

## Request for Proposal (RFP)

Subject RFP #:	<b>RFP-CATALYZE-MS4G-2021-0126</b>
RFP Issue Date:	March 16, 2021
Terms of Reference / Specifications:	TRANSACTION ADVISORY SERVICES
Project	CATALYZE Innovative Blended Finance: Market Systems for Growth
The Company	Palladium International, LLC
Country of Performance	Ethiopia
Closing Date and Time	<b>March 31, 2021 at 05:00PM, East Africa Time</b>
Questions Deadline	<input checked="" type="checkbox"/> Accepted at <a href="mailto:catalyze.procurements@thepalladiumgroup.com">catalyze.procurements@thepalladiumgroup.com</a> by <b>March 19, 2021 at 05:00PM, East Africa Time</b>
Bidders' Conference	<input checked="" type="checkbox"/> N/A
Details for Submission	Submissions will be accepted: <input checked="" type="checkbox"/> Electronically: email to <a href="mailto:catalyze.procurements@thepalladiumgroup.com">catalyze.procurements@thepalladiumgroup.com</a>
Offer Validity Period	6 months

Thank you for your interest in the above procurement. As implementer for the CATALYZE Innovative Blended Finance Project funded by United States Agency for International Development (USAID), Palladium invites you to submit a proposal for the scope of work attached in Annex A. Your proposal must be valid for the Validity Period.

Please email your notice of intention to submit a proposal by the Questions Deadline. Answers to questions shall be distributed to all offerors that have indicated an intention to submit a proposal by the deadline.

Please submit your proposal in accordance with the Details for Submission above by the Closing Date and Time. This RFP in no way obligates Palladium to award a contract nor does it commit Palladium to pay any cost incurred in the preparation and submission of a proposal. Palladium bears no responsibility for data errors resulting from transmission or conversion processes.

Yours sincerely,

CATALYZE Procurement Team

## Terms and conditions

### 1. Proposal Conditions

By submitting a proposal, potential suppliers are bound by these terms and conditions. Potential suppliers must submit offers with all details provided in English and with prices quoted in a single currency.

### 2. Proposal Lodgement

The Company may grant extensions to the Closing Time at its discretion. The Company will not consider any quotes received after the Closing Time specified in the RFP unless the Company determines to do so otherwise at its sole discretion.

### 3. Evaluation

The Company may review all proposal to confirm compliance with this RFP and to determine the best proposal in the circumstances.

### 4. Alterations

The Company may decline to consider a proposal in which there are alterations, erasures, illegibility, ambiguity or incomplete details.

### 5. The Company's Rights

The Company may, at its discretion, discontinue the RFP; decline to accept any proposal; terminate, extend or vary its selection process; decline to issue any contract; seek information or negotiate with any potential supplier that has not been invited to submit a proposal; satisfy its requirement separately from the RFP process; terminate negotiations at any time and commence negotiations with any other potential supplier; evaluate proposals as the Company sees appropriate (including with reference to information provided by the prospective supplier or from a third party); and negotiate with any one or more potential suppliers.

### 6. Amendments and Queries

The Company may amend, or clarify any aspect of the RFP prior to the RFP Closing Time by issuing an amendment to the RFP in the same manner as the original RFP was distributed. Such amendments or clarifications will, as far as is practicable be issued simultaneously to all parties.

Any queries regarding this RFP should be directed to the Contact Person identified on the cover page of this RFP.

### 7. Clarification

The Company may, at any time prior to execution of a contract, seek clarification or additional information from, and enter into discussions and negotiations with, any or all potential suppliers in relation to their proposals. In doing so, the Company will not allow any potential supplier to substantially tailor or amend their proposal.

### 8. Confidentiality

In their proposal, potential suppliers must identify any aspects of their proposal that they consider should be kept confidential, with reasons. Potential suppliers should note that the Company will only agree to treat information as confidential in cases that it considers appropriate. In the absence of such an agreement, potential suppliers acknowledge that the Company has the right to disclose the information contained in their proposal.

The potential supplier acknowledges that in the course of this RFP, it may become acquainted with or have access to the Company's Confidential Information (including the existence and terms of this RFP and the TOR). It agrees to maintain the confidence of the Confidential Information and to prevent its unauthorised disclosure to any other person. If the potential supplier is required to disclose Confidential Information due to a relevant law or legal proceedings, it will provide reasonable notice of such disclosure to the Company. The parties agree that this obligation applies during the RFP and after the completion of the process.

### 9. Alternatives

Potential suppliers may submit proposals for alternative methods of addressing the Company's requirement described in the RFP where the option to do so was stated in the RFP or agreed in writing with the Company prior to the RFP Closing Time. Potential suppliers are responsible for providing a sufficient level of detail about the alternative solution to enable its evaluation.

### 10. Reference Material

If the RFP references any other materials including, but not limited to, reports, plans, drawings, samples or other reference material, the potential supplier is responsible for obtaining the referenced material and considering it in framing their proposal. And provide it to the Company upon request.

### 11. Price/Cost Basis

Prices or costs quoted must show the tax exclusive price, the tax component and the tax inclusive price.

The contract price, which must include any and all taxes, supplier charges and costs, will be the maximum price payable by the Company for the Goods and/or Services.

### 12. Financial information

If requested by the Company, potential suppliers must be able to demonstrate their financial stability and ability to remain viable as a provider of the Goods and/or Services over the term of any agreement.

If requested by the Company, the potential supplier must promptly provide the Company with such information or documentation as the Company reasonably requires in order to evaluate the potential supplier's financial stability.

### 13. Referees

The Company reserves the right to contact the potential supplier's referees, or any other person, directly and without notifying the potential supplier.

### 14. Conflict of interest

Potential suppliers must notify the Company immediately if any actual, potential or perceived conflict of interest arises (a perceived conflict of interest is one in which a reasonable person would think that the person's judgement and/or actions are likely to be compromised, whether due to a financial or personal interest (including those of family members) in the procurement or the Company).

### 15. Inconsistencies

If there is inconsistency between any of the parts of the RFP the following order of precedence shall apply:

- (a) these Terms and Conditions;
- (b) the first page of this RFP; and
- (c) the Schedule

so that the provision in the higher ranked document will prevail to the extent of the inconsistency.

### 16. Collusion and Unlawful Inducements

Potential suppliers and their officers, employees, agents and advisors must not engage in any collusive, anti-competitive conduct or any other similar conduct with any other potential supplier or person or quote any unlawful inducements in relation to their proposal or the RFP process.

Potential suppliers must disclose where proposals have been compiled with the assistance of current or former the Company employees (within the previous 9 months and who was substantially involved in the design, preparation, appraisal, review, and or daily management of this activity) and should note that this may exclude their proposal from consideration.

Potential suppliers warrant that they have not provided or offered any payment, gift, item, hospitality or any other benefit to the Company, its employees, consultants, agents, subcontractors (or any other person involved in the decision-making process relating to this RFP) which could give rise to a perception of bribery or corruption in relation to the RFP or any other dealings between the parties.

### 17. Jurisdiction

This RFP shall be subject to the laws of the District of Columbia, United States of America. The language of the arbitration will be English.

The Potential Supplier and the Company will use their best efforts to settle amicably any dispute, controversy, or claim arising out of, or relating to this RFP or the breach, termination, or invalidity thereof. If no agreeable settlement can be found, any dispute, controversy, or claim arising out of or relating to this RFP or the breach, termination, or invalidity thereof, shall be settled by mediation through the American Arbitration Association by filing a request for mediation with the AAA and the other party. The Parties will be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute.

## Company Information

Palladium is a global leader in the design, development and delivery of Positive Impact — the intentional creation of enduring social and economic value. We work with corporations, governments, foundations, investors, communities and civil society to formulate strategies and implement solutions that generate lasting social, environmental and financial benefits.

## Project Background

The CATALYZE Blended Finance Mechanism is a \$250 Million, 8-year contract (5-year base period, with a single 3 year option period) which uses a facilitated partnership model to craft solutions to crowd in \$2 Billion in blended finance (i.e. blended concessional and commercial finance) to USAID partner countries and initiatives. CATALYZE allows USAID Bureaus and Missions to efficiently deploy investment facilitation solutions that respond to the needs of specific sectors, issues, and geographies. Initial programs focus on education finance to implement sustainable education business models serving low-income communities, and achievement of the W-GDP objectives, but the mechanism can be applied to any development challenge or region.

## Purpose

The purpose of this RFP is to select a Transaction Advisor that will support in the investment facilitation and capital mobilization for enterprises in Ethiopia.

A complete scope of work is attached as Annex A.

## Type of Contract

Palladium intends to issue a Firm Fixed Price subcontract to the selected offeror.

## Anticipated Contract Period of Performance

The period of performance will begin on April 15, 2021 and conclude on April 14, 2023. The Base Year for period of performance for this subcontract will be from April 15, 2021- April 14, 2022 with a possible Option Year of April 15, 2022 to April 14, 2023. MS4G will only exercise Option after satisfactory performance of the base year.

## Place of Performance

The activities to be performed under this contract will take place in Addis Ababa, Ethiopia. See the Instructions for Submission of Cost Proposal for travel assumptions.

## Key Deliverables and Timeline

### Year 1

Deliverable #	Report and Deliverable	Deadline	Payment Amount
1	Investment Facilitation Approach	2 weeks/10 business days from award date	5.0%
2	Pipeline development list	4 weeks/20 business days from award date	3.0%
3	TA Service Offer Document	6 weeks/30 business days from award date	2.0%
4	\$50M in service agreements	No set timeline but expect a minimum of \$50 million USD	5.0%

5	\$50M in Term Sheets*	No set timeline but expect a minimum of \$50 million USD	10.0%
6	Investment agreements / Close**	This deliverable will be an incentive payment made based on results of successful investment facilitation transactions. (details described below).	65.0%
7	Monthly and Quarterly reports	6 weeks/30 business days from award date	10.0%

\*Equity deals only, if debt transaction the payment % is allocated for Investment Agreement / Close deliverable

\*\*This is the incentive payment that will be made on the basis of the transactions closed as a proportion of the total \$50m transactions that are targeted to be closed in year 1.

## Year 2

Deliverable #	Report and Deliverable	Deadline	Payment Amount
1	Pipeline list, including any signed service agreements	6 weeks/30 business days from award date	10.0%
2	12 Monthly reports	6 weeks/30 business days from award date	10.0%
3	\$75M in Term Sheets*	No set timeline but expect a minimum of \$75 million USD	10.0%
4	Investment agreements / Close**	This deliverable will be an incentive payment made based on results of successful investment facilitation transactions. Details described below.	70.0%

\*Equity deals only, if debt transaction the payment % is allocated for Investment Agreement / Close deliverable

\*\*This is the incentive payment that will be made on the basis of the transactions closed as a proportion of the total \$75m in transactions targeted to be closed in year 1.

### Explanation of Year one Deliverable 6 and Year two Deliverable 4;

Closed transaction will be marked by a signed term sheet and financial disbursement whichever comes first. The transaction documentation contents of Term Sheets may vary based on transaction type (equity, debt,) and stakeholder norms. A completed Term Sheet will state the offer between a company and an investor, outlining the terms and conditions of the investment. The completed term sheet will include at minimum, components listed below;

- Parties to the transaction
- Financing type and amount
- Terms of investment potentially including deal fees and expenses
- Terms of relationship potentially including exclusivity, confidentiality, and expiration
- Signatures of involved parties

## Payment for deliverable 5 in Year one and Deliverable 3 in Year 2 explanation

The payment will be made for closed transactions that will match at minimum a US\$2 million proportion of the total deal size of US\$50 million in the year one and US\$75 million for year two. The deal size will be a proportion to the aggregate facilitation goal (US\$50 Year-1, US\$75 Year-2) but total payment will not exceed the allocated price attached to deliverable 5 and 3.

## Sample Pay-out Table by Deliverables for Year-1

Deliverable	Month 3	Month 6	Month 9	Month 12
Monthly / Quarterly Reports	25% of deliverable contract value	25% of deliverable contract value	25% of deliverable contract value	25% of deliverable contract value
Signed Term Sheets	If \$6m signed term sheet = <b>12% of deliverable contract value</b>	If \$15m signed term sheet = <b>30% of deliverable contract value</b>	If \$0 signed term sheet = <b>0% of deliverable contract value</b>	If \$20m signed term sheet = <b>58% or remainder of deliverable contract value</b>
Investment Agreement	\$0 investment agreement = <b>0% of deliverable contract value</b>	\$0 investment agreement = <b>0% of deliverable contract value</b>	\$6m investment agreement = <b>12% of deliverable contract value</b>	\$35m investment agreement = <b>70% of deliverable contract value</b>

## Acceptance of Deliverables and Payment

Deliverables will be reviewed by the Task Order Manager (or her designee) for completeness before being accepted and approved for payment.

## Reporting

<b>Monthly Report Status – Pipeline Development</b>	A detailed list of potential companies seeking capital and transaction service required. The pipeline specifies the name of the company, products and services, required investment size, and specific transaction services needed.
<b>Monthly Status Reports</b>	Written report detailing; companies receiving service, type of service provided, current investment process status
<b>Quarterly Status Reports</b>	Quarterly report detailing for each company; service completed, investment process status, type of capital instrument, closed investments, and plans for the following quarter. Quarterly reports will be tied to payments per the deliverables listed above.

## Instructions to Offerors

Separate technical and cost proposals must be submitted by email no later than the time and date specified on the cover page.

### 1. Technical Proposal

For the technical proposal, the offeror must submit:

- (a) Cover letter with the following information:
  - 1. Firm contact info and address
  - 2. Type of company or organization
  - 3. DUNS Number (Company must have a DUNS number or obtain one within 5 days of being notified of selection)
  - 4. Signed by an authorized representative of the company
- (b) Background on the firm and relevant expertise (max 2 pages)
- (c) Past Experience Information/Capability Statement
- (d) Technical Proposal & Management Approach
- (e) Proposed work plan showing how the firm would execute this project including a timeline (max 2 pages)
- (f) Description of relevant projects previously performed by the firm, demonstrating expertise in capital mobilization and in investment facilitation (max 4 pages)
- (g) Contact details for three referees (max 1 page)
- (h) Executive summary of project reports for investment facilitation and capital mobilization (max 3 report submissions, max 2 pages each)
- (i) All supporting documentation specified below in the pass/fail evaluation criteria.

## 2. Cost Proposal

Offers must submit a cost proposal. CATALYZE will provide a budget template upon request through [catalyze.procurement@thepalladiumgroup.com](mailto:catalyze.procurement@thepalladiumgroup.com). The cost proposal consists of:

- (a) Budget in Microsoft Excel with all formulas visible (unlocked)
- (b) Accompanying Word Document with all cost assumptions and explanations

### Key assumptions

- Budget in USD
- All prices are to be inclusive of relevant taxes
- Separate unit cost and number of units
- Break down activity costs into as much detail as possible
- Offeror should budget for: labor, travel, and other direct costs

The selected offeror will be required to complete the Due Diligence Questionnaire (attachment 1) and provide a DUNS number within 5 days of being notified of selection.

### Submission of Offers

Electronic proposals must be submitted by sending two separate emails, one for technical proposal and one for cost proposal with the RFP number in the subject lines. If submitting in hard copy, the technical proposal and cost proposal must be in separate sealed envelopes. Mark envelopes with the RFP number and offeror's name. Ensure all required documents are attached. The RFP number can be found on the cover page.

Offers received past the deadline stated on the cover page will be deemed non-responsive and will not be considered for award.

### Evaluation and Award Process

Proposals will be evaluated using a best value trade off methodology. This is a three-stage process.

- (1) The first set of criteria is graded on a pass/fail basis. Offerors must meet the following minimum eligibility qualification criteria and provide supporting documentation:

	Requirement	Supporting Documentation
(a)	Must be a registered legal entity in Ethiopia for a minimum of one year or have a partnership agreement with a registered legal entity in Ethiopia for a minimum of one year	Copy of certificate or articles and memorandum of association, and or a partnership agreement with a registered legal entity in Ethiopia

(b)	Must not have any active exclusions from the working with the US government ( <a href="http://www.sam.gov">www.sam.gov</a> ), the UN (Sanctions List), or the US Department of the Treasury Office of Foreign Asset Control	NA
(c)	Past performance with demonstrated experience and success in closing of transactions	Demonstrated experience and success in closing of transactions including evidence and description of these assignments. List transactions closed (enterprise, lender / investor, and general terms of the transactions <sup>1</sup> ).
(d)	Key personnel with a minimum of five years' experience in mobilizing capital and providing TA services. Existing relationships with diverse investors, institutions, funds, and other players.	List of personnel with proposed team-lead CVs demonstrating suitability and experience
(e)	Technical Approach with an overall investment facilitation approach demonstrating strong knowledge of investment environment and approach to leveraging private sector capital and building high potential deal pipeline.	Provide an estimate of anticipated capital to be mobilized (closed transactions) during the initial one-year contract period. Applicants can provide estimates for either category or both depending on capability and interest. Estimates should be based on the TASP's existing pipeline, track record, and understanding of market opportunities.

(2) If these minimum criteria are met, the offer's technical proposal will be evaluated as follows:

Evaluation Criteria	Documents Evaluated	Points
Legal registration and physical presence in Ethiopia	Copy of certificate or articles and memorandum of association, and or a partnership agreement with a registered legal entity in Ethiopia	15
Proposed key personnel	List of personnel with proposed team-lead CVs demonstrating suitability and experience	15
Past performance record	References and list transactions closed (enterprise, lender / investor, and general terms of the transactions)	40
Technical approach	Technical proposal	30
<b>TOTAL</b>		<b>100</b>

(3) The offeror's cost proposal will be evaluated for:

- Proposed total price, relative to other offers received
- Realism and reasonableness of the work to be performed
- Price reflects a clear understanding of the requirements
- Price is consistent with various elements of the technical proposal
- Compliance with USAID cost principles (select one: Non profit entities – Cost Principles in 2 CFR 200 Subpart E or For profit entities – Cost Principles in FAR Part 31)

Palladium reserves the right to award under this solicitation without further negotiations. The offerors are encouraged to offer their best terms and prices with the original submission.

## PROCUREMENT INTEGRITY AND ETHICS

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<sup>1</sup> MS4G will keep details of all transactions in strict confidentiality  
ARBP PC01 GL01 TL02 Request for Proposal

It is Palladium's Policy that no gifts of any kind and of any value be exchanged between vendors/contractors and Palladium personnel. Discovery of the same will be grounds for disqualification of the vendor/contractor from participation in any Palladium's procurements and may result in disciplinary actions against Palladium personnel involved in such discovered transactions.

### **Resulting Award**

This RFP in no way obligates Palladium to award a contract. Palladium may opt to select multiple offers in response to this RFP.

Any contract/purchase order resulting from this solicitation must be signed by both parties in order to be considered valid and in force. All costs associated with, but not limited to, production, preparation and/or delivery of goods or services, including deliveries, accepted by Palladium staff, without a fully executed (signed by both parties) contract/purchase order, are at the vendor's risk only. Palladium shall not pay for any costs, without limitation, associated with production, preparation or delivery of goods and/or services under this or any other contract/purchase order, which has not been signed by both parties.

If your proposal is successful, you will be required to enter into the Company's standard contract for the types of goods or services being provided. In the provision of the Goods and Services, you will be required to comply with the Company's policies, including (without limitation) its Business Partner Code of Conduct and any relevant client terms and conditions. Potential suppliers must also comply with the Company's Business Partner Code of Conduct in the submission of any proposals pursuant to this RFP.

If you are bidding as part of a joint venture, partnership or similar, please make this clear in your submission. Likewise, if you propose to subcontract any part of the goods or services provision, then disclose this fact within your submission. The Company may require additional information from you and approval for subcontracting will not be automatic as subcontractors will be subject to Palladium's Due Diligence process.

Palladium Business Partner Code of Conduct and Child Protection Guidelines can be downloaded in full at: <http://www.thepalladiumgroup.com/policies> or request through email from [Catalyze.procurement@thepalladiumgroup.com](mailto:Catalyze.procurement@thepalladiumgroup.com)



## Annex A: Scope of Work

### Scope of Work

#### Objective

Transactional Advisory Service Providers provide **private enterprises** with investment facilitation support in order to unlock access to debt or equity financing. MS4G's overall goal is to unlock the potential of private capital to drive inclusive growth by mobilizing at least \$75 million in financing per year. MS4G will work directly with a TASP whose responsibility will be to develop a pipeline of transactions in Ethiopia and support private enterprises with targeted interventions to ensure transactions reach close.

The second stage is the provision of transaction advisory services, which includes educating local companies about the financing options in the market and enabling them to access finance. The TASP will work with the enterprises throughout the entire transaction process.

#### Specific Tasks

- Inform businesses about debt and equity financing options in the market, including requirements to access financing, rates, and institutional preferences of the financial landscape of credit industry to businesses including the general rates, requirements and preferences.
- Build or develop a pipeline of potential businesses that are seeking external capital with detail of potential information regarding the capital need and specific services required from the business, its investment goals and use of capital. Sign service agreements including a cost-share component for TASP support.
- Arrange credit and/or investments from investors or financial institutions for approved enterprises within the manufacturing, agriculture, services, ICT/Digital, and WASH sectors. Financial facilitation support may include, but is not limited to:
  - Identification of financial intermediaries potentially interested in financing targeted enterprises;
  - Business plan development (where applicable) and activation of debt or equity application processes on behalf of client firms;
  - Develop a business plan valuation document if applicable. A business valuation indicating the economic value of the business of a company or the business value using internationally acceptable standard acceptable methods.
  - Preparation and submission of proposals to each investor or financial institutions interested in financing the enterprise;
  - Arranging meetings with investors and/or the CEOs and Credit Officers/Credit Committees of financial institutions, and negotiating loan terms with the investors or financial institutions.
  - Following through to obtain the investors' and financial institutions' Terms Sheets and ensure advancement of credit and/or equity to the client enterprise;
  - Follow up with enterprise's utilization of financing received, and monitoring for repayment (if debt financing).
- Link enterprises to private investors and facilitate negotiation of investment into client enterprises on their behalf. The BAS provider may explore debentures convertible into shares and other acquisition stake options, if accepted by the client enterprise.
- Provide Post-Transaction Support managing the requirement of government agencies

#### Anticipated Deliverables

- Overall investment facilitation approach: This strategy will provide the overall investment strategy and approach to be applied by the transaction advisors in identifying, facilitation and closing investment transactions in Ethiopia. It will include a list of capital providers<sup>2</sup> in the market
- Pipeline list that the TASP has developed
- TA service offering document

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<sup>2</sup> Capital provided include debt, equity, and grant providers  
ARBP PC01 GL01 TL02 Request for Proposal

- Service Agreements between the enterprises and the TASP to mobilize at least \$50M in financing in Year-1 and \$75M in Year-2
- Signed term sheet for at least \$50M in financing in Year-1 and \$75M in Year-2
- Investment/financing Agreement- Evidence of new investments transactions of \$50 million reaching close as result of MS4G direct investment facilitation in Year-1 and \$75M in Year-2
- Monthly and quarterly reports