

## QUESTIONS & ANSWERS

Date: October 26, 2023

Reference Request for Proposal Number: FP-CATALAYZE-217772-Ethiopia-2023-0121

Title: Transaction Advisory Services for Debt Restructuring

Dear Offerors,

Please see below answers to the questions submitted to [ethiopiams4g.procurement@thepalladiumgroup.com](mailto:ethiopiams4g.procurement@thepalladiumgroup.com) and questions raised during the bidder's conference conducted on October 26, 2023.

No	Question	Answer
1	<p>Under <b>Instructions to Offeror “d” and “e,”</b> it is stated that offerors should present a detailed <b>Proposed Work Plan and Key Personnel and Staffing Plan</b>. As an input to these activities, it looks like we need data on the volume of work. Thus, is it possible to have an idea on:</p> <ul style="list-style-type: none"><li>a) How many agri-SME loans are expected to be covered under this Project? With how many banks? Is there a concentration of agri-SME loans with a bank or two?</li><li>b) In which part of the country and how far from Addis Ababa (on average) are the borrowers under this Project located? Is there any regional agr-SME loan concentration? If yes, which areas? Or are such loans evenly distributed across the country?</li><li>c) Who covers the cost of travel (transportation, accommodation, and allowance) outside Addis Ababa? The offeror or Palladium (i.e., in addition to the incentive payment of a maximum of \$10,000)?</li></ul>	<ul style="list-style-type: none"><li>a) A financial institution is identified, and your assignment is supporting, providing guidance and ensuring that loans are restructured, and that data quality management is up to the standard.</li><li>b) 99% of the borrowers are from outside of Addis, the loan restructuring will be conducted through the bank's functional units.</li><li>c) \$10,000 is a maximum incentive for overall assignment</li></ul>
2	<p>Under <b>Deliverables and Payment</b>, it is stated that “... <b>P4R incentive payment for facilitating the restructuring of debt for borrowers with the FI shall not be more than USD \$10,000</b>”. It looks like \$10,000 is the maximum limit. How and what criteria will be used to set the payment below \$10,000? Is there any minimum amount of incentive?</p>	<p>MS4G's budget to pay for this activity is the stated amount and the payment is to be effected in installments based on the fulfillment of the milestones set.</p>

3	<b>Annex A: Scope of Work, 1.2. Specific Tasks;</b> bullet 5: “Participate in impact data collection activities, which will include an initial baseline/midline survey and subsequent surveys” and last bullet, “Participate in networking, training, and lessons learned activities held or supported by MS4G,” looks require extra effort, time and money beyond loan restructuring. Are the costs of these works covered separately over and above the \$10,000 incentive?	Your responsibility as a TASP is facilitation of the debt restructuring initiative with the bank. MS4G may solicit learning platforms and sessions which do not require your time and money beyond your commitment.
4	How do we calculate the contract price without the required information about the number of Agri-SME borrowers, their projects’ location/site, etc.?	As it is raised in the virtual meeting, the expected number of MSMEs is 1,000 and 90% of them are located in secondary cities. Almost all the required information is available with the bank, your responsibility is to scrutinize, cross-check and validation.
5	Does the <b>P4R incentive payment (USD \$10,000)</b> include costs associated with visiting borrowers’ project sites for data collection, such as Per Diem allowance, transportation, and other costs?	There is no need of visiting borrowers at this stage as it is done by the bank branches.
6	How do we plan to execute this Project with a timeline without the required information provided about the number of Agri-SME borrowers, their projects’ location/site, etc.?	See answers above. The TASP is expected to reach an agreement and bring an engagement letter from the bank.
7	Can we get a technical proposal template to refer?	Bidders are expected to submit their “Technical proposal” as per the “instructions to offerors” outline on page 4 of the RFP. <b><i>Palladium will not provide template for technical proposal.</i></b>
8	What is the time frame to complete the debt restructuring	We aim for 9 months. But there will be considerations for extension with no additional cost based on valid justification.
9	Do we need to submit Financial proposal knowing the max fee is \$10,000.	No financial proposal is required as MS4G has already decided the facilitation fee will not be above \$10,000.
10	How do you see the security situation	We will consider and may do adjustments for non-controllable factors such as unfavorable security situation
11	Can you clarify facilitation role of the TASP?	Support, guidance and data verifications are the facilitation areas expected by the successful TASP. MS4G team staffs like regional coordinators and designated bank officers will help and facilitate the debt restructuring to be successful
12	Is there any way to make adjustment on \$10,000	No adjustment will be made to push the fee above \$10,000
13	What can we negotiate with the Bank to support in debt restructuring?	MS4G uses a market system approach, and its role is to catalyze; and fill the gap so that the market system works for the targeted MSMEs. It can’t dictate this. It is up to the selected TASP and the bank to hammer out the details of their engagement and payment modality.

14	How many SMEs (Beneficiaries) will be assigned per TASP	MS4G will decide the number of TASP and the number of beneficiaries per TASP for this service provision.
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