



**To:** Offerors

**Date:** Thursday, January 2, 2020

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

**Subject:** Request for Proposals (RFP) INVEST-035 Mobilizing Private Investment for Development: USAID/India Tibetan Finance

**Due:** **1:00PM EST on January 30, 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 India Mission.

- I. RFP Process and deadlines:** This solicitation will result in the award of a Fixed Price Subcontract. We anticipate issuing a single subcontract award no greater than \$475,000 USD resulting from the implementation of this agreement.
- a. Submission of Questions – Questions must be submitted no later than **1:00 pm EST on January 9, 2020** via email to [INVEST\\_Procurement@dai.com](mailto:INVEST_Procurement@dai.com).
  - b. Submission of Proposals – Proposals must be submitted no later than **1:00 pm EST on January 30, 2020** via email to [INVEST\\_Procurement@dai.com](mailto:INVEST_Procurement@dai.com), copying [Talin\\_Baghdadian@dai.com](mailto:Talin_Baghdadian@dai.com), [Matthew\\_Mitchell@dai.com](mailto:Matthew_Mitchell@dai.com), and [Katherine\\_Tilahun@dai.com](mailto:Katherine_Tilahun@dai.com). The subject line of the email should be your organization name, followed by “Submission under RFP INVEST-035: USAID India TibFin”. 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 ten-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 within the stated timeframe.

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 India or similar contexts. Organizational presence of one or more firms in India is required.
  - a. Phase 1: OCA - Offerors should demonstrate their experience and familiarity with local legal code in India, regulatory environment related to non-banking financial institutions, and other aspects specific to strengthening this type of organization in India.
  - b. Phase 2: Capital Raise – Offerors should demonstrate their experience successfully raising contributions for NBFIs or other types of financial institutions or grant funds.
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 permitted and encouraged to engage in partnering arrangements that will aid in providing the 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, 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. We don't anticipate all firms will have all the relevant experience and expertise needed and value partnerships where appropriate.

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 – Cost Proposal**

The contract type for the presumptive task order(s) 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 can use the attached cost/budget template; 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. 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 time frame considerations. Specific preference will be shown for firms with experience conducting similar assessments.

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 that address the statement of objectives. For the OCA, the technical approach should outline the key organizational aspects to be assessed, the methods and tools to be used, and how the action plan will link to GDF's capacity to manage its current operations, attract investors and grow the portfolio. For the capital raise, the technical approach should describe the offeror's strategy, process and anticipated time frame to successfully raise funds on the GDF's behalf. Offerors should note how they will engage with GDF to develop the capital raise strategy, the information and data needs required for this work, elements they will feature in a marketing pitch to potential donors, and how they will prepare to respond to investor needs for due diligence, legal structuring, regulatory compliance considerations, etc. Additionally, the Offerors should include target funder profiles which align with the purpose and objectives of the GDF and its work with the Tibetan community.
  - a. **Institutional Capacity (30 points)** – Points for this section will be based on information presented in the corresponding section and any submitted case studies. It is required that at least one organization
    - i. **Phase 1, OCA** - Offerors should demonstrate their experience and familiarity with carrying out OCAs in India and/or similar environments with non-banking financial institutions, and/or organizations that manage a portfolio of SME loan products. The Offerors should demonstrate a knowledge of the Indian regulatory environment. The Offeror must give evidence to support its expertise in identifying and addressing capacity gaps, preparing action plans and facilitating investment readiness.
    - ii. **Phase 2, Capital Raise** – Offerors should demonstrate their experience successfully raising contributions for NBFIs or other types of financial institutions or grant funds. Offerors should demonstrate familiarity and any existing linkages with the Tibetan diaspora, which are the target for raising funds for the GDF. Offerors should demonstrate their familiarity with the legal parameters of receiving investments or fund contributions from international donors or funds.
  - b. **Management Plan/Staffing Structure (30 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.

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. 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 in India.

- 2. Cost Proposal:** Cost 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 and supporting cost information, as well as its alignment with the proposed technical approach.
  
- 3. 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). 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](mailto:INVEST_Procurement@dai.com)

## The INVEST Project: Mobilizing Private Investment for Development

### Statement of Objectives for Request for Proposal (RFP) INVEST-035 Mobilizing Private Investment for Development: USAID/India Tibetan Finance

#### 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.

#### Tibetan Finance Activity

It is estimated that there are over 94,000 Tibetans in India, many of whom are engaged in small business activities for their livelihoods and economic development. Many of these business enterprises are in the unorganized sector and are grounded in traditional and seasonal Tibetan commercial activities (e.g. sweaters, trinkets and novelties, caravan tourism). Due to the unique nature of these businesses and their financing needs, which fall outside of mainstream financial institution products, many do not have access to capital to build and expand their businesses.

To provide financing opportunities to Tibetan businesses, the Social and Resource Development Fund (SARD) under the Department of Finance, Central Tibetan Authority (CTA), launched the Tibetan Refugee Livelihood Support Programme (TRLSP) with grant support from USAID. The program’s aim is to resolve capital needs of Tibetan businesses and enterprises by providing soft loans. This reduces the dependence on informal, high cost loans and improves economic opportunities for Tibetans. During the last two years, the TRLSP has provided INR 277 million (~USD \$3.9 million) in financial assistance to more than 2,000 Tibetans. The loan repayment rate is 100% and on time.

The TRLSP has tailored loan products to the Tibetan business needs as noted in the table below:

Product type	Description
Winter Sweater Sellers Loan	<b>Target recipient:</b> Those engaged in the trade of sweaters, jackets and related garments, mainly during the winter season. <b>Loan Amount:</b> INR100,000/- per borrower <b>Rate of Interest:</b> 6% per annum, simple <b>Loan Tenor:</b> 6 months

<b>Product type</b>	<b>Description</b>
<b>Trinket Loan</b>	<p><b>Target recipient:</b> Those engaged in the trade of trinkets – gifts and novelties related to Tibetan culture.</p> <p><b>Loan Amount:</b> INR100,000/- per borrower</p> <p><b>Rate of Interest:</b> 4% per annum, simple</p> <p><b>Loan Tenor:</b> 6 months</p>
<b>Caravan Loans</b>	<p><b>Target recipient:</b> Those engaged in providing transportation services to tourists, to purchase better quality horses and mules.</p> <p><b>Loan Amount:</b> INR100,000/- per borrower</p> <p><b>Rate of Interest:</b> 4% per annum, simple</p> <p><b>Loan Tenor:</b> 6 months</p>
<b>Commercial Taxi Loan</b>	<p><b>Target recipient:</b> Those providing commercial taxi services to tourists, to purchase new/pre-owned transport vehicles.</p> <p><b>Loan Amount:</b> INR600,000/- per borrower</p> <p><b>Rate of Interest:</b> 4% per annum, simple</p> <p><b>Loan Tenure:</b> 6 semi-annual (once in 6 months) installments</p>
<b>Summer Seasonal Loan</b>	<p><b>Target recipient:</b> Those engaged mainly in summer seasonal businesses.</p> <p><b>Loan Amount:</b> INR200,000/- per borrower</p> <p><b>Rate of Interest:</b> 6% per annum, simple</p> <p><b>Loan Tenor:</b> 6 months</p>

To institutionalize this financial support program on a commercially viable, legally compliant and long-term basis, Gangjong Development Finance Private Limited (GDF) was registered as a Private Limited Company on November 27, 2017 under the Indian Companies Act, 2013. This entity then applied for and was granted a Non-Bank Finance Company license (NBFC-ND) by the Reserve Bank of India on December 13, 2018.<sup>1</sup> Under the NBFC-ND license, GDF is legally authorized to do lending in India. Eventually, GDF would like to become a full-fledged commercial bank (Small Finance Bank) under the Indian Banking Structure.

GDF launched commercial operations in February 2019 and the loan portfolio of approximately USD \$5.5 million under TRLSP is being progressively transferred to GDF. The portfolio comprises two business lines – small value and short period soft loans for relatively weaker sections of Tibetan society (20% to 30% of the total portfolio) and high value commercial loans for working capital as well as equipment finance, targeting bigger businesses on commercial terms and relatively longer tenors (3 to 5 years).

GDF is currently functioning from office space provided by the Department of Finance, CTA at Dharamshala, and has plans to set up a corporate office in the National Capital Region (NCR) as it expands. It is supported by a Board of Directors with three members.

<sup>1</sup> Please see a description of NBFCs at <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92> . GDF has a non-deposit taking license (ND)

GDF aims to mobilize USD \$10 million no-cost/low-cost funds in the form of grants, loans and equity from Tibetan individuals/institutions in India and abroad. GDF will endeavor to work with impact investors and mainstream national and international capital funds. To support this effort, USAID India has allocated resources through a buy-in mechanism to the USAID INVEST project.

## **II. Statement of Objectives**

The successful offeror will deliver to the GDF 1) an organizational capacity assessment and 2) a capital raise with a goal of USD \$10 million. Offerors may partner (as needed) with complementary firms to allow for a comprehensive offering of services and expertise in the two defined activities described below.

### **A. Organizational Capacity Assessment**

An organizational capacity assessment (OCA) can take different forms and concentrate on distinct organizational aspects. In this case, *the assessment will identify and document organizational capacities and needs as relates to positioning the company for the capital raise, managing those funds, and attracting investors.* The GDF organizational capacity assessment will identify capacity gaps and needs as the organization seeks to attract investors, who will expect to see a clear governance and legal structure, strong track record, compelling business model, solid business plan, investment strategy, and risk mitigation plan, among others.

INVEST will assess the following GDF areas, and will tailor the OCA to those areas that require more attention and that are linked to supporting the capital raise:

- Governance, legal structure and regulatory compliance
- Financial management and internal control systems
- Administration and procurement systems
- Human resource systems
- Product management
- Performance management
- Organizational management and sustainability
- Risk management

In accordance with the current status and projected growth plans of GDF, the OCA report will include recommendations, an action plan (developed with GDF), milestones, and a proposed calendar for implementing the action plan in preparation for the capital raise. GDF will be responsible for implementing the action plan – and may seek external technical assistance support<sup>2</sup> – and ensuring that the institution achieves the necessary milestones to successfully manage the capital raise phase. To ensure understanding and continuity of the results and recommendations from the OCA, the INVEST team will, upon request, provide a presentation of the findings to the CTA, their selected TA provider, USAID/India, and other stakeholders.

### **B. Capital Raise**

INVEST will contract an experienced and reputable transaction advisory firm to support the GDF in raising approximately USD \$10 million. This work will primarily target U.S., Canadian and Indian philanthropic donors, including the Tibetan diaspora community. The start of this work will depend on the completion of certain key deliverables by GDF and their TA provider, including: a business plan and strategy for sources and uses of investor funds, leveraging assumptions and returns on investment targets,

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<sup>2</sup> Technical assistance to implement the action plan is not part of the INVEST buy-in scope.

and a risk mitigation plan, among others. The transaction advisory firm will: clarify the financing needs and anticipated timing of capital injections; prepare the investment package so that it is more appealing/responsive to investors and concessional lenders; identify and facilitate contacts for GDF with providers of capital; accompany GDF through the process of obtaining capital, including preparing pitch presentations, organizing road shows, writing due diligence questionnaires, organizing on-site visits, providing structuring advice, and others; and close investment deals between GDF and donors, investors and/or lenders.

### **III. DELIVERABLES**

- A. **Inception report.** The Inception Report will outline the approach, methodology, roles, timeline, and milestones, as well as provide key background information and assumptions for the Organizational Capacity Assessment (OCA).
- B. **Draft and final OCA report** which will cover the aspects noted in II.A. above and include details on internal controls and policies needed to implement the fund, and an Action Plan to address identified weaknesses.
- C. **Draft and final marketing and investment-related materials**, e.g., pitch deck, investment profile, pro-forma statements in USD, a list of potential investors and lenders, due diligence questionnaires, Indian regulatory requirements, and the process for receiving investment funds from within and outside of India.
- D. **\$10 million capital raise**, transaction(s) closed, transaction close out report and supporting documentation.

### **IV. Role of INVEST Project**

INVEST will assign a Strategic Investment Advisor (SIA) to lead this activity and serve as principal point of contact for USAID/India. INVEST may also engage additional technical team members as needed. The SIA is supported by an INVEST Activity Manager and Operations Specialist, and members of the core project team providing Monitoring, Evaluation & Learning, communications and operations support.

INVEST will manage the sub-contract award process, working closely with USAID/India and USAID/Washington during key stages. INVEST will determine the appropriate mechanism(s), including whether to issue single or multiple awards; compete the subcontract; manage the procurement process from RFP to award; and contract the selected partner(s) directly, providing review and oversight throughout the life of the activity in accordance with INVEST's lean management approach. INVEST will administer periodic check-ins, reporting, deliverable review prior to client presentation and approval, and manage an ongoing ME&L framework.

#### **Duration and Place of Performance**

This engagement is expected to commence on or around 9 March 2020 (or within 6 weeks of subcontract award to allow for visa processing) and be completed by 20 September 2021.

While most of the work will take place in Dharamsala, some work may take place in Bangalore, Mumbai, Delhi and other cities in India where there is a vibrant development finance sector. If required, work may also take place in the U.S. or other countries to engage with diaspora and other international investors.

### **V. Budget**

The maximum budget for this activity is set at \$475,000 USD.



## **VI. Reference Documents**

Reference documents for this solicitation are available upon request. They include Gang-Jong Development Finance (GDF) documents which are proprietary in nature. Therefore, in order to receive these documents, each individual from the requesting organization must fill out and send to the [INVEST\\_Procurement@dai.com](mailto:INVEST_Procurement@dai.com) mailbox a signed NDA (Non-Disclosure and Conflict of Interest) document attached to the solicitation email.