

QUESTIONS & ANSWERS

Date: February 3, 2021

Reference Request for Proposal Number: RFP-CATALYZE-Edu-2021-088 EduFinance Rwanda Implementation Activity

Dear Offerors,

Please see below answers to the questions submitted to catalyze.procurements@thepalladiumgroup.com.

No	Question	Answer
1	Can you clarify what the Expected Result of Objective 3 should be?	Measurable improvement in learning outcomes or improved basic employability skills for youth
2	<p>The investment opportunities for education operators targeting income levels below \$3.10/day is limited.</p> <p>Would the respective programs consider supporting operators serving a broader income demographic and working with these operators to increase support for those earning an income of <\$3.10/day? For instance, the IFC invested c.\$6M (debt) in Braeburn Schools (one of the largest K-12 chains in East Africa) and while the target demographic served by Braeburn would not fit within the CATALYZE program criteria, there was a focus on supporting the provider to: (i) increase investment in teacher training (certificate programs) to improve access to quality educators for the operator and the wider market, (ii) supporting expansion into lower fee based models such as Braeside School, (iii) establishing a scholarship fund for low income students, and (iv) expand regionally into Rwanda.</p>	<p>Focus on low- and middle-income families is a critical requirement for this project. All things being equal, preference will be given to a project that benefits greater number of learners from low-income families. The proposed definition (average per capita income of \$3.10/day) is based on the World Bank’s definition of a poverty line. Alternate definitions and use of proxies (e.g. school fees) based on sound economic analysis are also acceptable.</p>
3	While we have observed several investors (impact, DFI’s, PE) interested in deploying capital in the space (education with a BoP focus), there are a limited number of scalable opportunities that are able to absorb the minimum investment amounts targeted by the investors. In addition, lack of capital seeker readiness i.e., need for pre-investment support (not transaction focused) continues to be a barrier for the operators in this space being able to scale. Meeting the program mobilization targets within the forecasted timeline (a typical investment in frontier markets can take 18-36 months to close) would therefore be a challenge.	<p>We expect bidders to tell us how they will leverage USAID funds to mobilize and invest private sector capital to benefit learners. The activities leading to targeted capital mobilization are deliberately left unspecified. We are looking for bold ideas, and actionable plans as well as the scale-up of proven solutions and the right people who will get it done.</p>

No	Question	Answer
	<p>What considerations has the program made for a technical assistance component (enterprise capacity building e.g., operations and financial management) to support capital seeker readiness (particularly in this space/education segment) which could complement the transaction advisory mandate and ultimately the programs capital mobilization targets?</p>	
4	<p>Is there any geographic targeting or preference for this Activity?</p>	<p>Rwanda, no regional preference.</p>
5	<p>Is the closing time in EDT or EST?</p>	<p>Eastern Standard Time (EST)</p>
6	<p>The SOO outlines priority sectors as “primary schools, secondary schools, and youth technical vocational training and education centers”. However, the market assessment focuses exclusively on the technical and vocational education and training (TVET) sector.</p> <p>Will approaches that emphasize the TVET sector be reviewed more favorably than those that emphasize the primary and secondary school sectors?</p>	<p>Any one, or a combination of, sector(s) included in the priority sectors will be considered.</p> <p>At the time of issuing this RFP only one market assessment (TVET sector) was completed. Another assessment for the ECD sector is planned but not yet started.</p>
7	<p>Are bidders required to propose approaches to mobilize private finance and increase access to quality education in all three priority sectors: primary schools, secondary schools, and youth technical vocational training and education centers?</p>	<p>Bidders are required to propose an activity in any one, or a combination of, sector(s) included in the priority sectors that can lead to private finance mobilization and increased access to quality education.</p>
8	<p>On page 10, Objective 2, the expected result is "Measurable increase in the number of learners attending schools and youth attending training institutions that obtain private finance."</p> <p>Could Palladium kindly confirm that the USAID wishes to measure the number of learners and youth, not the number of schools/training institutions?</p>	<p>Confirmed.</p>
9	<p>On Page 10, Objective 3, Improvement in learning outcomes for learners and basic employability for youth, the expected result is "Measurable increase in the number of learners attending schools and youth attending training institutions that obtain private finance" which is a repeat of the result under Objective 2.</p> <p>Could Palladium kindly confirm this expected result for Objective 3.</p>	<p>This is an error. Please see the response to Question #1 above.</p>
10	<p>We understand that the overarching goal of the CATALYZE-EduFinance Rwanda activity is to mobilize private finance for the non-state education sector that can increase access to quality education and close the skills gap in Rwanda through skills development. Could you please clarify who the</p>	<p>The funding is eventually targeted for non-state education institutions and learners attending these institutions. If it turns out liquidity in Banks/MFIs is a key hurdle to making this funding available to institutions then the targeted funding may have to be provided upstream.</p>

No	Question	Answer
	<p>funding to be mobilized is targeted at specifically? For example,</p> <ol style="list-style-type: none"> a. Is it targeted at non-state institutions of education (priority and non-priority sectors) to fund their fixed and operational capital requirements, which would allow them to expand their service offering? OR b. Is it targeted at local commercial banks, MFIs and other financial institutions who will be able to package affordable loan products which can be easily accessed by students and their families? c. Or is it a combination of both or any other specific target? 	
11	<p>Is the private finance mobilization mainly focused on debt or equity capital providers, or a mixture of both?</p>	<p>Either equity or debt or a mixture of the two is permissible.</p>
12	<p>Will USAID be providing concessional capital, a risk sharing facility, or a technical assistance facility which invests alongside private finance providers as a de-risking instrument, especially in the less profitable education segments? If so, could you provide a bit more detail on how you envisage this to work.</p>	<p>The proposed budget for this RFP includes the entire USAID assistance available to support this activity, including supporting cost for technical assistance, risk sharing, etc.</p>
13	<p>Could you please share with us the “<i>Rwandan Desktop Market Assessment (May 2020, Palladium)</i>” report which is referenced in Attachment 2 of the documents you sent through in your RFP.</p>	<p>Please see Attachment 2 of the subject RFP, as listed on the CATALYZE Procurement website. www.catalyze-procurement.com</p>
14	<p>With Reference to the following on page 9: “Objective 2: Increase in equitable access and improvement in learning outcomes, especially for the disadvantaged, and other basic skills development for youth,” could Palladium kindly provide their definition of “basic skills development for youth” to which offerors should adhere?</p>	<p>‘basic skills development for youth’ refers to workforce development and vocational training programs that focus on providing a range of skills—from basic skills they may have missed in formal education, such as literacy and numeracy, to soft skills and technical skills—that will either help them re-enter formal schooling or prepare them for the workforce.</p>
15	<p>Is there a preference for partners submitting proposals for both RFPs? Or are you looking for different teams and ideas for each market?</p>	<p>There is no preference, all are invited to apply.</p>
16	<p>In regards to annual payments, how is the “yearly capital mobilization target” determined? Are there opportunities to propose back-ending for more innovative initiatives that take time to realize ?</p>	<p>If the capital mobilization is expected to be back-ended then alternate ways of structuring the capital mobilization linked payment can be considered. The objective here is that payment mechanism appropriately incentivizes the bidder to accomplish a key program objective, i.e. mobilization of capital.</p>
17	<p>In regards to the expected result of Objective #1, what documents are required to demonstrate private finance mobilization (e.g., proof of commitment? term sheets?, etc.)?</p>	<p>Standard finance industry documentation that confirms funding commitment (e.g. signed term sheet, executed loan agreements, share purchase agreements, etc.) with appropriate red actions are expected. Final documentation will be determined at the contracting stage, when determining deliverable acceptance criteria.</p>

No	Question	Answer
18	What level of coordination and engagement has already been done by Palladium with the respective governments to sensitize them to this activity?	CATALYZE maintains a positive working relationship with relevant counterparts in Rwanda, including USAID Mission and MOE.
19	In regards to private finance mobilization, can the 50% which does not need to go to "priority sectors" be directed at anything else (provided it falls under the definition of "non-state education sector" and within the congressional guardrails)? For example, would premium schools or education for employment schemes qualify?	In principle, yes. Although premium schools would not be considered as 'adhering to the congressional guardrails'. And if the education for employment schemes are directed at youth that have completed higher education then they lie outside the basic education definition.
20	In regards to Objective #3 ("Improvement in learning outcomes for learners and basic employability for youth"), are the expected results based on quantity or the quality of learning outcomes? If quality, how do you anticipate defining the expected results?	It refers to both quantity and quality of learning outcomes. Learning outcomes can be measured using standard criteria, e.g. ASER, EGRA, or equivalent standard assessment for lower grade level students, and public exams for upper grade students. The final definition will be agreed at the contracting stage when determining deliverable acceptance criteria.