

To: Offerors

Date: March 8, 2021

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

Subject: Request for Proposals (RFP) INVEST-079 Transaction Advisory for Self-Reliant Financing of Faith-Based Hospitals in Tanzania

DUE: 1:00pm Eastern Daylight Time (EDT) on **April 1, 2021**

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 Tanzania buy-in.

- I. **RFP Process and deadlines:** This solicitation will result in the award of Fixed Price subcontract. We anticipate issuing a single subcontract award between \$330,000 and \$370,000.
 - a. Submission of Questions – Questions must be submitted no later than **1:00pm EDT on March 15, 2021** via email to INVEST_Procurement@dai.com.
 - b. Submission of Proposals – Proposals must be submitted no later than **1:00pm EDT on April 1, 2021** via email at INVEST_Procurement@dai.com, copying Katherine_Tilahun@dai.com and Carly_Gorelick@dai.com. The subject line of the email should be your organization name, followed by “Submission under RFP INVEST-079 Transaction Advisory for Self-Reliant Financing of Faith-Based Hospitals in Tanzania” Please certify in your submission email a validity period of 90 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. Please limit your technical proposal to no more than ten (10) slides with a minimum font size of 12, and graphics with a minimum font size of 10. 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 five-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

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.

2. **Institutional Capacity** – Offerors should provide details about the experience, networks, expertise, or capacity of their firm (or firms if a partnering arrangement is being proposed) to carry out the proposed approach and complete the work as described. This should also include past performance information for similar activities.
3. **Management Plan/Staffing Structure** – Offerors should include details of personnel who will 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 not required to be members of the USAID Finance and Investment Network and are permitted to engage in partnering arrangements if it will aid in providing best value to USAID, regardless of whether organizations belong to the 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.

In addition to the above, please include the following:

- One (1) to two (2) examples of past performance relevant to this activity (limited to two (2) slides/pages per example). Examples should be within the past 5 years.
- CV(s) of any individuals proposed in the staffing plan to conduct this activity (limited to two (2) slides/pages per individual)

NOTE: These inputs (past performance examples and CVs) will not be counted as part of the 10-slide limit and the format may be PDF or Word. A cover page will be considered a non-counting page, and offerors should include one and list on it the names of all firms participating in the bid. 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 and a description of award/performance fees to incentivize a focus on proposed performance criteria. 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 Tanzanian healthcare systems.

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 (50 points) - Points for this section will be awarded based on the information presented in the technical approach. Points will be awarded for the presentation of a clear and thoughtful approach which reflects the requirements of this specific activity as detailed in the Statement of Objectives (SOO), but also incorporates the offeror's specific competencies. In this section, offerors should clearly outline their approach to:

- the design of the fund structure and operating model which satisfies the needs of the faith-based hospital network in Tanzania;
- defining an appropriate governance structure and fund management plan;
- developing investor materials and engaging suitable investor audiences;
- supporting a smooth handover to fund manager and/or CSSC in support of long-term management and sustainability, including any required training or capacity building.
- Should offerors also propose bringing in financial commitments, they should note what a feasible target is in line with their approach.

b. Institutional Capacity (30 points) – Points for this section will be based on information presented in the corresponding section and any submitted past performance case studies. In line with their technical approach, the offeror should demonstrate their:

- Experience working with healthcare systems or hospital networks and performing financial analysis of healthcare systems or hospital networks, and the financial products most suited for them.
- Experience designing revolving fund mechanisms, supporting lenders, fund managers, and raising funds.
- Experience of designing unique fund statutes and microfinance mechanisms.
- Experience providing training/capacity building on client fundraising, payment collection systems and fund management.
- Experience and access to healthcare systems or hospital networks in Tanzania.

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. 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 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:

- Management plan for proposed activities, including clearly identified roles for each partner (if applicable)
- Timeline and deliverables that will result in objectives of SOO being met
- Experience of staff to successfully implement objectives of the SOO
- Proposed staff's local knowledge and experience in Tanzania

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, inclusion of a performance fee structure, 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). 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

**Statement of Objectives under RFP INVEST-079:
USAID INVEST: Mobilizing Private Investment for Development
Self-Reliance Financing for Faith-Based Hospitals in Tanzania**

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.

Background

Service level agreements (SLAs) between faith-based (FB) hospitals and the Government of Tanzania (GOT) are being terminated. SLAs have provided significant financial resources and critical medical staff for FB hospitals. Forty-four percent (44%) of all operating hospitals in Tanzania are owned and managed by the FB community, while 43% of all operating hospitals are GOT owned and managed.

The [Christian Social Services Commission \(CSSC\)](#) represents the FB hospital network. A March 2020 study conducted at a CSSC hospital, Sengerema Hospital, revealed that more than 60 percent of its operating funds have been received through its SLA. More than 80 percent of the staff (214 healthcare workers) were seconded to the hospital and on the government payroll. A new government hospital is being constructed not far from Sengerema and it is anticipated that many of the current staff at Sengerema will be transferred to the new public hospital. Many CSSC hospitals, which were previously designated as public hospitals, will face similar problems as public hospitals in their vicinity come into operation.

The GOT is expanding its network of 37 hospitals to 67 hospitals, some in the vicinity of existing FB hospitals. Because there is a severe shortage of health workers in the current public network with infrastructure that requires enhanced maintenance, it will take some time to raise the level of public healthcare to desired levels. This gives the FB hospital network a window of opportunity to bolster in-house capabilities and quality of services, addressing market needs while the public hospital system is expanded. The challenging situation and transition facing the

CSSC healthcare network offers USAID an opportunity to participate in a significant transformation of the private health sector in Tanzania.

USAID/Tanzania recently awarded a cooperative agreement to CSSC for the implementation of the Pamoja Tuwekeze Afya (Together Let's Invest in Health) activity (PATA). PATA has a two-fold objective: first, to improve health service delivery of the CSSC health facilities (HF) in meeting the health needs of various target populations; second, to use cost-effective and innovative solutions that will establish a foundation of self-reliance for the FB hospital network. In parallel with PATA, INVEST will work to support the design and testing of a new financing mechanism through this SOO in order to reinforce the transition to self-reliance. The complementary activities are designed to respond to the operational challenges of the faith-based hospital network, to improve the quality of care, and to foster a business-minded culture in the hospital network's governance.

In designing the support for this activity, INVEST conducted a rapid analysis of a previously completed assessment in order to validate potential intervention options and propose appropriate solutions. This assessment was completed by an independent consultant under INVEST in early 2021. A summary of the report can be found below, with the full report available in the annex of this solicitation.

Phase 1: Rapid Assessment Summary

Through a combination of desk-based research and stakeholder interviews, INVEST completed an analysis to validate the findings of a [deep dive assessment](#) undertaken by [USAID Global Health's Center for Innovation and Impact](#) (GH/CII) in 2018 and determine the requirements for the proposed blended finance solutions. The assessment culminated in an analysis and validation of the revolving fund as an appropriate blended finance solution for Tanzania, and a proposal of next steps to be pursued in Phase 2. The assessment also includes evidence, data, and examples of how CSSC hospitals can improve revenue generation, lower costs, etc.

The assessment determined a revolving fund, operating as a microfinance mechanism, would best address the working capital gap of FB hospitals and would have the greatest promise of sustainability if it were established and operated by the CSSC. In addition to meeting the immediate challenge of the working capital gap, such a mechanism could provide a path to building credit and practices for FB hospitals to work with commercial banks and also could coordinate efforts throughout the FB hospital network to reorganize and foster a market-based management culture.

STATEMENT OF WORK

Phase Two: Intervention Design & Implementation

Based on the Phase 1 Rapid Assessment (see Background section above) findings, INVEST is seeking a firm, or combination of firms, to design and support the initial operationalization of the

revolving fund. The findings of the Phase 1 assessment, in coordination with USAID/Tanzania direction and objectives, will guide the design and the operationalization of the financial solution.

Phase 1 validated a revolving debt fund mechanism as an effective solution to improving the financial sustainability of CSSC faith-based hospitals in Tanzania. Specifically, it describes a sustainable bridge financing mechanism to mitigate cash flow problems due to delayed payments. Central to the solution is the establishment of a revolving fund, likely incorporating microcredit finance. Secondary to the solution is technical assistance to the fund manager and/or CSSC to ensure financial transparency and accountability that will strengthen the faith-based hospital network's capacity to independently manage the revolving fund. The revolving fund mechanism should be designed to provide for immediate working capital needs and to give the faith-based hospital network a vehicle to strengthen their financial management and credit, i.e. to develop a sustainable operating model.

After analyzing the findings and recommendations of the first phase of this activity, proposed tasks/activities may include, but are not limited to:

- Propose 2-3 fund structures, including management, which satisfy the needs of the faith-based hospital network. Evaluate and work with key stakeholders (CSSC, USAID/Tanzania) to prioritize structures based on upon key factors such as, but not limited to: feasibility to implement, compliance with regulatory considerations, ability to improve the financial sustainability of the hospitals in the network in the short and long-term, and affordability of financing provided vis-a-vis other offerings;
- Define financial products that would best serve hospitals, considering various financial product approaches, potential needs for guarantees and different terms to best ensure feasibility, affordability and long-term sustainability of approach;
- Define, in close coordination with key stakeholders, the governance structure considering both the feasibility of the management structure in the short and medium-term, as well as long-term sustainability. This may include supporting the identification and onboarding of a fund manager if that is the recommended approach depending on the proposed structure;
- Finalize fund structure and operating model, which should include a legal review to ensure legal and tax compliance and consideration of the fund's legal relationship to CSSC (internal/external);
- Develop a robust financial model, including tests for key sensitivities, such as sources of funding, need for de-risking/concessionary financing, typical deal sizes, interest rates and timelines;
- Complete relevant investor-facing materials in order to facilitate financial commitments from suitable investor audiences. These materials to ease capital raising may include pitch decks, term sheets, etc;

- Coordinate potential investor and stakeholder (e.g. CSSC, donors, commercial banks, guarantee providers) commitments for the solution. While it is not anticipated a full capital raise for the vehicle will be completed under this award, firms should propose an approach to close initial commitments in order to ensure the fund is operationalized before this support concludes;
- Support initial operationalization capabilities including revenue collection systems and procedures. Complete training and handover to fund manager and/or CSSC in order to ensure the smooth operationalization of the fund continues. This may include training to ensure financials will remain audit-ready and adequate recordkeeping protocols and electronic revenue collection systems are in place;
- Provide recommendations for next steps for USAID, after INVEST activities are complete.

Offerors should provide a detailed proposal that outlines their approach to establishing a suitable revolving fund to address the credit gap faced by the aforementioned hospitals in Tanzania. Offerors should outline: their specific approach(es) to the design and launch of the fund including the financial, regulatory and legal considerations, designing appropriate financial solutions as described; developing investor materials and ensuring the fund manager is robustly trained in order to carry the vehicle forward. Should offerors also propose bringing in financial commitments, they should note what a feasible target is in line with their approach.

Offeror(s) should also provide detailed information on their current capacity, experience and/or strategy to design financial solutions, particularly revolving funds, and any experience working on financial solutions for the healthcare sector. Additionally, offeror(s) should describe their experience working in Tanzania and knowledge of the national healthcare sectors, faith-based hospital system, as well as a description and nationality of any partners and their qualifications.

Selected offeror(s) should be ready to present their findings and data to INVEST and USAID throughout the activity. This may include working with the INVEST team to develop a case study, fact sheet, resource guides, or other materials that demonstrate the value of self-reliant financial solutions in the healthcare sector. INVEST and USAID are experienced handling propriety and/or confidential information, especially for investors, and will discuss these requirements with the Awardee prior to contracting.

Timeline and Deliverables

The activities proposed by offerors are anticipated to take place over a 9 to 12-month period beginning around April/May 2021, although offerors should propose a timeline in line with their approach. Activities should go no longer than June 2022.

Deliverables for Phase 2 may include the below, but offerors should propose deliverables in line with their approach while meeting the objectives laid out above:

- Fund structuring recommendations and prioritization suitable to the market conditions, hospital financing needs, required financial products and objectives of this activity.
- Operating model, including governance structure, relevant stakeholders, level of commitment, impact measurements and action plan.
- Financial model, including tests for key sensitivities, such as sources of funding, need for de-risking/concessionary financing, repayment rates and timelines.
- Legal review of fund structure and operating model in the form of a memo, including final legal agreements confirming final structuring and setup of vehicle.
- Strategy workshop with key stakeholders
- Confirmation of initial investments/concessionary financing
- Investor-facing materials
- Completion of training and/or capacity building of CSSC and successful handover to fund manager/CSSC
- Final report, which includes recommendations for coordinating concurrent activities in INVEST and PATA, next steps for implementing fund structure, considerations for implementation, and learnings.

Upon selection and award, INVEST will work closely with the Awardee to determine the contract structure including final timelines, milestones, deliverables, and associated costs. Additionally, INVEST will work closely with the Awardee(s) on any communications products and reporting requested by USAID.

Contract Type and Budget Ceiling

DAI anticipates awarding a firm fixed price type subcontract with a budget range of \$330,000-\$370,000.