00	1,400.00	A fixed budget of EUR 1,400.00 is earmarked for settling carbon offsets against evidence.
Fixed travel budget	1	32,800.00	32,800.00	A budget is earmarked for travel to the following countries: Baghdad, Iraq.

				A fixed budget of EUR 35,000.00 is earmarked for settling travel expenses against evidence. You can find further information on the travel expense budget in the 'Price schedule' document. Please use the 'Explanations' column in the price schedule to break down the individual items. Settlement is possible only until the budget is depleted.
Other costs	Number	Price	Total	Comments
Flexible remuneration	1	10,000.00	10,000.00	A budget of EUR 10,000.00 is foreseen for flexible remuneration. Please incorporate this budget into the price schedule. Use of the flexible remuneration item requires prior written approval from GIZ.
Other costs	1	2,100.00	2,100.00	The budget contains the following costs participation fee in HEAT training, will be activated if ordered by the RMO Iraq

Workshops, events and trainings

The contractor implements the following workshops/study trips/training courses:

- Several tailored training programmes will be implemented by the contractor. Organization of capacity building measures will be coordinated with the Iraqi partner institutions. All logistical and organizational costs (venue, catering, travel expenses, if any, of participants) of the workshop will be assumed by GIZ in coordination with Iraqi partner institutions.

6. Inputs of GIZ or other actors

GIZ and/or other actors are expected to make the following available:

- Workstations on premises of GIZ Iraq or partner institution
- Transportation on site with own project vehicle
- Logistics for workshops: all logistical and organizational costs (venue, catering, travel expenses, if any, of participants) of the workshop will be assumed by GIZ in coordination with Iraqi partner institutions.

7. Requirements on the format of the tender

The structure of the tender must correspond to the structure of the ToR. In particular, the detailed structure of the concept (Chapter 3) should be organised in accordance with the positively weighted criteria in the assessment grid (not with zero). The tender must be legible (font size 11 or larger) and clearly formulated. It must be drawn up in English.

The complete tender must not exceed 10 pages (excluding CVs). If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment. External content (e.g. links to websites) will also not be considered.

The CVs of the personnel proposed in accordance with Chapter 4 of the ToRs must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages each. They must clearly show the position and job the proposed person held in the reference project and for how long. The CVs can also be submitted in English.

Please calculate your financial tender based exactly on the parameters specified in Chapter 5 Quantitative requirements. The contractor is not contractually entitled to use up the days, trips, workshops or budgets in full. The number of days, trips and workshops and the budgets will be contractually agreed as maximum limits. The specifications for pricing are defined in the price schedule.

8. Outsourced processing of personal data

The data protection and information security provisions set out in the currently applicable version of the AVB apply.