



**To:** Potential Offerors

**Date:** Friday, September 7, 2018

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

**Subject:** Request for Proposals (RFP) INVEST-010 Strategic Corporate Engagement Assessment: Innovative Uses of Corporate Social Responsibility (CSR) and Other Corporate Assets to Ensure Long-Term Business Growth

**DUE:** 1:00PM EDT on **October 11, 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 Office of Private Capital and Microenterprise, the Bureau for Food Security, and the USAID Tunisia Mission.

- I. RFP Process and deadlines:** This solicitation will result in the award of Fixed Price Purchase Order. We anticipate issuing a single subcontract award no greater than \$300,000 resulting from the implementation of this agreement.
- a. Submission of Questions – Questions must be submitted no later than **5:00 pm EDT on September 13, 2018** via email at [INVEST\\_Procurement@dai.com](mailto:INVEST_Procurement@dai.com).
  - b. Bidders' Teleconference – DAI anticipates hosting a Bidders' Teleconference at **11:00 am EDT on September 20, 2018**. The teleconference will address the submitted questions and provide the opportunity for follow-up questions to ensure clarity around the proposal requirements. Details will follow closer to the date.
  - c. Submission of Proposals – Proposals must be submitted no later than **1:00 pm EDT on October 11, 2018** via email at [INVEST\\_Procurement@dai.com](mailto:INVEST_Procurement@dai.com), copying [matthew\\_farrell@dai.com](mailto:matthew_farrell@dai.com) and [talin\\_baghdadlian@dai.com](mailto:talin_baghdadlian@dai.com). The subject line of the email should be your organization name, followed by "Submission under RFP INVEST-010: Strategic Corporate Engagement Assessment: Innovative Use of CSR" 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 10-slide presentation. 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 deliverables and milestones. Offerors should provide examples of potential models to demonstrate their understanding of the corporate investment and strategic CSR landscape; and, how these models could benefit from the resources, tools, and capabilities of donor agencies such as USAID.
2. **Institutional Capacity** – Offerors should provide details about the experience, expertise, or capacity of their firm to complete the work described. Offerors should detail existing corporate relationships and demonstrate their experience and expertise in advising, structuring, and/or executing investment structures, including those that leverage corporate funding. Additionally, offerors should detail their experience in Tunisia, with specific references to their existing networks in country and understanding of financing needs of potential investees (small and medium enterprises).
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 in narrative form for the development, review, and submission of all associated deliverables, including a milestone schedule. Offerors are encouraged to engage in partnering arrangements if it 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:

- Two (2) concise 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 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, including budget and time frame considerations. Specific preference will be shown for firms with niche experience in the technical aspect(s) required to complete this work, including experience in Corporate Investment Funds and in Tunisia, as well as deep, pre-existing corporate relationships for advising, structuring or implementing corporate funds, partnerships and/or strategies.
- 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 competencies. The technical approach should clearly demonstrate the offeror's understanding of innovative CSR and investment models and strategies, and how they align with USAID development objectives. The technical approach should also demonstrate the offeror's understanding of how these innovative investment models could be applied to Tunisia to fill gaps in the current investment ecosystem for small and medium enterprises.
    - b. Institutional Capacity (40 points)** - Points for this section will be based on information presented in the corresponding section and any submitted case studies. Preference will be given to firms that have past performance in timely and successful delivery of similar services and/or relevant experience in designing and/or implementing CSR and corporate investment models and strategies, as well as experience in Tunisia. The offeror will also be scored based on evidence of existing relationships with corporate actors, investors, donors, and other relevant entities that are at the forefront of this work. The offeror must demonstrate their network in Tunisia, and ability to conduct the assessment referenced in the SOO in an efficient and effective manner.
    - c. Management Plan/Staffing Structure (20 points)** – Points for this section will be based on the qualifications of proposed staff, clear delineation of the roles and responsibilities of each proposed staff and each proposed firm (if firms are partnering), and the demonstrated efficacy and clarity 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. Activity Context:** This activity (RFP INVEST-010) is part of INVEST's overall Strategic Corporate Engagement Assessment in conjunction with (RFP INVEST-008) and (RFP INVEST-009). The selected offeror(s) will be expected to conduct the work in collaboration with the selected offerors for the other two activities and in accordance with

the management structure defined and directed by INVEST. Further details regarding this collaboration and structure will be provided at activity inception, but would likely include, although not be limited to, joint kickoff meeting(s); check-in meeting(s); reporting coordination; final deliverable(s) coordination and synthesis; and all applicable monitoring, evaluation, and learning (ME&L) data gathering and reporting.

- V. 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](mailto:INVEST_Procurement@dai.com)

**The INVEST Project: Mobilizing Private Investment for Development**  
**Statement of Objectives for RFP INVEST-010**  
**Strategic Corporate Engagement Assessment: Innovative Uses of CSR and Other Corporate Assets to**  
**Ensure Long-Term Business Growth**  
**September 7, 2018**

**Background on the INVEST Project**

Through INVEST, USAID seeks to unlock the potential of private capital to drive inclusive growth in countries around the world. Increasingly, private investors and businesses are looking to emerging markets for better returns and new market opportunities. Encouraging investment in high-impact areas important to USAID such as agriculture, financial services, infrastructure, energy, clean water, health, and education, requires new forms of collaboration between USAID and the investment and business community.

Specifically, USAID can leverage its resources – grants, technical assistance, guarantees, and convening power – to help raise awareness of investment and business opportunities, lower transaction costs, and mitigate the risk of investments that generate positive social, economic, and environmental impact. Through INVEST, USAID Missions and Operating Units are able to access a continuously growing network of firms and individuals that have the range of technical expertise needed to identify opportunities and effectively mobilize private capital towards development priorities.

**USAID and Strategic Corporate Engagement**

The business and development worlds are increasingly converging. Global trends and new patterns of demand such as the \$5 trillion base of the pyramid (BOP) market, green growth, and the rise of the circular economy (cradle to cradle vs. cradle to grave) create new market opportunities that offer a combination of profit and impact. More and more, corporations are going beyond traditional philanthropy and Corporate Social Responsibility (CSR), and making strategic investments that are linked to the company's core business and offer opportunities to generate both social and financial returns.

While traditional CSR models still have an important role to play, corporate investment and venture models that a company can use to further business objectives, facilitate innovation, and generate positive outcomes for societies, economies, and the environment have the potential to achieve much greater scale and impact. To stay competitive, companies understand that they must identify new innovations to address changing market dynamics; facilitate their entry into new markets; mitigate the risk of externalities that affect their core business; and systematically improve social and environmental performance along their supply and value chains.<sup>1</sup>

Despite the potential for greater effectiveness for both business and society, integrating programs that focus on innovation and R&D and/or those that have social and environmental impact with core business objectives can be operationally difficult. Moreover, determining where there is current and/or potential alignment between a corporates core business objectives and having a positive social and environmental impact can be challenging. It is USAID's hypothesis that its resources (financial and non-financial) may be effectively used to partner in new ways with corporates that will address these challenges and mobilize more resources to achieve business objectives and have a positive social and environmental impact.

Through INVEST, USAID seeks to understand: (1) corporate venturing and investment models in the agriculture, energy and water sectors; (2) the most appropriate forms of USAID support for such models; (3) how these models should be structured to effectively crowd-in investment and ensure replicability and additionality; and (4)

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<sup>1</sup> Corporate Impact Venturing: A New Path to Sustainability. Stanford Social Innovation Review.

what specific corporate investment and partnership opportunities exist that align with USAID development objectives and would benefit from USAID's capabilities and support. The results of this body of work will inform a new strategy for how USAID will more effectively engage with corporate partners to mobilize resources that amplify USAID's work and deepen its social and environmental impact.

*Note: USAID recognizes that a range of corporate investment and venture models exist – from corporate venture funds that invest in technology to impact funds that achieve both social impact and core business objectives to Advance Market Commitments. As such, USAID is issuing three separate Requests for Proposal (RFPs) to focus on three types of corporate models since one single firm may not possess the requisite skills, expertise, and networks to complete all of this work. This Statement of Objectives (RFP INVEST-010) focuses on Innovative Uses of CSR and Other Corporate Assets to Ensure Long-Term Business Growth. The other two RFPs focus on Corporate Venturing Models (RFP INVEST-008) and Corporate Partnerships/ Investments to Build Supply and Value Chains (RFP INVEST-009). These RFPs are funded in partnership by three USAID operating units: the Office of Private Capital and Microenterprise (PCM); the Bureau for Food Security (BFS); and the USAID Mission in Tunisia (USAID/Tunisia).*

### **Aligning CSR with Business Growth Objectives - Statement of Objectives**

Corporates have a long history of using CSR to address social and environmental issues and create more brand value. However, CSR programs and strategies can be distinct from their core business operations and strategies. As some corporations are increasingly realizing the value of investing in the communities and markets within which they operate, there may be value in aligning CSR-type programs with their core business objectives.

USAID is interested in understanding corporate models and innovations that are using CSR and other corporate funds/assets to directly address business growth constraints or externalities that impact medium to long-term business operations and sustainability. Such investments may aim to increase human capital capacity, ensure the health of workers, enhance political and/or economic stability in communities where the business operates, and/or mitigate environmental factors that impact business operations. Such investments may align well with USAID's development objectives. Therefore, USAID has an interest in using its assets to facilitate these models.

In Phase 1 of this work, USAID would like to examine and understand the most innovative, forward thinking programs/models in this space. In Phase 2, it will assess the viability and pros and cons of one particular model - a Corporate Investment Fund (CIF) - in which CSR money is placed in a fund to mitigate risk for investors that are investing in the communities in which the business operates (see details below). Phase 3 will conduct a deep dive and assess the viability of the CIF model in Tunisia.

#### **Phase 1: Landscape Assessment and Evaluation**

- Develop a list of at least twenty corporations that deploy their CSR money and/or other corporate funds/assets to address factors that impact medium to long-term business operations and/or externalities that impact their core business in the agriculture, water, and energy sectors. Identify key individuals in those corporations who are leading these initiatives.
- Identify and describe 5-7 corporate investment models or current structures that demonstrate use of corporate funding (including CSR) to invest sustainably in a way that effectively accomplishes both strategic business and development objectives through pre-identified materials, literature review and stakeholder interviews. One of the models will include the CIF presented in **Appendix A**.
- Evaluate each structure/model assumptions and design based on a set of agreed upon defined criteria that might include: effectiveness, feasibility and replicability, legal considerations, need for donor support, efficiency of donor/philanthropic resources (if applicable), sustainability, potential alignment with USAID development objectives (with particular focus to agriculture, energy and water), overall attractiveness to potential corporate and financial partners and stakeholders, incentive structure, and potential benefits and risks to all partners.

- Prepare concise, effective case studies of the 5-7 models and present findings of Phase 1 to USAID. In addition to traditional case study elements, case studies should include corporate stakeholder rationale for model and what could be improved upon in future iterations of model.
- Based on the evaluation and USAID feedback, recommend and provide detailed descriptions of 5 potential partnership opportunities and/or models USAID could co-develop with stakeholders, ensuring that a minimum of two (2) have relevance to the agriculture sector and demonstrate potential alignment with the Global Food Security Strategy (GFSS). In other words, recommendations can be greenfield or already developed opportunities. Descriptions should include:
  - (1) how partnership aligns or could align with USAID development objectives;
  - (2) primary and/or potential partners/stakeholders,
  - (3) potential role for each partner/stakeholder in the structure, including USAID role (financial and non-financial);
  - (4) indicated interest or commitments from potential partners;
  - (5) timeline, including prominent milestones; and
  - (6) benefits, challenges, and risks of the structure for all partners.

### Phase 2: Deep Dive Evaluation and Recommendations for CIF Model Application Globally

- Evaluation of the CIF model and its underlying assumptions. Specific questions to answer as part of the deep dive include:
  - Is this CIF model fundamentally sound, and are the assumptions that underpin its benefits (see attached presentation) valid? Can the CIF model be scaled and replicated?
  - Is the risk mitigation and capitalization structure (in terms of the first-loss tranche, bank loan, and DCA guarantee), the most efficient and streamlined options?
  - What other guarantee providers, public or private, could fill the role of DCA in this structure, and what are their relative costs, advantages and disadvantages of their product offerings? Similarly, are there first-loss guarantee products that could substitute or augment the corporate's investment?
  - How do global and regional banks view the CIF structure? Which global/regional banks are likely to lend into this structure, given the dual risk mitigation provided by the corporate partner and the guarantee? Are there other structures (or elements of other structures) that are more attractive?
  - How do fund managers view the CIF structure and underlying assumptions? Is there sufficient interest and capacity from fund managers to manage such a structure?
  - Would this dual guarantee provide sufficient credit enhancement to crowd in institutional investors looking for investment grade structures in developing markets?
  - Is there demonstrated appetite from other corporates for this type of investment approach and who would be on a list of early adopters? Which other stakeholders, such as private foundations or DFI partners, are interested in participating in this model, and if so how (e.g. first loss guarantee, investors, etc.)?
- Map categories of regional banking and investment partners most aligned with the CIF model globally, including private and development financial institutions, and, through an efficient process of outreach, identify a selection of institutions that might be interested in anchoring or otherwise supporting the further development of the concept.
- Develop and provide concrete recommendation(s) on how the CIF model could be improved, scaled and replicated within the current USAID operating context and for application across sectors and geographies.

### Phase 3: Deep Dive Evaluation and Recommendations for CIF Model Application to Tunisia

- Leveraging the deep dive evaluation above, conduct stakeholder interviews with: corporate, financial (investors, banks, guarantee providers) and donor partners; USAID and other relevant USG agencies; and, potential investee targets to evaluate the feasibility of implementing the CIF model in Tunisia. Key questions include:

- Who are the specific potential banking and corporate partners for a CIF model in Tunisia (local or global)?
- What level of risk mitigation do partners seek?
- What role they would be willing to play in such a structure (e.g. would a corporate be an anchor investor?)
- Determine how a mission-funded technical assistance (TA) facility could work with the CIF to channel capital/business building activities to the SME sector. Identify what gaps this facility would fill in the ecosystem.
- Based on findings, develop a set of recommendations for structuring a CIF for Tunisia.

**Phase 4: Disseminate and Aggregate Findings and Learnings Across Activity Areas; Coordinate Deliverables for USAID**

- Share findings, lessons learned, and emerging implications for USAID strategy on Strategic Corporate Engagement with the other two activity implementers (of RFP-INVEST-008 and RFP INVEST-009) through INVEST-organized meeting(s).
- Work with INVEST team, and other activity implementers (as appropriate) to deliver cohesive recommendations across activity areas.
- If appropriate based on findings of CIF Deep Dive, develop succinct one- to two-page marketing materials that distill the benefits of the CIF model, or alternative structure as informed by evaluation, from both the corporate and internal USAID perspectives.

**Implementation Timeframe:**

The activities outlined above are estimated to take place over a four-month period. An illustrative timeline is offered below; however, offerors may propose alternate timelines, workplan and level of effort associated with the various components of the activity.

<b>Description</b>	<b>Timeframe</b>
Onboarding & Work-planning	1 week
Phase 1: Landscape Assessment and Evaluation	4 weeks
● USAID Review and Decision-making	1 week
Phase 2: CIF Evaluation (Global Application)	2 weeks
Phase 3: CIF Evaluation (Tunisia Application)	2 weeks
USAID Review and Decision-making	1 week
Phase 3: Disseminate and Aggregate Findings and Learnings Across Activity Areas; Coordinate Deliverables for USAID	2 weeks
Draft Final Deliverables	1 week
● INVEST Team Aggregates Inputs	1 week
● USAID Review and Decision-making	1 week
● Finalize report and action plan	1 week

**General Implementation Structure**

*Onboarding and Work-Planning*

- Partner Onboarding: DAI will work closely with USAID staff and associated stakeholders to provide the selected partner(s) with all necessary context, and work with USAID staff and the selected partner(s) to develop work plan(s)



*Implementation and Evaluation*

- **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 (e.g. weekly and monthly) check-ins/reporting for each activity. DAI will also coordinate meetings to share findings across activity areas and coordinate and manage development of final deliverable.
- **Ongoing Evaluation:** DAI will define indicators in subcontract and collect and review M&E data from subcontractors for requisite reporting to USAID. DAI will conduct data quality assessments as necessary.

## Appendix A: Corporate Impact Fund (CIF) Model

**Structure:** The Corporate Impact Fund (CIF) model, proposed by a major corporate, utilizes the corporate's CSR funding as a first loss tranche into a fund structure that would be further capitalized by a bank-provided, long-term and patient feeder loan that utilizes a DCA guarantee.<sup>2</sup> The corporation would be a Limited Partner in the fund and designate an impact fund manager to manage the fund on its behalf, deploying capital to invest in SMEs and projects in underserved communities.

**Alignment with Development and Corporate Objectives:** These investments would be aligned with the USAID Mission's broad development objectives in priority sectors such as water, clean energy, and job creation. From the corporation's perspective, a small seed investment in the fund structure would yield 20x leverage through the DCA guaranteed feeder loan, allowing the fund manager to source funds at a relatively low cost of capital and on-lend or invest at longer tenors than local businesses get from local banks. From the USAID Mission's perspective, the corporate first-loss tranche in front of the DCA guarantee would eliminate the cost of the DCA,<sup>3</sup> while fostering a new, streamlined partnership with the corporate sector that is entirely enterprise-led.

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<sup>2</sup> This model could also utilize non-CSR corporate funds. However, it is hypothesized that return and impact expectations are most aligned if it is CSR funding. The assessment should not assume this is the case, and rather test the hypothesis.

<sup>3</sup> The first-loss pledge or layer, if properly sized, acts as the subsidy that USAID Missions and operating units typically pay to US Treasury to act as a loss pool for the guarantee.