

To: Offerors

Date: December 2, 2020

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

Subject: Request for Proposals (RFP) INVEST-070: USAID Bureau for Resilience and Food Security: GAIN's Nutritious Foods Financing Facility (N3F) Fund Assessment & Design

Due: **1:00PM EST on December 23, 2020**

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 as part of the USAID Bureau for Resilience and Food Security buy-in.

- I. RFP Process and deadlines:** This solicitation will result in the award of one Firm Fixed Price subcontract. We anticipate issuing a single subcontract with an award value no greater than USD \$60,000 resulting from the implementation of this agreement.
 - a. Submission of Questions – Questions must be submitted no later than **1:00 pm EST on December 8, 2020** via email to INVEST_Procurement@dai.com.
 - b. Submission of Proposals – Proposals must be submitted no later than **1:00 pm EST on December 23, 2020** via email to INVEST_Procurement@dai.com, copying Katherine_Tilahun@dai.com and Kelly_Katz@dai.com. The subject line of the email should be your organization name, followed by "Submission under RFP INVEST-070: RFS Gain N3F Fund Assessment and Design" 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 slide deck presentation of no more than ten (10) slides with a minimum font size of 12, and graphics with a minimum font size of 10. 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 fulfill 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, specifically the blended fund assessment and structuring and foreign exchange risk policy and mitigation strategy advisory support for the Global Alliance for Improved Nutrition’s (GAIN) Nutritious Food Financing Facility’s (N3F) new investment fund as detailed in the SOO. Offerors should detail their approach to validating and proposing a blended fund structure that satisfies all fund requirements in consideration of the various stakeholders.
2. **Institutional Capacity** - Offerors should provide details about the experience, expertise, or capacity of their firm (or firms if a partnering arrangement is proposed) to recommend the proposed approach and complete the work as described. This should also include past performance information for similar contexts. Offerors should demonstrate their experience and knowledge in advising funds on a blended fund structure setup and a foreign exchange risk policy and mitigation strategy for a fund.
3. **Management Plan/Staffing Structure** – Offerors should include details of personnel who would be assigned to the activities described in each of the technical approaches, 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 permitted to engage in partnering arrangements if it will aid in providing best value to USAID. If a partnering arrangement is being proposed, please describe the nature of the arrangement, the specific technical value being contributed by each member of the team, and the appropriate management controls to ensure successful delivery. Firms may consider partnering with other firms that bring in complementary skill sets and experience.

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) examples of past performance relevant to this activity (limited to two (2) pages per example)
- 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 now.

Part 2 – Price Proposal

The contract type for the presumptive contract will be Fixed Price, awarded 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 can use the attached cost/budget template; please limit file submissions to 10 megabytes or less.

- **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(s) will provide the greatest overall benefit to USAID in response to the requirements stated in this RFP. DAI may also exclude an offer from consideration if it determines that an Offeror is "not responsible", i.e., that it does not have the management and financial capabilities required to perform the work required. 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 timeframe considerations. Specific preference will be shown for firms with a demonstrated track record working on advising investment fund design.
 1. **Technical Proposal:** The Technical Proposal will be scored and evaluated separately from the price 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 (SOO). The offeror will be scored based on its presentation of a clear approach that reflects the requirements of this specific activity and incorporates the offeror's competencies. The technical approach should clearly demonstrate the offeror's strategy to work in consultation with the fund manager to provide advisory services for the Fund in assessing and advising on a blended finance structure. The technical approach should also clearly demonstrate the offeror's strategy to assess and design a foreign exchange risk policy and mitigation strategy for the Fund.
 - b. **Institutional Capacity (40 points)** – Points for this section will be based on information presented in the corresponding section and any submitted case studies. Points will be awarded to firms who demonstrate their experience in providing advisory services to an investment fund's structure and foreign exchange risk policy and mitigation strategy. Emphasis will be placed on firms with experience working with European fund and investment laws, as well as advising a fund with a blended fund structure.
 - 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 and staffing plan to ensure quality deliverables on time and effective coordination and communication with INVEST and USAID. Proposals should provide a clear management plan in narrative form for the development, review, and submission of all associated deliverables, including a proposed milestone schedule, which outlines a basic framework of expected deliverables and a timeline for submission of each, including time for regular meetings, review and feedback on drafts as appropriate should be included. If the offeror is submitting a proposal

along with partners, the proposal should describe the nature of the arrangement (i.e. added technical value), the division of labor among the partners, and the appropriate management controls to ensure successful delivery. The offeror should demonstrate their proposed staff's knowledge and experience working on providing advisory support to investment fund structuring, with emphasis on working with the European legal and investment context.

2. **Price Proposal:** Price will be evaluated separately from the technical approach, with due consideration for realism, 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, budget with cost breakdowns, and any relevant supporting cost information, as well as its alignment with the proposed technical approach. Budgets will be analyzed for cost reasonableness of the deliverable prices as well as the cost build-up.

III. Offeror's Agreement with Terms and Conditions: Please visit the [INVEST Procurement Forecast](#) website for RFP 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). By submitting an offer, Offerors agree to comply with the general terms and conditions for an award, including Representations and Certifications compliance. Offerors must provide full, accurate, and complete information in response to this solicitation. By submitting an offer, Offerors certify that they have not/will not attempt to bribe or make any payment to DAI employees in return for preference. 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

INVEST: Mobilizing Private Investment for Development
Statement of Objectives for Request for Proposal (RFP) INVEST-070:
USAID Bureau for Resilience and Food Security:
GAIN's Nutritious Foods Financing Facility (N3F) Fund Assessment & Design

INTRODUCTION:

The United States Agency for International Development (USAID) recognizes that as the world's development challenges become more complex, many can only be solved through market-based solutions. USAID's Private Sector Engagement team is working to expand collaboration with private sector and pioneering approaches that catalyze investments into emerging markets.

Increasingly, private investors and businesses are looking at emerging markets for new opportunities. However, investing in these markets is complex, and USAID has an important role to play in mobilizing investment into high-impact areas.

Encouraging these investments requires new forms of collaboration. In September of 2017 through a contract awarded to DAI, USAID set up the INVEST mechanism to build and engage a network of partner organizations with valuable investment and finance expertise, including those that have not worked extensively with USAID in the past.

INVEST enables USAID Missions, Bureaus, and Independent Offices to quickly access niche expertise from this diverse network of partner organizations. These partners work alongside USAID to deliver customized financing solutions that address investment constraints, mobilize additional private capital, and produce development results for a variety of sectors and geographies.

INVEST pairs innovative technical approaches with streamlined and user-friendly procurement and subcontracting processes. These simplified processes level the playing field, ensuring that USAID can work with the best firm for the job, regardless of that firm's size, locality, or previous experience with government contracting.

BACKGROUND:

USAID's Bureau for Resilience and Food Security (RFS) was formed on March 9, 2020 as a successor to its predecessor, the Bureau for Food Security (BFS).¹ RFS seeks to strengthen and support USAID Missions to build resilient communities and countries, enhance their well-being, and improve food and water security to reduce hunger, poverty, and malnutrition. RFS recognizes that mobilizing finance through partnerships with multilateral development institutions, investors, banks, and the private sector will improve the reach, effectiveness, efficiency, and sustainability of USAID's food and water security development efforts. Opportunities for collaboration include using development assistance strategically to catalyze domestic resource mobilization and private sector-driven trade and economic development.

In Africa, the food environment is dominated by small and medium-sized enterprises (SME's), especially in retail and distribution. Small and medium-sized input suppliers, off-takers, processors, and distributors within the food system are key drivers of job creation and regional economic growth, while contributing to the availability of safe, nutritious diets. But the growth of these SMEs is highly constrained by lack of access to finance, caused by obstacles related to the companies themselves, such

¹ USAID, "The Bureau for Resilience and Food Security (RFS) Fact Sheet." 2019. <https://www.usaid.gov/what-we-do/transformation-at-usaid/fact-sheets/bureau-resilience-and-food-security-rfs>

as lack of managerial skills and lack of equity, and obstacles related to the financial services industry, such as unfamiliarity with nutrition value chains as an investable sector. Across the continent, these constraints are significantly more pronounced for women-owned and -led SMEs who operate in a context of discriminatory gender norms and practices.

The Global Alliance for Improved Nutrition's (GAIN) Nutritious Food Financing Facility (N3F) program along with USAID's and Incofin Investment Management's (Incofin IM, an impact-first fund management organization) support aim to create a new investment fund, which will target businesses that support the flow of nutritious foods across the food system, to improve diet quality, particularly for vulnerable populations. USAID's RFS Bureau seeks to use its funding to support the fund's design.

OBJECTIVES/ACTIVITIES:

USAID intends to support the establishment of N3F's new investment fund (hereinafter referred to as "the Fund"). The N3F intends to mobilize different sources of capital using a blended finance approach² to accommodate different institutional investors with varying risk-return profiles. Selecting, designing, and developing the right capital stack to provide flexibility and align the Fund with the priorities of different investors, as well as designing the appropriate foreign exchange risk mitigation strategy are essential. To that end, INVEST, alongside its partners in this activity USAID, GAIN, and Incofin IM (the fund manager), seeks to work with a partner to support the following two activities:

1. Advisory on N3F's Blended Fund Structuring: The selected partner will work with all relevant stakeholders to support the validation of an appropriate blended fund structure for the Fund. A proposed blended fund structure has been formulated and presented to key potential investors based on the fund investment strategy and mission, which will be shared in detail with the selected partner. INVEST is seeking a partner to assist in the following activities, including but not limited to:
 - a. Assessing the proposed blended-fund architecture and validating if the structure is in line with known best practices in the market (i.e. maximizing additionality and mobilization of funding; minimizing concessionally);
 - b. Tailoring the appropriate mechanism of the proposed fund structure to the Fund's specific typology of assets, such as target size of each share class, structure of guarantee mechanism, expected returns of difference share classes and others;
 - c. Specifying modalities of blended-finance mechanism (e.g. allocation of risks, size, expected return);
 - d. Verifying consistency of the structure from limited partners' (LP) and donors' point of view and expressed expectations to ensure avoidance of any potential "free-rider"-type issues;
 - e. Benchmarking with existing blended funds;
 - f. Advising on the adequate size of the first loss tranche; and
 - g. Analyzing appropriate target return and method of remuneration for first loss tranche.

2. Advisory on Foreign Exchange (FX) Risk Policy and Mitigation Strategy: The proposed fund structure and details of target fund investees with expected FX exposures will be shared with the partner upon final selection. The selected partner will work with all relevant stakeholders in support of the following for the Fund:

² Blended finance is the strategic use of development finance for the mobilization of additional finance towards sustainable development in developing countries ([OECD](#)).

- a. Assessing and forecasting the FX risk of the Fund and/or demonstrating profitability of unhedged shares;
- b. Assessing a potential basket of currencies that would be aligned with the strategy of the fund
- c. Assessing local interest rates and evaluating implication for hard currency yield;
- d. Tailoring a FX risk policy in function of the FX risk of the Fund’s assets, portfolio yield, FX risk appetite of the LPs;
- e. Designing an appropriate mechanism for FX risk mitigation (e.g. a subsidy for hedging costs, managing an unhedged portfolio, including FX risks in first loss tranche, etc.);
- f. Defining the modalities of the selected approach (e.g. modalities of FX subsidy, principles of FX risk mitigation in case of unhedged portfolio, etc.);
- g. Quantifying the potential cost of the FX subsidy mechanism (or first-loss tranche); and
- h. Quantifying risks of the FX mechanism in case of unhedged portfolio and impact on net returns to the LP.

DELIVERABLES AND TIMELINE:

The engagement is expected to commence in January 2021 and is anticipated to be completed by April 2021. Given the jurisdictions of the Fund and GAIN, it is expected that the N3F documentation will be governed and construed in accordance with the laws of Luxembourg. This work will be done remotely with significant virtual interaction with USAID staff based in Washington D.C. and Incofin IM staff in their Antwerp headquarters and overseas offices. Both activities are designed to be done in tandem. Below are illustrative deliverables and timeframes for both activities:

Deliverable	Illustrative Timeframe
Onboarding and Work-planning	1 week
Activity 1: Advisory on N3F’s Blended Fund Structure	
Draft recommendations and presentation of blended fund structure design to relevant stakeholders	Approx. 3-4 weeks
Final blended fund structure setup	Approx. 2-3 weeks
Activity 2: Advisory on Foreign Exchange (FX) Risk Policy and Mitigation Strategy	
Assessment report on the FX risk of the Fund	Approx. 2-3 weeks
Draft FX risk policy and mitigation mechanism	Approx. 2 weeks
Final FX risk policy and mitigation mechanism design and budget	Approx. 2 weeks

ROLE OF INVEST PROJECT:

INVEST will work closely with USAID, Incofin IM, GAIN, 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 weekly check-ins (as needed), reporting, deliverable review prior to client presentation and approval, and manage an ongoing ME&L framework.

- Partner Onboarding: DAI will work closely with USAID, Incofin IM, and Gain to provide the successful offeror(s) with all necessary content, avoid duplication of efforts, and work with the successful offeror(s) to develop a workplan.
- Project Implementation: The selected offeror(s) will implement the work as prescribed by the workplan. DAI will provide management support and ensure regular check-ins/reporting.
- Ongoing Monitoring, Evaluation, and Learning: DAI will define indicators in the subcontract, collect and review M&E data from subcontractors for requisite reporting to USAID. DAI will conduct data quality assessments as necessary.

REFERENCE MATERIALS:

- OECD Study: Blended Finance in Least Developed Countries – 2019
<https://www.oecd.org/finance/blended-finance-in-the-least-developed-countries-2019-1c142aae-en.htm>
- OECD Blended Finance Information: <https://www.oecd.org/dac/financing-sustainable-development/blended-finance-principles/#:~:text=Blended%20finance%20is%20the%20strategic,sustainable%20development%20in%20developing%20countries.>