



Issuance Date: July 27, 2021
First call end: August 31, 2021
Closing Date: March 31, 2022
Grants maximum amount: \$1.5 million
Anticipated Number of Grants: 10

USAID CATALYZE PERU PROJECT
Incentive Program: Pay-for-Performance

**Subject: Request for Applications (RFA) Number CATALYZE-Peru-2021-0007
Program of incentives to Financial Institutions (FIs) in order to increase
the financing in the Peruvian Amazon**

Dear Prospective Applicants,

CATALYZE Peru, an initiative funded by the United States Agency for International Development (USAID) and implemented by Palladium LLC, is inviting financial institutions (FI) that are interested in increasing access to capital and financial inclusion of companies and projects in the Peruvian Amazon through increased loan disbursement and capital mobilization in the region, under grants with incentive payments based on achievement of results.

The agreements with the selected FIs resulting from this RFA will be administered in accordance with the USAID regulations, as applicable.

The RFA is comprised of the following main sections:

1. Program Description.
2. Award Information.
3. Eligibility Requirements.
4. Application Review Information.
5. Award Administration Information.
6. Submission Requirements.

Successful Applicants will be responsible for ensuring achievement of the program objectives. Please refer to the Program Description section of this RFA for a complete statement of goals and expected results.



Subject to availability of funds, CATALYZE Peru intends to issue grants for up to \$1.5 million in total for results achieved from September 2021 to September 2023, with awards of up to \$150,000 per financial institution per year. CATALYZE Peru reserves the right to fund any or none of the applications submitted.

To be eligible for award, Applicants must provide all required information in their application, including the requirements found in any attachments to this RFA. Applications that are submitted late, or incomplete, will not be considered. Awards will be made to the applicants whose applications best meet the requirements of this RFA and the evaluation criteria contained herein.

Palladium requires that applications be submitted electronically (e-mailed) to Peru.CATALYZE.Procurement@thepalladiumgroup.com no later than March 31, 2022 @ 17:00 GMT. However, we encourage FIs to submit their proposals as soon as possible as evaluations will take place every month end, being the first one on August 31, 2021.

Issuance of this RFA does not constitute an award commitment on the part of Palladium, nor does it commit Palladium to pay for any costs incurred in the preparation and submission of an application. Further, Palladium reserves the right to reject any or all applications received. Applications are submitted at the risk of the Applicant, and all preparation and submission costs are at the Applicant's own expense.

Palladium team will conduct meetings for all interested applicants to answer any questions related to this RFA.

Sincerely,

Jean Morote
Grants and Subcontracts Manager
CATALYZE Peru
Palladium



FUNDING OPPORTUNITY STATEMENT

1. Program Description:

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. The mechanism can be applied to any development challenge or region.

CATALYZE Peru is one activity under the CATALYZE mechanism, with a value of \$15 million, spanning May 2020 - December 2023. It is intended to improve access to finance and catalyze investment into micro, small, medium, and large businesses, associations, and other entities in the Peruvian Amazon. CATALYZE Peru will also channel investment into financial institutions (FIs) and other financial intermediaries as needed to enable increased lending in the region. In doing so, CATALYZE Peru seeks to stimulate sustainable and responsible economic development and growth in the Peruvian Amazon region. CATALYZE Peru will work across sectors in the Peruvian Amazon including within established agricultural subsectors, but also promoting new and emerging subsectors, such as non-timber forest products (NTFPs). CATALYZE Peru will also actively promote investment in other sectors such as tourism, forestry, services, and light manufacturing, among others. Much of the investment is expected to come from the Peruvian financial sector, with the objective of increasing the appetite and capacity of Peruvian banks, cajas municipales, cajas rurales, microfinance institutions (MFIs), and cooperatives to lend to enterprises profitably and sustainably, including via asset-based lending and factoring based upon offtaker agreements. CATALYZE Peru will also mobilize investment from cross-border international impact investors and financial institutions and other financial intermediaries via direct investments and funds.

CATALYZE Peru has three interrelated objectives –

Objective 1: Structure and facilitate financing for large-scale projects, business models, and private investment opportunities in the Peruvian Amazon.

Objective 2: Increase access to and utilization of finance by SMEs and producer organizations in the Peruvian Amazon.

Objective 3: Develop digital information systems to support greater supply chain transparency for value chain competitiveness and access to finance among upstream actors.

By implementing these three Components, CATALYZE Peru is expected to mobilize at least \$106 million in financing over 3.5 years (by December 31, 2023).



Purpose of RFA and Grant

CATALYZE Peru will apply a portion of its resources to incentivize financial institutions and other intermediaries (banks and non-bank FIs; funds; and other debt and equity providers) to mobilize finance and investment toward the Peruvian Amazon, as a part of our effort to mobilize \$106 million in financing by December 2023.

The performance-based grants are intended to encourage, and drive expanded financing and investment into micro, small, and medium enterprises (MSMEs), large businesses, producer organizations and financial institutions of all sizes operating in or benefitting the Peruvian Amazon. This financing may include working capital, capital investment, debt, equity, and any type of structured finance investments. All commercial financial intermediaries are eligible for financing (“Qualified Financing”), subject to the following criteria:

- The entity receiving financing or investment is engaged in legal economic activities.
- The entity receiving financing or investment can adequately mitigate or avoid any potential negative environmental impact of the investment activity. It may also result in positive environmental impact.
- The financing or investment promotes inclusive development – this is defined as contributing to increased income by promoting economic growth of smallholders, employees, and MSMEs, generating employment, and promoting the priorities and interests of local communities.
- Additional criteria may be added by CATALYZE Peru.

CATALYZE Peru strongly encourages and welcomes the facilitation of financing for women-led or youth-led enterprises, or to enterprises that will be able to employ more women or youth once they receive financing.

This Application is a call for non-Peruvian financial institutions/intermediaries/investors (FIs) committed to expand lending to or investing in, or for the benefit of the Peruvian Amazon. Selected FIs will participate in CATALYZE Peru’s Pay-for-Performance Fixed Amount Award (FAA) Grants program, to receive milestone payments for mobilizing new financing (debt, equity, structured or project finance) that meets the qualifications listed in this Application. Milestone payments will be made by CATALYZE Peru on a periodic basis, based upon the achievement of financing targets set by FIs responding to this application.

Separate from this solicitation, but important to note, CATALYZE Peru will also be awarding pay-for-performance subcontracts to business advisory service providers (BASP) to deliver financial facilitation services to enterprises in CATALYZE Peru project’s target region to prepare applications and documentation for loans and investment. Following award, CATALYZE Peru will provide the list of BASPs to sub-awarded FIs, and vice-versa, so that FIs can target these BASP as potential partners to provide a qualified deal pipeline, and BASP can deliver financing applications to FIs looking to expand their financing of enterprises in CATALYZE Peru target region through this grant. FIs will not be required to work with these BASP (nor vice versa) and may identify or source investment opportunities for client enterprises as they wish.



Communications / Reporting

As part of the awarded FI's commitment to working with CATALYZE Peru, they will agree to be a part of CATALYZE Peru network of FIs. We expect FIs to participate in networking and lessons learned activities. FIs will be required to provide information to the CATALYZE Peru communications team to enable the creation of investment success stories. CATALYZE Peru will obtain both FI and enterprises' approval to release firm names in publicly reported success stories, quarterly reports, and lessons learned reports.

In addition to reporting results at the time of invoicing, FIs will be required to provide evidence of financing facilitated on a quarterly basis until the end of the grant period to support contractual reporting requirements to USAID. A template will be provided to the Grantee, and will include the following criteria:

- Value of loans or investments under this program and its percentage in relation to the total portfolio.
- Amount of FIs' own financial expenditures spent on expanding financing/investing activities to CATALYZE Peru target geographies, otherwise known as FI contribution.
- Number of new internal structures set up by the FI to support financing/investment to targeted sectors.
- Number of new financial products developed to provide financing/investment for Peruvian Amazon.
- Average time for disbursing loans/investments under this program (since start time when financing/investment is applied, until end time when financing/investment is disbursed).
- Delinquency rate of loans made and value of Non-Performing Loans (in case of lending). This data will not be shared externally with any identifying factors (name of FI).
- Average interest rates on loans under this program (in case of lending).
- Average tenor of loans under this program (in case of lending).

The FI will submit monthly progress updates on when FIs anticipate they will meet their agreed milestones and will be invoicing for success fees.

Final Report: Upon completion of the grant, the Grantee will be required to submit a final report which includes at a minimum, the following:

- A summary of the Grantee's accomplishments in achieving the results.
- Description of the Grantee's activities.
- Challenges experienced in meeting milestones, as well as in repayment of financing/investment.
- Financial sustainability of the financing/investment activities after the grant has ended; and
- Documentation on lessons learned and best practices.

Geographic and Sectoral Scope

The geographical scope of the incentive program includes the following departments and provinces:



- Four Amazonian departments (Loreto, San Martín, Ucayali and Madre de Dios).
- Rainforest provinces within the following five departments:
 - Amazonas: only the provinces of Bagua, Bongará, Condorcanqui, Rodríguez de Mendoza and Utcubamba.
 - Huánuco: only the provinces of Ambo, Huánuco, Leoncio Prado, Pachitea and Puerto Inca.
 - Pasco: only the province of Oxapampa.
 - Junín: only the provinces of Chanchamayo and Satipo.
 - Cusco: only the provinces of La Convencion, and the districts of Yanatile and Lares in Calca and Machupicchu in Urubamba.

CATALYZE Peru is open to all sectors and companies, however, the key sectors that we will prioritize include:

- Agriculture – including the subsectors of rice, coffee, cacao, livestock, oil palm, and non-timber forest products,
- Tourism,
- Commerce,
- Manufacturing,
- Electricity and Water,
- Telecommunications.

Enterprise Size Definitions

The FIs can finance and invest in enterprises of different sizes, however, it is important to categorize them for purposes of reporting capital mobilized attributable to CATALYZE Peru. CATALYZE Peru uses the following enterprise size classifications per the table below. Enterprises of all sizes qualify for financing under this program.

| Enterprise by Size | Full-time employees in the last 12 months |
|---------------------------|--|
| Microenterprise | Less than 10 |
| Small enterprise | 10-49 |
| Medium-sized enterprise | 50-249 |
| Large enterprise | 250 |

Source: CATALYZE Peru performance indicators

Financing or Investment Definition

“Financing or investment” is broadly defined as all types of financing or investment, including debt and equity instruments comprising fixed or variable interest debt, amortizing or bullet payment loans, refinanced debt, lines of credit, letters of credit, supplier credit, export financing, factoring, venture debt, convertible debt, mezzanine debt, quasi-equity, venture capital, private equity, equity, structured finance, project finance, company listings on Lima Stock Exchange (BVL) and its Alternative Securities Market, Special Purpose Vehicles (SPVs) or other structured financial products, crowdfunding, digital finance, or any other financial or investment product or mechanism (including digital) supporting private companies in the Peruvian Amazon region.

Deliverables

Each of the financial institutions/intermediaries/investors (FIs) selected under this RFA will have a unique milestone payment table, **based on the total amount of financing they commit to lend/invest during the application process**. If a FI is accepted into the program, the total amount of financing each FI commits to lend/invest will be divided into milestone payments and the award payments will be automatically determined as a percentage of each milestone target (details on the percentages can be found in the Determination of the Pay-for-Performance Award section). Final milestones may be negotiated between CATALYZE Peru and the FI. Details on required evidence for each milestone and payment are described below:

1. For payment of each Milestone, the FI must provide evidence of the approval and disbursement of financing to or investment in the enterprises. The required documentation is listed below.

A. Excel summary sheet of all investments/finance disbursed as a part of the Milestone. The Excel sheet should contain the below indicators for each enterprise receiving financing:

- Name of the company / client receiving the finance.
- Economic activity (agricultural producer, agribusiness, local trader, exporter, service provider, etc.).
- Gender
- Location of the recipient of the financing, including name of the village, district, province.
- Number of full-time workers.
- Value of loan or amount of investment
- Type of financing (loan, investment, etc.)
- Use/purpose of financing.
- Tenor or term of financing.
- Frequency of repayment (in case of loans).
- Annual interest rate (in the case of loans).
- Company valuation (in case of equity investments).
- Loan disbursement processing period (number of days from the loan request to disbursement).
- New or returning/repeat client
- New to formal financial system or not (i.e. previous accessed financing or investment from any formal financial intermediaries).

B. Proof of financing/investment disbursement for each deal. Disbursement may include the legally binding financing or investment offer/acceptance documents signed by both the FI and the enterprise as final term sheet in the case of debt financing. In the case of equity, executed shareholder agreement or other comparable legally binding ownership acquisition contract. The debt or equity must be for incremental (new) financing and is dependent upon the nature of the funding. For bond issuances or equity listing on an organized exchange such as Lima Stock Exchange (BVL), this would be evidence of stock or bond issuance from the BVL listing. For private placements of either debt or equity this would be the equivalent of an executed subscription agreement, shareholder agreement, or comparable legally binding investment agreement document.



- C. **Completed business scoring matrix** for each financed enterprise, demonstrating that it meets CATALYZE Peru’s criteria and is considered as qualified for this program. CATALYZE Peru will provide a business scoring matrix template to all FIs in the program (see Annex 3). CATALYZE Peru, at its discretion, may require further documentation of a particular transaction before certifying the deliverable. Should CATALYZE Peru determine that the documents are deficient in any way, CATALYZE Peru may withhold, postpone, or deny payment of the affected deliverable until received documents are deemed to be acceptable by CATALYZE Peru management.

CATALYZE Peru reserves the right to audit documentation of disbursement results at any time, as the project conducts Monitoring and Evaluation verifications. The FI agrees to comply with and respond to CATALYZE Peru requests for information.

Determination of the Pay-for-Performance Award

The Pay-for-Performance Award will be calculated based on a percentage-commission according to the following formula:

$$A = c\% \times F$$

Where:

A = Award to be paid

c% = Commission rate

F = Actual Financing/investment amount approved to qualified enterprises/clients

The commission rate (c%) here considered is two percent (2%).

Therefore, the overall amount of financing will be multiplied by a fixed percentage to determine the total award fee to be paid. CATALYZE Peru shall pay to the FI a sum equal to 2% of the financing/investment approved or received by qualified enterprises.

This percentage is subject to adjustments upon program’s review that CATALYZE Peru will conduct before agreement renewals with selected IFs, based on performance and availability of funding.

Award Ceiling

Selected financial institutions/intermediaries (FIs) will be awarded a grant for an initial ceiling amount of between \$5,000 and \$150,000 for the first 12 months (depending on its actual financing value), with the option of renewal for additional periods not to extend beyond December 2023. This limit could vary at the sole discretion of CATALYZE Peru based on the results and performance achieved by the FI.

Examples:

- a) If a FI performs actual financing for value of \$5 million in 12-month grant period, the total Award would be:



A = 2% of \$5,000,000 = \$100,000 (this amount could not be more than \$150,000 in a 12-month period).

b) If a FI performs actual financing for value of \$10 million in 12-months grant period, the total Award would be:

A = 2% of 10,000,000 = \$200,000 --> As this amount could not be more than \$150,000 in a 12-month period, the final award would be \$150,000.

Milestones for Award Payments

The milestones table will be established for each FI based on the financing/investment target proposed in their response to this RFA (see Annex 2). The financing target will be divided into four milestones for the 12-months period.

For example, if a FI commits in their application to lend \$5 million, the total award fee maximum payout will be \$100,000. If the financing target is divided into four equal milestones, then, once the FI reaches \$1.25 million in approvals they can invoice for \$25,000. To receive their award fee, the FI will submit all evidence of financing or investments approved to enterprises and all required documentation.

If the financing/investment has been issued in any currency other than USD such as PEN or any other currency, the disbursed amount will be based upon the USD equivalent based upon the exchange rate on disbursement date. For PEN financing/investment, the average exchange rate from the Central Bank of Peru will be used, <https://www.bcrp.gob.pe/en>.

Example of Milestones Table for a FI (qualified financing released numbers will be different for each FI, depending on the total amount of lending/investment proposed). The Annex 2 includes the template for this table.

| Milestone | Percentage value of the total financing committed | Invoice payable by CATALYZE Peru for completed loan/investment | Deliverables |
|--|---|--|--|
| Milestone 1: \$1,250,000 of qualified financing released | 25% | \$25,000 (calculated as 2% of the qualified financing target) | Documents Required: Excel Summary Sheet; Proof of debt/equity financing; Completed Business Scoring Matrix |
| Milestone 2: \$1,250,000 of qualified financing released | 25% | \$25,000 | Documents Required: Excel Summary Sheet; Proof of debt/equity financing; Completed Business Scoring Matrix |



| Milestone | Percentage value of the total financing committed | Invoice payable by CATALYZE Peru for completed loan/investment | Deliverables |
|--|---|--|--|
| Milestone 3: \$1,250,000 of qualified financing released | 25% | \$25,000 | Documents Required: Excel Summary Sheet; Proof of debt/equity financing; Completed Business Scoring Matrix |
| Milestone 4: \$1,250,000 of qualified financing released | 25% | \$25,000 | Documents Required: Excel Summary Sheet; Proof of debt/equity financing; Completed Business Scoring Matrix |
| Total: \$5,000,000 of qualified financing released (total amount is determined based on what the FI commits in their proposal) | 100% | CATALYZE Peru will pay a maximum of \$100,000 (2% of total financing achieved) under this grant in this example. | |

2. Award Information

The grant instrument for this application is a Fixed Award Amount (FAA) and the award is for a period of performance of 12 months after contract signature, with the option for renewals based on performance and availability of funding. Each renewal will be for an additional 12 months up to or until the end of the CATALYZE Peru project. Performance will be reviewed by CATALYZE Peru after six months, which could mean a reduction or an increase in the potential total award within the 12-month period.

3. Eligibility Requirements

Eligibility

This call is for international financial intermediaries (FIs) that can be based in any country outside of Peru with a range of legal and regulatory structures. This can include legally registered investment funds, special purpose vehicles (SPVs), fintechs, alternative investment vehicles, partnerships, impact investors of varying types, and other internationally (non-Peru) based financial intermediaries that are currently investing in, or seek to invest in, Peru's Amazon region as defined above.

IFIs who wish to respond to this solicitation must meet the following minimum eligibility qualification criteria and provide corresponding supporting documents:



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- i. Must be a registered legal entity.
- ii. Must have appropriate regulatory/certification.
- iii. Must have been in operation for at least three years.
- iv. Must submit signed audited financial statements for the most recent three years.
- v. Must have been operating profitably for at least one of the most recent three years.
- vi. Must submit one of the following documents: i) most recent annual report, ii) current operational plan, iv) business plan, or v) strategic plan.
- vii. Must have a DUNS number (instructions for obtaining a DUNS number may be found here <https://www.dnb.com/duns-number/get-a-duns.html>).
- viii. Must not have any active exclusions in www.sam.gov, UN or other international compliance databases.
- ix. Must be owned by nationals of a country not considered a prohibited source or barred from doing business with the United States.

CATALYZE Peru CEO has the authority to waive a requirement if a response to the Application presents a valid justification.

4. Application and Submission Information

The section below details the requirements from the Applicants to respond to this Request for Application. 'The Applicants' (where capitalized) means the person or organization to whom this invitation has been sent, and/or the person or organization responding to this invitation (as applicable).

Application Due Date

This Request for Application (RFA) from FIs is open until 17:00 GMT, March 31, 2022. However, FIs are encouraged to submit their proposals as soon as possible, as they will be reviewed as they are received through the end date indicated above. The first proposals will be reviewed at the end of August 2021, afterward it will be every end of the month.

The completed response to this RFA must be delivered via email with all relevant documents to the following email address:

Grants and Subcontract Manager

CATALYZE Peru

Email: Peru.CATALYZE.Procurement@thepalladiumgroup.com

CATALYZE will hold a Virtual Bidders Conference on Friday, August 13, 2021, at 15:00 GMT to review the requirements of the RFA, and to answer any questions that may arise by potential applicants. Questions and answers provided at this conference will be made available to all interested applicants in writing following the Virtual Bidders Conference. All applicants are invited to participate and pose questions to the project team on the solicitation requirements.

In addition, questions, queries, and clarifications that may arise related to this RFA may be directed to Peru.CATALYZE.Procurement@thepalladiumgroup.com. In the e-mail subject line please include the RFA number and the nature of your question.

Application Contents

The application must contain the following:

- **Cover letter** (no longer than 1 page) to the application with information regarding the FI. General information includes: (1) Legal Name of Organization, (2) Tax ID number, (3) Mailing Address, (4) Physical Location, (5) Contact Information, (6) Organization's Legal Representative.
- **Technical Proposal** (form provided in Annex 1).
- **Proposed Grant Disbursement Schedule** (Form provided in Annex 2).
- **Supporting institutional documentation**, including:
 - Copy of the organization's chart and by-laws and Power of Attorney of authorized signer; and
 - Copy of organization's legal registration; and
 - Copies of audited financial statements for the last three years; and
 - Either copy of the last annual report, or operational plan, or business plan, or strategy plan (only one of them).

Applications are to be written in English and submitted in Word/PDF and budgets (if any) are to be submitted in Excel.

5. Application Review Information

Selection Process

Applications will be evaluated as they are received until 10 applications have been approved or 1.5 million has been committed, whichever comes first.

The process for selection of successful grantees will follow the below steps:

- a) The Grants and Subcontract Manager, via email notification, will confirm receipt of each Application received, ensuring a strict order of arrival.
- b) The Grants and Subcontract Manager will check that each Application has met the eligibility requirements from Section 3. Any ineligible proposals will be informed immediately that they will not be evaluated.
- c) The Grants and Subcontract Manager on rolling basis will submit eligible Applications to the Grants Evaluation Committee (GEC) to review and evaluate them individually and immediately afterwards will give feedback to each Applicant.
- d) The GEC will formally evaluate each Application in writing, using an Application Evaluation Form. The evaluation will be based on the selection criteria (listed below) and points based on 100 as the maximum points allowed.
- e) Applications that are scored higher than 70 will undergo a risk assessment and then be sent to USAID for approval.
- f) If approval is granted, CATALYZE Peru will issue the FAA grants.



- g) Unsuccessful applicants/applications will be notified in writing and may possibly share the reasons for the rejection.

CATALYZE Peru reserves the right to negotiate award specifications once a successful proposal is identified, or to make an award without conducting negotiations based solely on the written proposals if it decides it is in its best interest to do so.

Evaluation Criteria

Applicants will be scored against the following criteria:

| | Evaluation Criteria | Information Source | Maximum Score |
|---|--|--|---------------|
| 1 | Amount of financing/investment to be committed. The greater the value of financing/investments to be committed by FIs, the greater the points to be obtained. Consideration will be given to the proportion of the committed amount in relation to the current financing/investment portfolio. | Technical proposal point 1; and financial statements | 25 |
| 2 | Commitment to expanding financing/investment activities to enterprises operating in the Peruvian Amazon. Consideration will be made for the current presence in the Peruvian Amazon; commitment to introducing new financial products; expansion to new provinces, as well as quality of the team and the strategy to expand. | Technical proposal points 2,3 and 4 | 20 |
| 3 | Contribution to promote inclusive development and environmental protection. Consideration will be made for programs in place to mitigate or avoid any potential environmental impact and or to promote inclusive development; commitment to finance woman-owned enterprises and SMEs financing. | Technical proposal points 5,6,7 | 15 |
| 4 | Value of financial contribution to be committed by the financial institution for the implementation of these new financing activities. | Technical proposal points 8 and 9 | 15 |



| | Evaluation Criteria | Information Source | Maximum Score |
|--------------|---|-----------------------------|---------------|
| | Consideration will be made for the proportion of payments of awards in relation to the committed financial contribution. The lower the proportion, the greater the points to be obtained. | | |
| 5 | Current availability of financial resources to be committed for this program. | Technical proposal point 10 | 15 |
| 6 | Financial performance and strength | Financial statements | 10 |
| Total | | | 100 |

6. Award Administration Information

- a) A successful applicant will receive an award signed by Palladium who will authorize activities to begin under this program.
- b) The award will be administered under the applicable **ADS Chapter 303: Grants and Cooperative Agreements to Non-Governmental Organizations**.
- c) The successful applicant agrees to report as per the requirements of section 1 (Communications), which details the financial and performance indicators that will be reported on a monthly, quarterly, or annual basis.
- d) Grants issued under this contract, as authorized in accordance with ADS 302, “USAID Direct Contracting,” will be branded and marked as grants in accordance with the policy directives and required procedures for branding and marking of assistance awards in ADS Chapter 320.3.3, and 22 CFR 226.91. To ensure that the marking requirements flow down to subrecipients of subawards, the following USAID approved marking provision will be included in all grants awarded:

“As a condition of receipt of this subaward, marking with the USAID Identity of a size and prominence equivalent to or greater than the recipient’s, subrecipient’s, other donor’s or third party’s is required. In the event the recipient chooses not to require marking with its own identity or logo by the subrecipient, USAID may, at its discretion, require marking by the subrecipient with the USAID Identity.”
- e) The Applicant will be required to develop and utilize an environmental screening process and screen qualifying investments in line with USAID policies (in accordance with 22 CFR 216).



ANNEX 1 – TECHNICAL PROPOSAL

When responding to this Application, it is required to include the following information to demonstrate that the FI has the capacity to perform the work. The applicant(s) must submit their application in accordance with generally accepted format/template specified below. Failure to use the templates provided or the submission of incomplete documentation will result in the disqualification from this RFA:

| Financial Institution Details | |
|---|--|
| Legal Name of FI | |
| FI's Registration (attach any relevant document) | |
| DUNS Number and SAM Unique Identifying Numbers ¹ | |
| Core business activity | |
| Country of Registration | |
| Type of FI | |
| Physical Address | |
| Postal Address | |
| Contact Details | |
| Name | |
| Job title | |
| Mobile Number | |
| Email | |

| Project Details: Business/Operational Information |
|---|
| <p>1. State the total amount in US Dollars to be committed for financing/investment into the Peruvian Amazon for the 12 months' grant period, within the framework of the CATALYZE Peru program. Breakdown amount into uses of capital. This target financing/investment amount will be used to set milestone targets and milestone grant payment amounts, however, please note CATALYZE Peru reserves the right to adjust targets before award.</p> <p>For example, we commit to disbursing \$5 million in financing Peruvian Amazon enterprises in 12 months.</p> <p>Projected Capital Expenditure: \$3.5 million Projected Working Capital: \$1.5 million</p> |
| <p>2. State the current financial/investment products offered by your FI in the Peruvian Amazon, as well as any future products you plan to develop, which will enable your institution to expand your portfolio. State the number of new products that the FI intends to introduce and roll out in the coming 12 months (i.e., it may be zero, or 1, 2, etc.).</p> <p>For example, current financial products are agribusiness loans, agricultural loans, seasonal working capital, women in agriculture, etc.</p> |

¹ This does not apply if the proposed grant amount is less than \$25,000.



In addition, during the coming year we are planning to introduce 2 new products: factoring and online loans.

3. Describe the current level of financing or investing in the Peruvian Amazon. Discuss any future plans to expand financing deals to the Peruvian Amazon, including challenges. Describe the quality of the team and strength/depth of the experience in lending/financing/investments to this region.

For example, estimate the current portfolio amounts and number of borrowers in the Peruvian Amazon, and the level of lending/investment.
Years of experience of key team members and some examples of financing which convey knowledge in this region.

4. Describe the strategy the FI will undertake to expand its financing/investment activities to enterprises working in the Peruvian Amazon. Please be as specific as possible, including the staff that will be involved, any potential partnerships, timelines, and how you will conduct targeting to identify deals that fit the “qualifying investment”

For example, hiring new staff for agriculture loans, roll out of new products, or entering into agreements with business advisory providers to identify pipeline, etc.

5. Do you have an institutional program in place to mitigate or avoid any potential environmental impact and or to promote inclusive development in the Amazon region? Please detail what these programs consist of and the main progress and / or difficulties in their implementation.

For example, we do not have a specific environmental protection program. However, we are following a rigorous praxis on KYC/AML and are using a list of non-bankable activities due to their high risk of negative environmental and social impact, which is part of our lending procedures.

6. State the percentage of the total amount committed above that will be financing/investment to women-owned enterprises.

For example, we commit to disbursing **50%** of the \$5 million in financing in 12 months to women-owned enterprises.

7. How many micro, small, medium enterprises, and large enterprises or corporations in the Peruvian Amazon will be targeted for financing in the coming 12 months? Please see **Enterprise Size Definitions** section.

For example, we commit to financing 10 small enterprises, 8 medium-sized enterprises and 1 large enterprise in the coming 12 months.

8. State the amount of your own resources that your institution will commit to expanding lending/investment in the Peruvian Amazon. This financial contribution will not come from CATALYZE Peru award fee payments but will be from your institution to demonstrate commitment to the expansion of financing/investment activities. It is recommended but not compulsory that the Applicant submit a budget or any other approach to support the rationale of this amount. (Submitting a separate Excel file is acceptable).



For example, we will commit \$245,500 to expanding lending in the Peruvian Amazon. Details are showed in a separate file.

Some examples supporting the rationale of the own resources committed are:

- High level project budget
- Cost calculation based on financial indicators (historical or projected).
- Generated by the product costing system.
- Expert criteria (indicating general assumptions).

9. Describe how your institution will use the award payments earned through a grant with CATALYZE Peru to meet the financing target listed in Question 1.

For example, we foresee to use the award payments mostly to enhance staff capabilities and motivation through staff training, and award best performance staff; as well as to improve our business model by doing studies to explore business opportunities, develop new products and ancillary services; and also, to increase the operational efficiency by setting up an additional desk in the Peruvian office, develop a new tracking loans system, consultancy to improve loan recovery processes, etc

10. What resources do you currently have to finance the financial/investment indicated in point 1? Please specify the amount of these resources according to the financing's source, indicating from which institutions the funds come.

For example, to achieve the committed \$4 million we currently count with \$3 million as follows: \$1 million from own sources, \$1.2 million from customer's deposits and 0.8 million from external financing (IFC and COFIDE).

ANNEX 2 - PROPOSAL ON MILESTONES FOR AWARD PAYMENTS

| Milestone | Percentage value of the total financing committed | Invoice payable by CATALYZE Peru for completed loan/investment | Deliverables |
|---|--|---|--|
| Milestone 1: \$xxxxx of qualified financing released | xx% | \$xxxxx (calculated as 2% of the qualified financing released) | Documents Required: Excel Summary Sheet; Proof of financing or investment; Completed Deal Scoring Matrix |
| Milestone 2: \$xxxxx of qualified financing released | xx% | \$xxxxx | Documents Required: Excel Summary Sheet; Proof of financing or investment; Completed Deal Scoring Matrix |
| Milestone 3: \$xxxxx of qualified financing released | xx% | \$xxxxx | Documents Required: Excel Summary Sheet; Proof of financing or investment; Completed Deal Scoring Matrix |
| Milestone 4: \$xxxxx of qualified financing released | xx% | \$xxxxx | Documents Required: Excel Summary Sheet; Proof of financing or investment; Completed Deal Scoring Matrix |
| Total: \$xxxxxx of qualified financing released (total amount is determined based on what the FI commits in their proposal) | XX% | CATALYZE Peru will pay a maximum of \$xxxxx (2% of total financing achieved) under this grant | |

ANEXO 3 – BUSINESS SCORING MATRIX

This scoring matrix objectively assesses and prioritizes businesses for CATALYZE Peru support. The score matrix will guide to qualify investment and partnership opportunities under the Pay-for-Performance incentive program of CATALYZE Peru.

| Name of the Enterprise/Client | | | |
|--|-------|----------|---------------|
| Necessary Conditions | Yes | No | Comment |
| It has linkages with the Peruvian Amazon | | | |
| Is engaged in legal activities | | | |
| Criteria | Score | Scale | Justification |
| Environmental Impact (*) | | -15 a 15 | |
| Enhances Inclusive Growth | | 1 a 15 | |
| Gender Inclusion | | 1 a 15 | |
| Youth Development | | 1 a 15 | |
| Smallholder Impact | | 1 a 15 | |
| Additional Job Creation | | 1 a 15 | |
| Sustainability | | 1 a 15 | |
| Total (Max) | | 100 | |

(*) If the environmental impact is negative, then the financing/investment will not be considered until the negative impact is addressed.

| Resulting Score | Fit |
|-----------------|---------------|
| 90 - 100 | Excellent fit |
| 80 - 90 | Strong fit |
| 70 - 79 | Good fit |
| Below 70 | screened out |

Business Selection Decision Criteria

The maximum score is 100. Higher scoring will be considered the higher priority for CATALYZE Peru support. Though opportunities with a score of less than 70 will be screened out, the Executive Director may approve these opportunities on a case-by-case basis. This approval process will be documented and recorded.

Scoring Guide

| Necessary Conditions | Definition | |
|---------------------------------------|--|---|
| Has linkages with the Peruvian Amazon | 1. The supported MSME operates in the Peruvian Amazon; or 2. The company obtains raw materials from the Peruvian Amazon; or 3. The company will expand its source of raw materials from the Peruvian Amazon once the investment is made; or 4. The company has linkages with other companies operating in the Peruvian Amazon. The Section "Geographic and Sectoral Scope" indicates the departments and provinces that are considered Peruvian Amazon. | |
| Is engaged in legal activities | 1. The company / client engages in legal economic activities permitted by local, regional and national authorities. | |
| Criteria | Definition | Scoring instructions |
| Environmental Impact | 1. The activities of the business have no deleterious impact on the environment; or 2. The investment, once made, will not lead the business to expand into activities that have deleterious impact on the environment; or 3. There are no unresolved environmental issues either with any government agencies or with the community the business operates in; or 4. Business has developed credible, implementable environmental impact mitigation report. | The closer the score is to zero the better |
| Enhances Inclusive Growth | 1. Transaction will support improved economic growth in the Peruvian Amazon that is broadly shared by other stakeholders within the system (e.g., women, youth, smallholders); or 2. Enhances economic competitiveness while simultaneously advancing the economic and social conditions for actors within the system (e.g., food security, increased sales, increased incomes); | The higher the score the greater the impact of the business activities on driving inclusive growth. |
| Gender Inclusion | 1. Business employs women, or will employ more women once the investment is made; or 2. Business sources raw materials through activities dominated by women or will source raw materials through activities dominated by women once the investment is made; or 3. Business is woman-led; or 4. Business is women-focused in terms of customers. | The higher the score the greater the potential for gender inclusion |
| Youth Development | 1. Business employs youth, or will employ more youth once the investment is made; or 2. Business sources raw materials from activities dominated by youth or will source raw materials from activities dominated by youth once the investment is made; or 3. Business is youth-led; or 4. Business is youth-focused in terms of customers. | The higher the score the greater the potential for youth development |



| | | |
|-------------------------|--|---|
| Smallholder Impact | <ol style="list-style-type: none"> 1. Business sources raw materials from smallholders in target value chains or will source from them once the investment is made; or 2. Business provides services to smallholders; or 3. Business is smallholders-led; or 4. Business is smallholder-focused. | The higher the score the greater the impact of the business activities on smallholder farmers |
| Additional Job Creation | <ol style="list-style-type: none"> 1. Business will create more jobs once investment is made; or 2. Other businesses linked to the business will create more jobs once investment is made | The higher the score the greater the impact of the business activities on additional job creation |
| Sustainability | <ol style="list-style-type: none"> 1. Business can continue operations and grow without external support but through market-based approaches; or 2. Business has adequate market for its products; or 3. Business can expand its market; or 4. Business has a clear strategy for growth. | The higher the score, the more the business is perceived as sustainable. |

Business Selection Decision Criteria

The total weighted score a business obtains will determine the qualification/acceptance of the business under the CATALYZE Peru program. The following are the decision criteria:

1. **70%+ with no negative impact on the environment:** The CATALYZE Peru program will consider as qualified a business with a total weighted score of 70% and above and no direct environmental impact. The decision not to accept such a business could only be made by the Executive Director with documented reasons².
2. **70%+ but with negative impact on environment:** Businesses that have negative direct impact (negative externalities) on the environment will be required to develop an Environmental Mitigation and Monitoring Plan (EMMP).
3. **Below 70%:** CATALYZE Peru program will not consider qualified a business that receives a total weighted score of less than 70%. The decision to give a waiver to a business could be made by the Executive Director, on a case-by-case basis, with documented reasons.

Confidentiality

USAID-CATALYZE Perú will maintain the confidentiality of the information received in this document.

² This could include violating Palladium's Code of Conduct and the businesses' unwillingness to resolve the identified issue. CATALYZE Peru will not accept businesses that have been blacklisted by the USG government. A sanction search will be conducted here <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>