



To: Offerors

Date: Monday, July 2, 2018

From: Procurement and Partnerships Team, INVEST Project; Implemented by DAI Global LLC

Subject: Request for Proposals (RFP) INVEST-005 Mobilizing Private Investment for Development: USAID Democratic Republic of Congo Assessment of Finance Needs and Opportunities

DUE: 1:00PM EDT on **July 16, 2018**

Dear Offerors:

Enclosed is a Request for Proposals (RFP) to support the implementation of DAI's INVEST project funded by the United States Agency for International Development (USAID). DAI invites firms to submit a proposal for work to be funded by USAID under the USAID DRC Buy-in Contract.

- I. RFP Process and deadlines:** This solicitation will result in the award of Fixed Price Purchase Order. We anticipate issuing a single subcontract award resulting from the implementation of this agreement.
- a. Submission of Questions – Questions must be submitted no later than 5:00 pm EDT on July 6, 2018 via email at INVEST_Procurement@dai.com. DAI will respond to these questions in approximately three (3) business days.
 - b. Submission of Proposals – Proposals must be submitted no later than **1:00 pm EDT on July 16, 2018** via email at INVEST_Procurement@dai.com, copying matthew_farrell@dai.com and talin_baghdadlian@dai.com. The subject line of the email should be your organization name, followed by “Submission under RFP INVEST-005: USAID DRC” Please certify in your submission email a validity period of 60 days for the price(s) provided and include your organization’s DUNS number. Please limit file submissions to 10 megabytes or less.
- II. Composition of Proposal:** Your organization’s proposal should comprise the following submission documents. The Technical Proposal and Cost Proposal should be prepared as separate files for independent evaluation, as follows below. Technical proposals should be submitted as a presentation no longer than 10 slides. Submissions in PowerPoint or in PDF are acceptable, although PDF is preferred along with an accompanying PowerPoint document. Please provide a copy of your cost proposal in Excel format.

Part 1 – Technical Proposal

Please limit your technical proposal to no more than ten (10) slides. The technical proposal is composed of the following three (3) sections:

1. **Technical Approach** – Offerors will detail their approach to fulfilling the accompanying Statement of Objectives (SOO). The approach will clearly indicate how the proposed activities will result in the successful completion of all milestones. Offerors should include a list of any local organizations (donors, investors, NGOs, etc.) in the DRC it plans to engage with as part of its assessment
2. **Institutional Capacity** – Offerors should provide details about the experience, expertise, or capacity of their firm to recommend the proposed approach and complete the work as described. This should also include past performance information for DRC and/or sub-Saharan Africa in similar contexts.
3. **Management Plan/Staffing Structure** – Offerors should include details of personnel who might be assigned to the activities described in the technical approach, as well as a clear management plan for the development, review, and submission of all associated deliverables, including a milestone schedule. Offerors are permitted to engage in partnering arrangements that will aid in providing best value to USAID, regardless of whether organizations belong to the USAID INVEST network. If a partnering arrangement is being proposed, please describe the nature of the arrangement and the appropriate management controls to ensure successful delivery.

In addition to the above, please include the following. These inputs will not be counted as part of the 10-slide limit and the format may be PDF or Word:

- One (1) to two (2) case study examples or qualifications statements of past performance relevant to this activity (limited to two (2) pages per case study)
- CV(s) of any individuals proposed in the staffing plan to conduct this activity (limited to two (2) pages per individual)

A cover slide will be considered a non-counting slide, should offerors choose to include one. No additional annexes or documentation are requested at this time.

Part 2 – Cost Proposal

The contract type for the presumptive task order will be Fixed Price, awarded as a subcontract by DAI Global, LLC. Please include your total proposed fixed price along with details for specific deliverable pricing. Offerors should also include a cost breakdown of the hourly rates for proposed personnel, if applicable, with a build-up to their total proposed price or include substantiating price reasonableness documentation/justification. Offerors are expected to use their own cost/budget template(s); please limit file submissions to 10 megabytes or less.

III. Evaluation of Proposal: DAI will use best value determination for the award of this Request for Proposals. A best value determination means that, in DAI's estimation, the selected offer will provide the greatest overall benefit to USAID DRC in response to the requirements stated in this RFP. Proposals will be evaluated against a stated number of factors, including the overall proposed approach, past performance, specific qualifications in the identified sectors and other evidence substantiating the bidder's ability to deliver, and budget and time frame considerations.

1. **Technical Proposal:** The Technical Proposal will be scored and evaluated separately from the cost proposal. Technical panel reviewers will evaluate offerors on the following factors, consistent with the offerors' technical proposal.

- a. **Technical Approach (40 points)** - Points for this section will be awarded based on the information presented in the technical approach. Points will be awarded to firms describing their thoughtful approach to addressing the statement of objectives. The offeror will be scored based on its presentation of a clear approach which reflects the requirements of this specific activity but also incorporates the offeror's unique competencies.
- b. **Institutional Capacity (40 points)** - Points for this section will be based on information presented in the corresponding section. Preference will be given to firms that have past performance in timely and successful delivery of similar services and/or relevant experience in the DRC and/or sub-Saharan Africa.
- c. **Management Plan/Staffing Structure (20 points)** – Points for this section will be based on the qualifications of proposed staff and the demonstrated efficacy of the management plan.

2. **Cost Proposal:** Cost will be evaluated separately from the technical approach, with due consideration for price reasonableness and allowability consistent with US government cost principles. Evaluation for this section will be dependent upon all information presented by the Offeror in their deliverable table and supporting cost information, as well as its alignment with the proposed technical approach.

- IV. Offeror's Agreement with Terms and Conditions:** The completion of all RFP requirements in accordance with the instructions in this RFP and submission to DAI of the technical and price proposals will constitute an offer and indicate the Offeror's agreement to the terms and conditions in this RFP and any attachments hereto. DAI is not required to accept and/or evaluate proposals that do not conform to the instructions of the RFP, and additionally, DAI may reject all proposals and not award a subcontract for this RFP. DAI reserves the right to award a subcontract without discussion and/or negotiation; however, DAI also reserves the right to conduct discussions and/or negotiations, which among other things may require an Offeror(s) to revise its proposal (technical and/or price). Issuance of this RFP in no way obligates DAI to award a subcontract, nor does it commit DAI to pay any costs incurred by the Offeror in preparing and submitting the proposal. DAI reserves the right to award a subcontract to one organization or to issue multiple awards to different organizations based on the results of our evaluation.

Thank you,

DAI INVEST Procurement and Partnerships Team

INVEST_Procurement@dai.com

The INVEST Project: Mobilizing Private Investment for Development

Statement of Objectives for USAID/Democratic Republic of the Congo Assessment of Finance Needs and Opportunities

I. Introduction

USAID seeks to unlock the potential of private capital to drive inclusive growth. Increasingly, private investors and businesses are looking to emerging markets for better returns and new market opportunities. Specifically, USAID can leverage its resources – grants, technical assistance, guarantees, and convening power – to help raise awareness of investment opportunities, lower transaction costs, and mitigate the risk of investments that generate positive social, economic, and environmental impact.

In support of its efforts to promote blended finance within the agency, the USAID Office of Private Capital and Microenterprise (USAID/PCM) awarded the INVEST contract to DAI in September of 2017. Through INVEST's flexible buy-in mechanism, USAID Missions and Operating Units are able to access an unprecedented network of firms and individuals that have the range of technical expertise needed to identify opportunities and effectively mobilize private capital toward development priorities. Using a lean approach tailored to high potential opportunities, relevant parts of the network will come together to research, develop, and build specific solutions that align private capital with development needs.

USAID is exploring opportunities for blended finance in the Democratic Republic of the Congo (DRC), including the risks and constraints to operationalizing blended finance and most appropriate approaches and tools available to support such opportunities. Located at the crossroads of the African continent and sharing borders with nine countries, the DRC has the potential to be a top African contributor to the continent's economic renaissance because of its size and potential. It has abundant water resources, sufficient for its own consumption, agriculture, and environmental protection, but also enough to power all of southern Africa. It has vast agricultural potential including substantial fish and livestock resources.

In an inclusive growth diagnostic (IGD) conducted in 2012, domestic finance was identified as a severe constraint due to both the lack of local savings and poor intermediation. While foreign domestic investment had been flowing into the DRC and likely was narrowly focused on the mining sector, the local savings system was very weak. There were problems with both low domestic savings and intermediation. With low domestic savings rates, indicators included few consumer bank accounts, high collateral loan requirements, and business surveys that identified access to finance as a major constraint. With intermediation, there were very high nominal deposit and lending rates, high real interest rates, and high interest rate spreads.

More recently, in 2017, a Political Economy Analysis (PEA) and a study of the coffee and cacao sectors were conducted. Both identified access to finance as a constraint and both recommended options for blended finance as a way to promote growth in the agriculture sector, particularly for higher value, export crops. The PEA found some of the same hindrances identified in the earlier IGD, that pure bank lending is particularly constrained by a host of factors that include collateralization challenges and prohibitive lending rates. The PEA recommended one promising concept for the coffee sector: a funding platform marrying risk capital through a mixed equity-debt facility with a revenue sharing instrument. Such a fund would deploy an innovative mix of quasi-equity and debt instruments with situation dependent use of small amounts of equity as 'anchors.' An assessment of the growth potential of DRC's coffee and cacao sectors conducted by the Center for Strategic and International Studies also identified access to finance as an issue and recommended a list of options to harness traditional and non-traditional financing tools, through creative solutions to unlock additional sources of funding for cash crop sectors in eastern Congo.

Current USAID/DRC programming of note for this scope of work are the ongoing agricultural value chains activity and the Development Credit Authority (DCA) agreements with two local banks in addition to another regionally based social investment fund, Root Capital. The Feed the Future DRC Strengthening Value Chains activity, implemented by Tetra Tech along with a consortium of five other partners, is valued at \$23 million over 5 years and aims to improve access to improved agricultural inputs and market systems for 60,000 households. The project targets three value chains: specialty coffee as a high-value export crop and soy and beans as two nutrition-sensitive crops, with some market value. For the specialty coffee sector in particular, the project will target at least 15,000 households to increase agricultural productivity by 30% and increase annual household income by \$125 through marketing of their crops. At the sector level, the project aims to achieve export levels of 50 containers of specialty coffee per year by the final year of the project. A key component of the project is to improve access to finance and the project will work with the DCA lenders to better understand and reach out to the agriculture sector, tailoring loan products in accordance with identified needs. In addition, the project will work with value chain actors, farmer cooperatives and small and medium enterprises to help them prepare business plans and strengthen their financial management acumen and processes to properly handle cash flow and meet debt obligations.

As for the DCA, in 2016 USAID and the Swedish International Development Agency (SIDA) signed a multi-bank loan portfolio guarantee with two lenders operating in Eastern Congo - FINCA and Equity Bank (previously Procredit). The DCA agreement will enable these financial partners to make an estimated \$9 million in additional loans to qualifying borrowers in North Kivu and South Kivu provinces. Equity intends to use the guarantee to specifically support an expansion in lending to the agricultural sector, but they are also currently opened to expanding their lending in new sectors. FINCA is currently focusing its lending to the trade and agricultural sectors. With a regional base in Nairobi, Root Capital has been operating in DRC since 2013 and is currently under an Africa-wide DCA, with a cap for DRC lending. Root Capital's clients are high-impact coffee cooperatives, with sales ranging from \$90k to \$2 million, that aggregate hundreds or thousands of smallholder farmers. Root Capital has had a successful track record in DRC and has found that its lending meets a particular financing gap in the agriculture sector, as none of their clients are able to access commercial bank loans.

Finally, while secondary for the purposes of this scope of work, USAID/DRC also manages responsible minerals trade programming and has identified a possible need for blended finance. The rationale for focusing on responsible minerals trade is to break the link between mining and armed groups, who tap mineral sources to fund their operations. USAID/DRC is prioritizing gold, particularly that of artisanal and small-scale miners (ASM), given that 70% of gold mine sites are still controlled by armed groups and that gold is currently the most conflict-prone mineral in the DRC. USAID aims to develop and deliver a sustainable, private-sector financed model for a transparent, clean gold supply chain that can be effectively scaled and linked vertically. Furthermore, USAID seeks to explore a vertically linked, ASM cooperative based model, which builds capacity of ASM cooperatives to enhance economic outcomes for artisanal miners and engender a more transparent, and regulated conflict-free minerals trade in gold while reducing the influence of armed groups on mining communities.

An assessment of the finance needs and opportunities in eastern Congo should take existing USAID investments in the area, particularly those mentioned above, into consideration and make recommendations that are complementary and that strengthen and deepen the impact of current programs.

II. Statement of Objectives

Under this statement of objectives, the selected partner/partners will:

1. Assess opportunities and constraints for blended finance in eastern DRC
 - Through a combination of desk based research and key informant interviews with external stakeholders, and Washington and Mission staff, review USAID's current portfolio of activities and investments in eastern Congo, complementing DCAs, agricultural value chains projects and responsible minerals trade to help identify where and how USAID/DRC Economic Growth Office can strategically and systematically apply blended/innovative finance approaches to achieve Economic Growth goals. Identify the range of tools that the DRC Economic Growth office can use, and the appropriate use cases for those tools, e.g., a DCA to help overcome working capital issues or flexible grant funding to catalyze private equity investments in the agriculture sector. Key considerations should include Mission interest, availability of resources, and appropriate enabling environment.
 - Work with USAID to understand the risks and constraints of operationalizing blended finance in the DRC and what types of approaches are most likely to work for the types of activities USAID is supporting in DRC.
 - Identify specific opportunities or transactions focused primarily in agriculture and secondarily in response mineral trade, which can be used to both demonstrate impact and generate additional evidence to further make the case for blended/innovative finance approaches in economic growth in eastern DRC.
2. Develop an internal report for USAID that provides an overview of the blended finance opportunities and tools applicable to the DRC and details of the opportunities identified including:
 - a summary of the economic growth challenge or problem being addressed, including financing challenges;
 - identification of primary stakeholders, including potential sources of financing;
 - potential blended/innovative finance approaches that could be deployed by USAID to facilitate transaction completion;
 - rationale for a blended/innovative approach versus a traditional grant making approach;
 - high-level challenges or risks associated with USAID engagement;
 - Discussion of the how a potential mechanism could be structured with blended finance support and potentially includes a DCA with Root Capital.
3. Present findings to the Mission

III. Role of INVEST Project

INVEST will work closely with USAID/Democratic Republic of the Congo and the selected partner(s) during all stages of this work. DAI will subcontract the selected partner(s) directly and provide review and oversight throughout the life of the activity in accordance with INVEST's lean management approach. DAI will administer periodic check-ins, reporting, deliverable review prior to client presentation and approval, and manage an ongoing ME&L framework.

- **Partner Onboarding:** DAI will work closely with USAID/DRC staff to provide the successful offeror(s) with all necessary context, and work with USAID/DRC staff and the successful offeror(s) to develop work plan(s)
- **Project Implementation:** The selected partner(s) will implement the work as prescribed by the work plan(s). DAI will provide management support and ensure periodic check-ins/reporting

- Ongoing Monitoring, Evaluation, and Learning: DAI will define indicators in subcontract, collect and review M&E data from subcontractors for requisite reporting to USAID. DAI will conduct data quality assessments as necessary.

Implementation Timeframe:

Implementation Activity	Milestone	Duration
<i>Assessment of opportunities and constraints for blended finance in DRC</i>	<ul style="list-style-type: none"> • Overview of investment opportunity landscape 	<i>~3 weeks</i>
<i>Transaction Identification</i>	<ul style="list-style-type: none"> • Preliminary list of investment opportunities (Week 3) • Draft report (Week 4) with project pause to allow time for revisions/input from USAID 	<i>~1 weeks</i>
<i>Blended Finance Report</i>	<ul style="list-style-type: none"> • Develop a final report that summarizes the current landscape, provides potential opportunity deals, and addresses risks/challenges 	<i>~1 week</i>

USAID DRC anticipates a potential follow-on implementation phase as a result of the analysis and final report. If USAID DRC elects to request support of this nature and chooses to engage DAI/INVEST support, INVEST will compete the resulting scope of work as a separate procurement. In order to maintain a level playing field, all activity deliverables (the landscape overview, potential investment opportunities, and final report) will be made public as part of an initial RFI/open response period prior to RFP release.

Duration and Place of Performance

This engagement is expected to commence 27 August 2018 (or within 6 weeks of subcontract award to allow for visa processing) and be completed by 5 October 2018. Work will take place in the US and in DRC and travel to DRC will be required to assess context and to present the summary report to the Mission.