

QUESTIONS & ANSWERS

Date: February 24, 2022

Reference Request for Proposal Number: RFP-CATALYZE-217772-IRAQ-2023-0370

Dear Offerors,

Please see below answers to the questions submitted to catalyze.procurements@thepalladiumgroup.com and during the Bidder's Conference on February 22, 2023.

No	Question	Answer
1	We understand the type of FI which are either MFIs or Banks, but what about the type of Transaction Advisors?	Transaction Advisors can be both individuals or firms who specialize in providing business advisory services to SMEs seeking to obtain loans from banks or MFIs. These advisors can help SMEs navigate the complex process of obtaining financing by providing support throughout the entire process.
2	The sentence "loans which they otherwise would not have made/would not occur", does it target the type/eligibility of the SME, or does it target the terms and conditions/documents and guarantee usually requested for a loan or both?	This refers to loans that would not have been granted by FIs in the absence of the CATALYZE A2F intervention. The CATALYZE A2F program aims to encourage FIs to lend to SMEs by incentivizing them and providing technical assistance as well as exposing them to good deals from qualified Transaction Advisors. This is expected to result in FIs granting loans to SMEs that they otherwise would not have made or that would not have occurred without the CATALYZE A2F program intervention.
3	Relevant Experience: Is Partner/Joint venture implementation also considered as organization experience related to qualification criteria?	Partner/Joint venture implementation experience will be considered as part of the organization's experience related to the qualification criteria.
4	The Attachment 1 will be filled upon submitting proposal or after selection of the subcontractor? Because there are two different sentences: a. The <u>selected offeror</u> will be required to complete the Due Diligence Questionnaire (attachment1) and provide proof of application for a Unique Entity Identifier (UEI) number <u>within 5 days of being notified of selection</u> . (b) In Evaluation and Award Process, Requirement table, section (c), Agree to Palladium's policies, protocols, and compliance requirements with supporting documentation is "Due diligence form (Template provided as Attachment 1 Completed form must be submitted with proposal)	As part of the proposal submission process, all offerors are required to submit the Due Diligence Questionnaire. The questionnaire is a template provided in the annexes of the RFP, and it serves as a tool for Palladium to assess the qualifications and suitability of the offerors. Only the <u>final selected</u> offeror will be required to provide proof of the application for a Unique Entity Identifier.

No	Question	Answer
5	<p>If the experience of the Sub-contractor is not very relevant to the required, in term of executing projects related to <i>“Experience mobilizing private capital and incentive fund management” & and supporting banks and FIs to increase access to finance</i>”, but the sub-contractor has the relevant experience in projects related to SMEs and experience working with the Staff that will be allocated to the project in term of establishing policy & procedure, control & monitoring, risk management and credit assessment related to SME lending. Can the subcontractor respond to the RFP?</p>	<p>Offerors with a demonstrated track record of working with SMEs in various capacities are encouraged to submit proposals. This may include experience in SME financing, business development services, mentorship programs, or other related areas.</p>
6	<p>Is it possible to submit a proposal based on a Firm Fixed Price structure, rather than Cost+ FFP?</p>	<p>As outlined in the RFP, Palladium is anticipating awarding a cost-plus fixed fee (CPFF) subcontract based on the defined scope of work and result-oriented deliverables. The subcontractor will be compensated for the costs incurred in performing the work, plus a fixed fee that will be agreed upon in the subcontract agreement.</p>
7	<p>Is the subcontract’s intention to include design of appropriate blended finance structures that will best incentivize local banks to increase SME lending? Or has the Palladium team settled on a single concept of small incentive payments, which they are only seeking a subcontractor to administer?</p>	<p>Palladium has settled on a concept of small incentive payments to incentivize FIs to increase SME lending. We are seeking a subcontractor who can administer this incentive program effectively and efficiently. The subcontractor will work closely with the CATALYZE A2F D.C. based team and they will be expected to adhere to the defined scope of work and deliverables outlined in the RFP.</p>
8	<p>Does the \$600k budget include expected disbursements through the blended finance vehicle or advisory success fees? If not, what is the size of funding available for these activities?</p>	<p>The budget ceiling of \$600,000 does not account for the expected disbursements through the blended finance vehicle or advisory success fees. To provide further information on the available funding for these activities, Palladium will release RFA/RFP for FI and Transaction Advisor partners. The RFA/RFP will contain comprehensive details about the funding that is available for the stated activities.</p>
9	<p>Scope: Can you please elaborate on the scope; whether the action will be implemented in phases or not, and will it cover the whole of Iraq including KRI.</p>	<p>The scope of work outlined in the RFP is set to be implemented over a period of 18 months. However, there is a possibility of extending the duration by another year. During this period, the CATALYZE A2F program will cover the entire country, including KRI and other governorates.</p>
10	<p>Eligibility: Can you please confirm that JVs and Consortiums are welcomed to apply and that not all consortium members need to be registered in Iraq</p>	<p>JVs and Consortiums are eligible to submit a proposal. However, they must be registered to be considered. Offerors who are part of a JV or Consortium need to explain in their proposal how the JV or Consortium will function during the implementation of this subcontract. The JV will be evaluated as one entity.</p>

No	Question	Answer
11	Does the Term FI include Venture Capitals and Angel Networks?	The current focus of the CATALYZE A2F program is to partner with commercial banks and MFIs. However, we are also interested in exploring the potential role of Venture Capital and Angel Networks in SME financing. Please feel free to include information on VC and Angel Networks with regard to SME financing in your proposal.
12	DO FINANCING OPPORTUNITIES INCLUDE EQUITY FINANCING AND CONVERTIBLE NOTES	The types of financing that will be available to SMEs will depend on their specific needs and circumstances. To determine the most appropriate financing solutions for SMEs, we will work closely with our FI partners to understand the range of products and services they offer, and how these can be customized to meet the needs of SMEs.
13	Is Palladium in charge of disbursements to advisors or FI's, or is that to be managed by the sub?	Palladium will be responsible for disbursing payments to FIs and Transaction Advisors, while the subcontractor will assist with verifying and reviewing deliverables and providing any necessary assistance in the verification process.
14	Is the employment shall be done strictly by loaning SMEs or it can be done through employment readiness programs?	CATALYZE A2F program will connect youth job seekers who have graduated from employment readiness programs with SMEs that need qualified employees. The focus will be on job matching rather than employment readiness or skills development. We will establish relationships with employment readiness programs to understand what skills development training they offer to youth job seekers so we can connect them with relevant job opportunities from SMEs.
15	It is mentioned in deliverable 1 to establish A2C office, shall we reflect the cost of the office on the budget sheet, or it shall be treated separately?	The cost of setting up an office must be included in the overall budget. The budget ceiling is expected to be \$600,000, and offerors need to include the cost of setting up an office in their budget template.
16	Can you explain the thinking behind the proposed team members? The structure of the four staff appear that you are essentially looking for an administrative partner, rather than a technical one. It appears the technical work is expected to be done by the D.C. based team?	<p>The Local subcontractor will play a crucial role in the project as they will serve as Palladium's representative in Iraq. In addition to providing administrative support, the subcontractor will also offer technical assistance and oversight to the Transaction Advisor and FI partners. This is to ensure that all project activities are carried out effectively and in accordance with the CATALYZE A2F program goals and objectives. One of the key responsibilities of the Subcontractor will be to provide local technical leadership and oversight of all project activities. This includes managing the CATALYZE A2F network of FIs and TAs and collecting data and reporting on the progress of mobilizing private capital. The data collected will serve as the basis for learning and contribute to program enhancement.</p> <p>Overall, the Subcontractor will provide consulting, advisory, adaptive management, and administrative support services. The team will comprise a mix of full- and part-time personnel with the appropriate skills and expertise required to carry out the CATALYZE A2F objectives effectively. The Subcontractor will be responsible for providing technical guidance and support to the TAs and FIs to ensure they meet the CATALYZE A2F program requirements.</p>

No	Question	Answer
		To summarize, the Local subcontractor's role in the project is crucial as they will provide technical assistance, oversee project activities, manage the network of Transaction Advisors and FIs, and collect data and report on the program's progress.
17	<p>Can you confirm that "past experience" is Iraq specific?</p> <p>Previous experience- Iraq, financing is a problem. This project is a first for financing SME. Relevant experience to financing SME in Iraq is nonexistent. Iraq banking system.</p>	Palladium is not limiting past performance experience to Iraq only. Instead, we are encouraging offerors to share information about their past performance experience from other countries in the region or internationally. We recognize that offerors may have valuable experience and expertise gained from working in other countries. This broader perspective allows for a more comprehensive evaluation of an offeror's capabilities and provides a more accurate assessment of their ability to deliver quality work.
18	<p>Will there be any management fees on the payouts to the transaction advisors and MFIs? Also what about the payout expenses (bank charges / etc...). Are these also part of the 600k?</p>	Palladium will be responsible for issuing payments to FI and Transaction Advisor partners, and no additional management fees will be added to these payouts. Expenses related to bank charges and payout processes for FI and Transaction Advisor partners should not be included in the cost proposal submitted by the offerors
19	<p>Can you confirm that "past experience" is Iraq specific?</p> <p>Previous experience- Iraq, financing is a problem. This project is a first for financing SME. Relevant experience to financing SME in Iraq is nonexistent. Iraq banking system.</p>	Palladium is not limiting past performance experience to Iraq only. Instead, we are encouraging offerors to share information about their past performance experience from other countries in the region or internationally. We recognize that offerors may have valuable experience and expertise gained from working in other countries. This broader perspective allows for a more comprehensive evaluation of an offeror's capabilities and provides a more accurate assessment of their ability to deliver quality work.
20	<p>The contract will be in USD and thus payments to the contractor will be in USD not what is equivalent in Iraqi Dinars right?</p> <p>Is the 600K the fees amount or the cost + fees amount cap</p>	<p>Yes, that is correct. The contract will be denominated in USD, and as a result, payments to the subcontractor will also be made in USD, rather than the equivalent amount in Iraqi Dinars.</p> <p>The budget ceiling for the RFP is \$600,000, and this includes both the cost of the work done by the subcontractor and the contractor's fee. Similar question was answered under question #8.</p>