

## Amendment to Request for Proposal

**Amendment number:** 3  
**Reference Request for Proposal Number:** RFP-CATALYZE-WB-2023-0078

**Amendment effective date:** July 13, 2023

**Description of Amendment:**

1. This amendment serves to modify the language in Evaluation and Award Criteria, section C, supporting documentation to “Copy of relevant licenses/certificates of activities. Or any other documentation/evidence that demonstrates experience in digital financing solutions.”
2. This amendment includes the question and answers document from the bidder’s conference held July 13, 2023.

## Request for Proposal (RFP)

|                                      |                                     |
|--------------------------------------|-------------------------------------|
| Subject RFP #:                       | RFP-CATALYZE-WB-2023-0078           |
| RFP Issue Date:                      | June 15, 2023                       |
| Terms of Reference / Specifications: |                                     |
| Project                              | CATALYZE Innovative Blended Finance |
| The Company                          | Palladium International, LLC        |
| Country of Performance               | Western Balkans Region              |
| Closing Date and Time                | July 17, 2023                       |

|                        |   |
|------------------------|---|
| Questions Deadline     | <input type="checkbox"/> Accepted at <a href="mailto:catalyze.procurements@thepalladiumgroup.com">catalyze.procurements@thepalladiumgroup.com</a> by July 1, 2023<br><input type="checkbox"/> N/A |
| Bidders' Conference    | <input type="checkbox"/> July 13, 2023, 9:00am ET, 3:00pm EU, <a href="https://meet.google.com/hzv-ceoj-uha">https://meet.google.com/hzv-ceoj-uha</a><br><input type="checkbox"/> N/A             |
| Details for Submission | Submissions will be accepted:<br><input type="checkbox"/> Electronically: email to <a href="mailto:catalyze.procurements@thepalladiumgroup.com">catalyze.procurements@thepalladiumgroup.com</a>   |
| Offer Validity Period  | 90 days   |

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 USAID CATALYZE Engines of Growth (EoG) Western Balkans Activity engages market actors and other stakeholders to co-design and identify key opportunities to improve SMEs' access and utilization of appropriate financial products and services. EoG is also exploring how blended finance approaches can effectively catalyze finance for SMEs in the Western Balkans, in particular W-SMEs, in order to improve resilience and promote recovery and growth, examining the key barriers and enablers.

## Objectives

- **Support SMEs by mobilizing capital** and/or restructuring debt to otherwise vulnerable SMEs which have been adversely impacted by COVID-19 in order to sustain them, retain or rehire workers, and preserve capacity for future growth, and improve resilience.
- **Facilitate additional alternative financing** to high-potential SMEs in the Western Balkans to enhance their growth, productivity, and job creation.
- **Promote women's economic empowerment (WEE)** through access to finance and improved competitiveness, including access to digital marketing platforms and standards and certificates to reach new export markets.

## Purpose

The purpose of this RFP is to seek proposals from potential partners with expertise in the fintech and digital financing space to support Western Balkans SMEs (primarily women-owned and managed SMEs) through offerings of alternative digital financing solutions or tools. The objective of this initiative is to enhance SMEs' growth, productivity, and job creation in the region by facilitating their external financing, simplifying lending procedures, and decreasing administrative costs of lending. EoG aims to promote inclusive and sustainable economic growth and recovery through innovative financial products and services and is looking for partners with a deep understanding of the economic challenges faced by SMEs in accessing finance within the Western Balkans. EoG aims to support activities that innovate, digitize, and expand diversified financial products and services to address these challenges. The focus should be on mobilizing financing, with an emphasis on inclusive financing for women-owned businesses.

Interventions proposed should be scalable, sustainable, and promote improvements in formal employment. A regional approach offers greater potential for private sector partners to scale up, leveraging economies of scale and promoting intra-regional economic integration where possible.

*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. Palladium expects to award one or more subcontracts for this initiative. Individual awards can range from \$50,000 to \$240,000. The selected application/proposals may be fully funded or incrementally funded, depending on the merit of the proposals. Palladium reserves the right to award one, multiple, or no subcontracts.

## Anticipated Contract Period of Performance

July 2023 – August 2024

## Place of Performance

The activities to be performed under this contract will take place in: Western Balkan region (i.e., Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia). See the Instructions for Submission of Cost Proposal for travel assumptions.

## Key Deliverables and Timeline

Key deliverables should include a functional digital financing/fintech solution that is fully developed and operational within, at most, six to eight months from the beginning of the period of performance. Bidders should be able to report on the results (e.g., number of SMEs using the solution; number of transactions; amount of new money placed/lent to SMEs; etc.) by the end of the period of performance. Solutions that cannot fulfil this requirement will not be considered.

## 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. Unique Entity Identification (UEI) Number (Company must have a UEI 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, including:
  - Estimation of capital mobilized for SMEs financing
  - Estimate of the number of SME beneficiaries
  - Management Approach, including the CVs of the management team
- (e) Proposed work plan showing how the firm would execute this project including the deliverables and a timeline (max 2 pages)
- (f) Description of relevant projects previously performed by the firm, demonstrating expertise in developing and/or implementing digital financing solutions or developing and implementing other fintech solutions suitable for SMEs (max 4 pages)
- (g) Contact details for three referees (max 1 page)
- (h) Executive summary of project reports for commercial smallholder projects with linkages to commercial off-takers (max 3 report submissions, max 2 pages each)
- (i) All supporting documentation specified below in the pass/fail evaluation criteria

Note: GSA has developed a useful interactive PDF tool that guides through the most common scenarios about UEI ([https://www.fsd.gov/sys\\_attachment.do?sys\\_id=af05f8fb1b44851006b09796bc4bcb6d](https://www.fsd.gov/sys_attachment.do?sys_id=af05f8fb1b44851006b09796bc4bcb6d))

### 2. Cost Proposal

Offerors must submit a cost proposal. CATALYZE will provide a budget template upon request through [catalyze.procurements@thepalladiumgroup.com](mailto:catalyze.procurements@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:
  - Defense Base Act (DBA) insurance in accordance with FAR 52.228-3, as applicable.

The selected offeror will be required to complete the Due Diligence Questionnaire (attachment 1) and provide a UEI 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 any of the six Western Balkan countries for a minimum of one year  | Copy of certificate or articles and memorandum of associate   |
| (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 | N/A   |
| (c) | Must demonstrate experience in digital financing/fintech solutions  | Copy of relevant licenses/certificates of activities. Or any other documentation/evidence that demonstrates experience in digital financing solutions |

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

| Evaluation Criteria                     | Documents Evaluated                              | Points     |
|---|--|------------|
| Company Background and Past Performance | Past Experience Information/Capability Statement | 25         |
| Management team                         | Proposed personnel CVs                           | 25         |
| Technical Proposal                      | Technical Proposal                               | 35         |
| Timeline                                | Workplan   | 15         |
| <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
- 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**

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.

### **Attachments**

Please review the additional documentation and proposed contracts terms and conditions which should be given consideration when preparing your proposal. By submitting your bid you will certify that that you are in agreement with the contract terms and conditions as included in this solicitation and that all prices include all aspects of the required compliance with the terms and conditions of the proposed contract.

Attachment 1- Due Diligence Questionnaire

Attachment 2- FFATA Form (will be required only for successful offeror, where applicable – included for awareness only)

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.procurements@thepalladiumgroup.com](mailto:Catalyze.procurements@thepalladiumgroup.com)

## Annex A: Scope of Work

Background/Development Challenge: A well-functioning financial market is crucial for economic growth and development, providing access to financing that supports businesses and drives competitiveness. However, the financial markets in the Western Balkans have faced challenges in meeting the needs of local SMEs, particularly W-SMEs, hindering their ability to grow and succeed in a competitive environment. Without adequate financing, businesses struggle to expand, innovate, and invest in technologies and skills. Limited access to finance remains a significant constraint for SMEs in the region, even before the COVID-19 pandemic.

The dominance of foreign banks in the financial sector of the Western Balkans has led to a "missing middle" phenomenon, where small and medium-sized enterprises are too large for microfinance but lack the attraction for significant bank interest. Despite the banking sector's liquidity, interest rates and collateral requirements remain high, and loan application procedures are complex. Most corporate loans in the region require collateral, typically real estate, at twice the loan amount. As a result, many SMEs become overleveraged, unable to secure adequate capital for their growth finance needs. Additionally, the lack of diverse financial products, services, and institutions further exacerbates the challenges faced by SMEs with high growth potential.

The underdevelopment of SMEs hampers economic growth and leads to high rates of unemployment. Despite being dominant in the small economies of the Western Balkans, SMEs contribute disproportionately low value added and exports due to limited access to finance, with W-SMEs being even more vulnerable due to their size, lack of collateral and social and cultural context. To unlock the untapped potential of SMEs, there is a need to improve the availability and utilization of diverse financial instruments, services, and providers that cater to their specific needs.

Solutions Sought: CATALYZE aims to fulfill EoG's Objective 2 by facilitating alternative financing for high-growth and women owned and managed SMEs in the Western Balkans to enhance their growth, productivity, and job creation. CATALYZE seeks partners with a deep understanding of the economic challenges faced by SMEs in accessing finance in the region. The objective is to support activities that innovate and expand diversified financial products and services, aligning with CATALYZE's goal of SME-led inclusive, sustainable economic growth and recovery. The focus is on activities that can mobilize financing in multiple countries within the Western Balkans, with an emphasis on inclusive financing for women-owned businesses.

While welcoming innovative digital financing/fintech products and mechanisms for SMEs in the Western Balkans, CATALYZE encourages offerors to aim for the following desired outcomes:

### 1. Increased Financing Availability and Utilization:

- Develop solutions that increase the availability and utilization of existing financing for SMEs/ W-SMEs in the region.
- Explore new digital platforms or technologies that can connect SMEs with a broader range of financing options.
- Explore alternative credit assessment methods, leveraging digital data, partnerships with financial institutions, and alternative data sources to assess creditworthiness.

Explore integration of lending services into third-party platforms, such as e-commerce platforms, marketplaces or mobile apps, so they can offer lending services to their customers and businesses.

### 2. Streamlined Financing Processes:

- Create efficient and user-friendly digital platforms or tools that decrease the time and cost associated with SME financing.
- Simplify application processes and documentation requirements through digital solutions, reducing administrative burdens for SMEs.



- Enable, through digital solutions, banks and other financial institutions to extend their services beyond traditional channels, by partnering with non-financial companies, such as marketplaces or software providers to reach a broader customer base and tap into new market segments.
  - Streamline and simplify the financing processes for SMEs by integrating financial tools or platforms directly into SMEs operations, enabling SMEs access financing options seamlessly within their existing systems, without separate applications or complex paperwork.
3. Cash Flow-Based Financing:
- Design digital financing products and mechanisms that enable financing based on the assessment of SMEs' current business performance, particularly focusing on cash flow analysis.
  - Utilize digital data analytics and AI algorithms to assess cash flow patterns and provide real-time financing solutions.
4. Simplified Financing Requirements and Diversification:
- Develop digital financing solutions that accommodate SMEs with a short business and financial history, by easing the requirements for financial reports and collateral.
  - By introducing innovative financing mechanisms like crowdfunding, peer-to-peer lending, or revenue-sharing models, SMEs can reduce their dependency on a single funding channel and access a wider pool of capital providers.
5. Digital Financial Inclusion:
- Foster digital financial inclusion by providing SMEs with access to innovative fintech solutions that cater to their unique needs.
  - Promote financial literacy and digital skills development among SMEs to enhance their understanding and adoption of digital financial products and mechanisms.
  - Foster financial inclusion by extending credit to previously underserved SMEs or SMEs with limited credit history, and W-SMEs to access funding based on their transactional data and performance.
  - Integrate accounting, invoicing, and cash flow management systems with financial services, allowing SMEs to efficiently track and manage their finances, ensuring compliance, and making informed financial decisions.

**The proposed solutions should also provide:**

1. Scalability and Replicability:
- Design digital financing solutions that can be scaled across multiple countries within the Western Balkans, leveraging economies of scale.
  - Explore partnerships and collaborations with existing financial institutions, fintech companies, or digital platforms to replicate successful models and expand the reach of digital financing for SMEs.
2. Accessible Customer Support:
- Ensure that digital financing products and platforms are accompanied by accessible customer support channels, including online assistance, helplines, and user-friendly interfaces.
3. Data Privacy and Security:

- Embed strong data privacy and security measures into digital financing systems to protect SMEs' sensitive financial information.
- Comply with relevant data protection regulations and international best practices to foster trust among SMEs.

#### 4. Measurable Impact:

- Develop mechanisms to measure the impact and effectiveness of digital financing solutions, such as tracking increased access to financing, job creation, and business growth among supported SMEs.
- Demonstrate the positive effects of innovative digital financing solutions on the SME ecosystem in the Western Balkans.

These desired outcomes aim to mobilize private capital for SMEs and W-SMEs in the Western Balkans by addressing the specific needs and challenges of SMEs in the region and leveraging the potential of fintech and digital financing to drive inclusive and sustainable economic growth.

Expected results of the proposed interventions include, but are not limited to:

- Increased availability of affordable financial products and services, preferably debt instruments, suitable for SMEs.
- Greater number of cash-flow-based products and services in the market.
- Provision of financing solutions adequate for women-owned and managed SMEs.
- Growth in non-traditional sources of financing, such as factoring, supply chain finance, revenue-sharing loans, moveable-assets based financing, etc.