

To: Offerors

Date: July 18, 2022

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

Subject: Request for Proposals (RFP) INVEST-109: Catalytic Capital to Mobilize Investment in El Salvador

Due: **1:00PM EDT on August 22, 2022**

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 El Salvador INVEST buy-in.

- I. RFP Process and deadlines:** This solicitation will result in the award of one or multiple Firm Fixed Price subcontracts. We anticipate issuing subcontracts with award values ranging from **\$400,000 - \$800,000**.
- a. Submission of Questions – Questions must be submitted no later than **1:00 pm EDT on July 27, 2022** via email to INVEST_Procurement@dai.com, copying [Danny Mannka@dai.com](mailto:Danny_Mannka@dai.com) and [Katherine Tilahun@dai.com](mailto:Katherine_Tilahun@dai.com).
 - b. Submission of Proposals – Proposals must be submitted no later than **1:00 pm EDT on August 22, 2022** via email to INVEST_Procurement@dai.com, copying [Danny Mannka@dai.com](mailto:Danny_Mannka@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-109 El Salvador Catalytic Capital” 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. For submission of Part 1 – Technical Proposal, please submit a single combined PDF that includes the cover page, technical proposal, case studies, and CVs. 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 within the stated timeframe. The proposal should include an overview of the vehicle’s investment thesis and strategy, vehicle size with capital raise/deployment targets for the life of the activity, and priority sectors. The proposal should articulate how USAID resources will be used, how they will be catalytic to increase investment in El Salvador, and include preliminary metrics on projected development impact. The proposal should also demonstrate how projected results align with USAID/ES priorities.
2. **Institutional Capacity** - Offerors should provide details about the experience, networks, expertise, and/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 activities as those planned under this proposal. Offerors should demonstrate their knowledge, capabilities, and experience launching and managing investment vehicles, raising or deploying capital, and track record with impact investing or blended finance schemes. Offerors should also note their experience in the El Salvador market, if they have any local presence and highlight their existing local and international networks, particularly sources of capital, and how those will be leveraged to result in successful capital raise/deployment tangible investments.
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 deliverables, including a milestone schedule that indicates their proposed timeline for implementation, including target date to raise and/or invest capital. 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 Finance and Investment network managed by INVEST. 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.

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). Examples should be within the past five (5) years.
- CV(s) of any individuals proposed in the staffing plan to conduct this activity (limited to two (2) 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/individuals participating in the bid. No additional annexes or documentation are requested at this time. **For submission of Part 1 – Technical Proposal, please submit a**

single combined PDF that includes the cover page, technical proposal, past performance examples, and CVs.

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. Cost breakdowns included will be utilized to determine price reasonableness. Offerors can use the attached cost/budget template for guidance, but are not required to use it, as long as the cost proposal captures the necessary elements (i.e. deliverables table with breakdown of how the deliverable totals were calculated). 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(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.

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. The Technical Proposal will be evaluated against the following criteria:

- 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 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 and viable approach that reflects the requirements for the proposed interventions described in the SOO, incorporates the offeror's competencies, and leverages their existing networks to mobilize or deploy capital. Emphasis will be placed on how the proposed approach and investment thesis align with USAID/ES's priorities, as well as projected market impact. Preference will be given to approaches that can demonstrate strong additionality for USAID's catalytic capital at the financial and ecosystem levels, and for vehicles operating in the priority sectors outlined in the SOO. Proposals will also be evaluated based on proposed leverage ratios (private capital mobilized vs. USAID catalytic capital) and projected development impact.

- b. Institutional Capacity (30 points)** – Points for this section will be based on information presented in the corresponding section and any submitted past performance examples. Emphasis will be placed on:
- Experience in effectively designing, raising and managing funds successfully in Latin America or in similar contexts and/or experience in supporting lenders, fund managers, and other financial intermediaries to establish or build their investing capacity in the region. Preference will be given for offerors demonstrating experience in El Salvador or the Northern Triangle
 - Experience with impact investing and/or blended finance structures
 - Experience in raising in identifying appropriate pipeline of prospective investors and investees and carrying out due diligence
 - Access to and familiarity with strong and relevant networks and connections with investors, entrepreneurs, businesses and other relevant partners in El Salvador
- c. Management Plan/Staffing Structure (20 points)** – Points for this section will be based on the qualifications of proposed staff, including local knowledge and experience in Latin American and/or El Salvador, 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 will be scored based on the clarity of their management plan for the development, review, and submission of all associated deliverables, including a proposed milestone schedule, which outlines a timeline for mobilizing and/or deploying capital, and a preliminary schedule for submission of deliverables. 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.
- 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. In submitting their cost proposal, offerors should keep in mind that INVEST will employ a “pay for success” model, and as a result, a meaningful portion of payments should be tied to successful capital mobilization. In submitting their cost proposal, offerors should keep in mind that INVEST is targeting a competitive leverage ratio (payment to subcontractor vs. amount of capital mobilized) that maximizes USAID’s resources and impact. INVEST encourages offerors to structure their proposed deliverables and corresponding payments competitively.

IV. 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

Statement of Objectives under RFP INVEST-XXX: Catalytic Capital to Mobilize Investment in El Salvador

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.

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.

Development Hypothesis

Developing economies often lack access to adequate financing for businesses and infrastructure projects because the risk-return profiles associated with these types of investments prevent many investors from deploying capital. USAID can help mitigate constraints by supporting blended finance structures that combine development capital and/or technical assistance with return-seeking capital from private investors.

USAID can deploy catalytic capital that improves risk-adjusted returns and decreases transaction costs, which serves to attract larger amounts of capital from private investors than development organizations could directly contribute. As such, catalytic capital can help:

- 1) Fill financing gaps for projects and investments with high potential for development outcomes (e.g. expanding access to clean energy, creating jobs, and enabling sustainable manufacturing and agriculture);
- 2) Increase access to capital, which helps businesses to grow, scale, create jobs and foster growth in the formal economy;
- 3) Establish sustainable investment flows into markets that were previously underserved by investors.

Background & Purpose

USAID/El Salvador engaged INVEST in October 2020 to advance free-market, open, and enterprise-driven development in order to foster growth in the formal economy, while also leveling the playing field and creating opportunities for U.S. businesses. INVEST is now seeking a partner that can propose approaches to mobilize capital and create jobs in El Salvador.

The purpose of this activity is to use USAID catalytic capital to mobilize private investment and build strategic, market-deepening partnerships. Through this activity, USAID is looking to support fund managers and investors to catalyze and accelerate private capital mobilization and deployment in El Salvador while contributing to a variety of development outcomes aligned with USAID/El Salvador priorities (See USAID/El Salvador [Country Development Cooperation Strategy FY2020-2025](#)).

Objectives and Activities

USAID/El Salvador seeks to reduce the drivers of irregular migration by increasing economic opportunities, jobs, and income potential for likely migrants. INVEST is seeking asset managers and investment vehicles that demonstrate a strategic vision for how increased, improved and/or innovative investment strategies will support social and financial returns. For the purpose of this activity, USAID seeks investors, fund managers, and other financial providers who need assistance in fundraising for new or existing vehicles and/or deploying it to suitable businesses in El Salvador that generate development impact and economic opportunities for likely migrant populations, such as: job creation, economic growth, food security, resilience and climate action. USAID is particularly interested in supporting vehicles operating in the following sectors: information and communication technology (ICT), sustainable manufacturing, clean energy, agriculture and agro-processing.

USAID catalytic capital can be employed in different ways, and offerors should recommend the application that will allow them to maximize impact, and which is most suited to their technical approach. Examples include, but are not limited to:

1. Enabling a fund manager to build a first-loss layer in blended finance vehicles to lower risks and catalyze and/or accelerate greater private capital;
2. Start-up support for pioneering new vehicles with potential to help build the field and deepen the local capital market; and,
3. Operational support to partner with local investors, fund managers, and others supporting pipeline development to build their capacity.

Potential partners should preferably have a track record and proven ability to effectively raise and deploy capital for impact. USAID capital should be as catalytic as possible, in terms of both the amount of capital catalyzed in the short-term, and building the market so that more financing for Salvadoran businesses can be deployed in the long-term, particularly to strategic sectors that currently lack adequate access to finance.

INVEST is interested in approaches that can demonstrate additionality at two levels: the financial (how USAID’s resources would enable crowding in of private capital) and ecosystem (how will this fund be catalytic to the broader investment ecosystem in El Salvador). All proposed approaches should capture and analyze data to better understand the reach and impact, as well as demonstrate how the catalytic investment structure can have a positive effect on financial metrics (e.g. return on investment, fundraising, etc.) and development outcomes.

Offerors should provide a detailed proposal that: outlines their investment thesis, strategy and capital raise/deployment targets, clearly articulates how the donor capital will be used and how it will be catalytic, how this activity will contribute to the objectives of increased investment as well as key social and development outcomes in El Salvador, describes how its approach will help build the evidence base to encourage other investors and companies to invest in the Salvadoran market, and includes preliminary metrics on projected development impact.

Selected offerors must be willing to share their experience and make data and other information available to INVEST and USAID for purposes of learning throughout the activity. This may include developing a case study, fact sheet, resource guides, or other materials that can be used to demonstrate the value of the catalytic capital approach.

Offerors should include in their proposal the data they capture as part of their standard data reporting to investors and due diligence procedures that will be shared with INVEST as part of this activity. USAID will also look to offerors to identify information that can be shared beyond the life of this activity, such as standard reporting, analysis, and any high-level findings relevant to broader investment ecosystem in El Salvador.

Expected Deliverables & Milestones

Offerors can propose milestones and a deliverable framework that align with their proposed approach. INVEST will employ a “pay for success” model, and as a result, a portion of payments should be tied to the successful capital raise or deployment. INVEST encourages offerors to structure their proposed deliverables and corresponding payments competitively.

Illustrative deliverables could include, but are not limited to:

- Proposed fund structure
- Vehicle legal registration
- Investment thesis
- Pitch materials
- Pipeline of potential investors
- Pipeline of potential investees
- Evidence of capital raise
- Evidence of technical assistance
- Evidence of investments

Upon selection and award, INVEST will work closely with the awardee(s) to determine the contract structure including final timelines, deliverables, and associated costs. While the payment will be made upon completion of deliverables, INVEST understands that a commitment of funds may be required to fulfil the purpose of catalyzing additional investment for example by enabling a fund manager to create a layer of first-loss capital. Offerors should note the appropriate form of commitment they will need in their proposal should they be the selected offeror.

Role of INVEST and Implementation Structure

INVEST will work closely with the selected subcontractor(s) during all stages of this work. DAI will subcontract the selected subcontractor(s) directly and provide review and oversight throughout the life of the activity in accordance with INVEST's lean management approach. The INVEST team will administer periodic check-ins, reporting, deliverable review prior to client presentation and approval, and manage an ongoing monitoring, evaluation and learning framework.

- Subcontractor Onboarding: INVEST will provide the successful offeror(s) with all necessary context, and work with the successful offeror(s) to develop work plan(s)
- Project Implementation: The selected subcontractor(s) will implement the work as prescribed by the work plan(s). INVEST will provide management support and ensure periodic check-ins/reporting
- Ongoing Monitoring, Evaluation, and Learning: INVEST will define indicators in subcontract, collect and review M&E data from subcontractors for requisite reporting to USAID and will conduct data quality assessments as necessary. Illustrative indicators that the selected subcontractor(s) will be expected to report could include, as applicable:
 - Value of capital mobilized
 - Number of clients benefiting from financial services
 - Jobs created or supported
 - Clean energy generation capacity
 - GHG emissions reduced or avoided

Additionally, INVEST and USAID will also work closely with the awardee(s) on the overall learning agenda, including the appropriate cadence for reporting, communications, and other general ongoing project management activities, as well as be a resource to help the awardee achieve overall objectives.

Period and Place of Performance

The activities outlined above are estimated to take place over an 18-22 month period starting around September 2022 and coming to completion by no later than June 2024. Offerors are free to propose an implementation timeframe within that range that best aligns with their technical approach and vehicle's timeline. timeline commensurate with their technical approach.

There will be significant interaction with INVEST and USAID staff, but this can be done remotely. Bidders should specify anticipated presence and/or travel to El Salvador or other locations as appropriate.