

QUESTIONS & ANSWERS

Date: Feb 02, 2022

Reference Request for Proposal Number: RFA-CATALYZE-PSD-2022-0028 | PSD Incentives Program for Increased Lending to MSMEs

Dear Offerors,

Please see below answers to the questions from Bidders Conference hold on January 28, 2022, 10:00AM to 11:00AM.

No	Question	Answer
Financial Facilitation		
1	Can enterprises from other sectors be considered for the incentive?	The pay for performance awards scheme will only be eligible for the specified target sectors which include Tourism, ICT, Commercial Care, Apparel and Food Processing.
2	Is the incentive awarded based on target achievement in all 5 sectors?	There is no target set for each individual sector. The overall deliverable can be achieved provided the debt financing is within the specified sectors.
3	How can the sector classification be determined?	The Financial Institutions can use their internal sector classification, in keeping with the sector guidelines that will be shared by PSD.
4	Who sets the financing target? Can the Financial Institution decide on a fair target based on the conditions of the Financial Institution?	Yes, each Financial Institution can propose a financing target that is suitable for the institution. We will consider the amount proposed when arriving at a minimum target for each qualified Financial Institution.
5	Is there a maximum limit for the incentive?	The maximum incentive that a Financial Institution can receive is USD3,000 per customer. The maximum individual debt financing transaction size that will be accommodated is USD1Mn. This cap is set as our intention is to encourage the debt financing target to be spread among a larger cross section of MSMEs, resulting in wider access to financing.
6	Is the incentive awarded based on a cumulative approach?	The incentive is awarded based on achievement of a quarterly target. However, if it is not achieved in a given quarter, the target can be extended within the overall contract period ending 30 th September 2021.
7	Is there any cost penalty for not achieving targets?	No there is no cost penalty, however the Financial Institution will not receive the incentive if deliverable is not achieved within the contract period.

No	Question	Answer
8	Is it mandatory for a business to be registered?	No, it is not mandatory, however we encourage extending financing to registered businesses.
9	How does the incentive work for accommodating enhancements?	Only debt financing to new customers or enhancements/top-ups to existing facilities will be accepted for Commercial Care, ICT, Apparel and Food Processing sectors. In the case of enhancements, there should be a 25% increase in existing facility size to be eligible for the incentive. For the Tourism sector, new and existing customers/facilities will be accommodated.
10	Is it possible to backdate and tag a customer?	No. The eligible customers will only be considered for the incentive scheme from the date of signing the grants agreement (contract).
11	How is ownership determined for individual businesses and joint ventures?	Greater than 51% ownership or majority control in the enterprise. Women led enterprises should qualify under the ownership test, control test and management test specified on the RFA.
12	For which purpose/in what ways will the customer information provided by the Financial Institution be used by USAID?	For purpose of monitoring and evaluation of project progress and deliverables only
13	Do you cover leasing under debt financing?	Yes, leasing is covered under debt financing. The debt financing definition on the RFA also includes new loans, letters of credit, invoice/receivable financing, and refinanced loans.
14	Can we consider any new business registrations, especially women led after launch date (i.e., today) to qualify for the incentive?	New businesses registered after the launch date are eligible for the incentive scheme, provided financing for the new business is granted post the date of signing the grants agreement.
15	Suggest the 25% cap be removed from other sectors as well	In the case of Commercial Care, ICT, Apparel and Food Processing sectors, there should be a 25% enhancement in existing facility size to be eligible for the incentive. The objective of the program is to mobilize new capital for MSME's, which would create a tangible impact towards expanding their capacity and competitiveness. Hence, new facilities and a minimum threshold of 25% on enhancements, is needed to drive this objective.
16	Why do you set a single loan incentive cap?	The maximum individual debt financing transaction size that will be accommodated is USD1Mn. This cap is set as our intention is to encourage the debt financing target to be spread among a wider cross section of MSMEs, resulting in a larger number of MSMEs obtaining access to financing.

No	Question	Answer
Operations		
17	What is the due diligence and selection process?	The vetting process for applicants to receive federal assistance. The process includes assessing the applicant's reputation, capacity in terms of financial management, operational capability, and the general federal government validations, applicant not engaging with human trafficking, terrorism, etc. details will share with the applicant when passed the evaluation process. The palladium team will support applicants to complete the paperwork.
18	What is the DUNS number?	The Data Universal Numbering System, abbreviated as DUNS or D-U-N-S, is a proprietary system developed and managed by Dun & Bradstreet that assigns a unique numeric identifier, referred to as a "DUNS number" to a single business entity. The entities required for receiving your business credit report from Dun & Bradstreet and for applying for any grants or cooperatives from the federal government. The DUNS registration can be performed online free of charge, using the following weblink: http://fedgov.dnb.com/webform/index.jsp .