

QUESTIONS & ANSWERS

Date: November 20, 2023

Reference Request for Proposal Number: RFP-CATALYZE-217772-Ethiopia-2023-0135

Dear Offerors,

Please see below answers to the questions submitted to ethiopiams4g.procurement@thepalladiumgroup.com and questions raised during the bidders' conference conducted on November 20, 2023.

No	Question	Answer
1	<p>Based on our experience over the past few years, MS4G has not set a financial limit for the capital of the companies the BASP supports. Some of the companies that have supported it have capital in the range of billions. However, a question was recently raised about a particular company that was mobilizing more than 2 billion in turnover and had a capital of over 10 billion. We would like to know if there is a limit to the support we can provide.</p> <p>In addition, MS4G has identified certain areas to address in the RFP, apart from those a BASP will identify through company diagnoses. As proposed, the BASP conducts diagnoses to identify problematic areas and then prioritizes these problems because it is not feasible to address all issues simultaneously. We would appreciate your guidance on this matter.</p> <p>Following this, we develop an implementation plan. However, when your program is incorporated, it can sometimes add pressure and potentially interfere with the operations of the enterprises. Some enterprises might not require your service, so we need to consider this aspect as well.</p>	<p>Previously when we provided BASP services, we had a small room including big companies. But this time we would prefer enterprises to be within the category of micro, small, and medium enterprises.</p> <p>In this RFP, we have tried to provide clues about what type of services will be expected from the BASPs. It will be up to BASP to choose which service to provide. Generally, the type of service to be provided by a particular BASP will depend on the enterprise diagnosis result. We are not expecting the BASPs to provide services if they are not identified during enterprise diagnostics.</p> <p>The new thing in this RFP is that the diagnostics report will be presented to MS4G staff. Together with the BASP, the enterprise prioritizes the support services for identified challenges that need to be addressed.</p> <p>The most important point is that the support services which are going to be provided should be directly linked to their contribution in terms of achieving sales growth targets. That means achieving 10% or above sales/revenue growth for the first category of enterprises and 15% or above for the second category of enterprises.</p> <p>In short, we will be focusing on the priority needs of the enterprise, not on the whole types of services we have listed.</p>

2	<p>In the RFP table, there are some top-up percentages based on the loan approval and fund disbursement. Are the percentages additional to the payments proposed for capital mobilization or are part of the total payments planned for capital mobilization?</p> <p>In other words, are these percentage payments supplementary or integral to the plan for capital disbursement?</p>	<p>The percentages mentioned in the capital mobilization are all-inclusive or integral parts of the payment.</p>
3	<p>When we refer to “capital mobilization,” does it pertain solely to bank loans, or does it also encompass other options such as equity and grants?</p>	<p>Capital mobilization includes loan, grant, and equity financing.</p>
4	<p>In previous procurement processes, the Request for Proposal (RFP) specified the number of enterprises that a Business Advisory Service Provider (BASP) can support. Does the current RFP also contain any conditions that dictate the number of enterprises a BASP can support?</p>	<p>The maximum number of enterprises (MSMEs) to be supported by a particular BASP will be decided depending on the scope of work that the BASP will be providing. The capacity of the BASP will be considered as well.</p>
5	<p>5.1 How are we expected to determine the number of MSMEs without knowing the extent of support we will be providing?</p> <p>5.2 What is the maximum number of SMEs to onboard by a BASP?</p> <p>5.3 On what basis do we select clients, or will you assign clients/ Who selects the SMEs to be served? The consultants or MS4G?</p> <p>5.4 At what point does the BASP obtain consent from the SMEs for their inclusion in this program?</p> <p>5.5 Would MS4G provide a support letter to BASPs from Tigray so that a BASP can present this letter to any government body when BASPs move around to talk</p>	<p>The number of MSMEs to be supported will be determined based on the scope of work of the specific assignment and the capacity of the service provider.</p> <p>Depending on the scope of the assignment a BASP may support from 3 to 15 MSMEs.</p> <p>The MSMEs to be served will generally be selected by the BASP based on the criteria set by MS4G. The criteria are indicated in this RFP. MS4G, on a few occasions, may recommend enterprises to the BASP. However, the BASP should share the list of enterprises selected to MS4G for approval.</p> <p>Once the BASP signed an agreement with MS4G, the BASP has the right to officially start discussing with enterprises that the BASP would like to support. Once an agreement is reached between the enterprise and the BASP, the BASP should get the consent of the enterprise in writing and should share this document with MS4G.</p> <p>MS4G believes that BASPs applying to this assignment have all the necessary documents and</p>

	<p>to enterprises and get the necessary information for their work?</p>	<p>certificates to do their job including the right to talk to potential clients and get the necessary information to do their work. Hence, MS4G will not write such a letter. However, selected BASPs may use the Agreement that they have signed with MS4G as an additional reference to contact MSMEs and provide information to government agencies when requested.</p>
6	<p>Regarding capital mobilization, the deliverables and payment schedules indicate that incentives of 1%, 2%, and 3.5% of closed deals are to be paid. Additionally, each category's delivery and payment schedule table includes a note specifying the maximum USD price per enterprise that will be paid for the listed services. If the percentage-based incentive exceeds the maximum USD price per enterprise, which rate should be considered acceptable for payment purposes?</p>	<p>In this scenario, MS4G will consider the maximum allowable fee for each category as the limit that the service provider is entitled to.</p>
7	<p>7.1 Can a BASP consult smallholder farmers directly?</p> <p>7.2 In the document, it is stated that the targets of MS4G are enterprises and smallholder farmers. Is there any relationship between them? Is there any capital threshold to differentiate smallholder farmers and enterprises?</p> <p>7.3 Do you have target areas like zones/districts in war-affected areas?</p>	<p>This RFP includes forms of support that will be provided to smallholder farmers and enterprises. That is why we included the enterprises and smallholder farmers as MS4G targets.</p> <p>MS4G understands that there are some differences and similarities between enterprises and smallholder farmers. There are smallholder farmers or farm enterprises which are similar to small businesses. These farmers treat their farming activity as a business. In addition to their engagement in agricultural production, the farmers are active in selling their produce and sometimes value addition. We treat these farmers like any enterprise that we are currently supporting. We have also experience in providing business advisory services to farmers' cooperatives.</p> <p>There is no relationship between the enterprises we are planning to support and the smallholder farms we are targeting.</p> <p>We will be applying similar criteria for the selection of enterprises when we select farm enterprises.</p> <p>Yes. For this RFP, the target geographies in the war-affected area include the whole Tigray, North Wollo, South Wollo, and Waghmra.</p>

8	<p>8.1 Under the specific objectives section of the RFP, it is stated that MS4G will be providing support to smallholder farmers. What kind of support is expected to be provided for smallholder farmers?</p> <p>8.2 Will these smallholder farmers' revenue growth be measured as of those Small and Medium Enterprises (SMEs)?</p> <p>8.3 How do we evaluate their 10% and more revenue growth?</p>	<p>MS4G uses a variety of mechanisms to provide direct and/or indirect support to smallholder farmers.</p> <p>Direct support: For farmers or farm enterprises producing and selling cash crops such as coffee, MS4G provides business development support services using a similar package/modality to that of MSMEs. MS4G has also another modality of engagement with smallholder farmers directly. It is called the Lead/Anchor firm model. MS4G provides business advisory support to smallholder farmers, cooperatives, and Agri-MSMEs supplying products to the lead/anchor firm or buyer through BASPs. Though the support might entirely depend on the results of the assessments we will conduct, the support may include technical and business skills training, pre - and post-harvest management, market linkage, creating access to finance, financial management, and digitalization.</p> <p>MS4G may also develop a separate term of reference to some of these engagements for successful BASPs with an interest in working in this area.</p>
9	<p>9.1 Can we include farmers' cooperatives as enterprises in the food security sector?</p> <p>9.2 Can we address small dairy farmers in this project?</p>	<p>Yes.</p> <p>Yes.</p>
10	<p>Sometimes banks might take longer to process/approve a loan, which could possibly be beyond the contractual period. What can MS4G do to facilitate this?</p>	<p>Given the current regulatory situation the loan approval process may take time. However, the BASP should properly document the steps it is taking to make the necessary adjustments.</p>
11	<p>11.1 Are there any specific services required from the Business Advisory Service Provider (BASP), such as providing training or sharing experiences?</p> <p>11.2 In the Request for Proposal (RFP), one of the services that the BASP would offer to enterprises is support in operations. Could you please elaborate on what Operations support entails?</p>	<p>The main task of the BASPs to be selected will be providing the agreed services to enterprises as specified in the agreement. However, the RFP also encourages the collaboration of MS4G and BASPs to work jointly in areas of capacity building of BASPs, experience sharing, etc. and to strengthen the performance of other enterprise ecosystem actors.</p> <p>As indicated in the RFP, operations support includes, but is not limited to helping enterprises improve operations by streamlining or automating processes, reducing costs, and increasing efficiency to enable sustainable enterprise growth.</p>

12	<p>Are we supposed to submit a financial proposal along with the technical proposal?</p> <p>What is the submission due date for the technical proposal?</p>	<p>Offerors are not expected to submit financial proposals.</p> <p>The due date for technical proposal submission is Dec 15, 2023.</p>
13	<p>The Request for Proposal (RFP) permits both individuals and firms to participate in the bidding process. Could you clarify what type of contract will be issued for individuals and at the firm level?</p>	<ul style="list-style-type: none"> • For individual offerors (consultants), a fixed-price Independent Consultant Agreement (ICA) will be signed with Palladium. • For organizational offerors (businesses or firms), a Firm Fixed Price subcontract will be signed between the organization and MS4G. <p>For both contracts, there will be a ceiling amount to be paid based on Pay-for-Performance (P4P) based on the result achieved referring to the agreed deliverables to be included in the contracts.</p>
14	<p>The RFP states that proposals are to be evaluated using a best-value trade-off methodology. What does Best Value Tradeoff (BVTO) mean?</p>	<p>Best Value Tradeoff (BVTO) is a type of proposal evaluation method that allows for trade-offs among cost/price and non-cost factors.</p> <p>It will give the flexibility to select the best combination of technically superior, low-risk proposals that also have a history of favorable past performance.</p>
15	<p>The Request for Proposal (RFP) specifies that at least 50% of the enterprises must be located outside of Addis Ababa or in secondary cities. For the remaining 50%, can we still consider enterprises located in Addis Ababa?</p>	<p>Our focus is mostly outside of Addis Ababa. Hence the offerors are advised to consider enterprises outside of Addis Ababa in their proposal.</p>
16	<p>Shall we consider soap and detergent factories as WASH product providers?</p>	<p>Yes.</p>
17	<p>17.1 Is Joint venture application allowed?</p> <p>17.2 EBASPA wants to participate in the bid, which will also give an opportunity to involve BASPs within the secondary cities. How do you see this possibility?</p>	<p>Yes, joint venture application is allowed. Applicants should be clear about who will sign the contracts, receive payment, etc. if selected.</p> <p>We understand that EBASPA is an association established by BASPs. EBASPA could participate in this bid if it has a mandate by law to provide business development services to MSMEs.</p> <p>MS4G encourages private sector BASPs to apply for this bid when compared to NGOs' business advisory service providers. However, NGOs could apply</p>

	17.3 Are NGOs illegible or NGOs partnering with a service provider to apply for this RFP?	provided that these NGOs have a unique business advisory service to be provided to MSMEs that is rarely provided by private sector BASPs.
18	Providing a business advisory service to smallholder farmers is more challenging than providing the same service to enterprises located in relatively urban areas. Whereas the payment amount is the same. Please explain.	MS4G's proposed prices for services have taken into consideration the challenges BASPs might face and its cost implication when working with farm enterprises based in rural areas. We also assume that BASPs will follow innovative approaches that help them to reduce costs without compromising the quality of the service.
19	Sales amount increment is going to be measured, is it annual sales or monthly basis sales? What is the document required to verify this sales increment? Is it tax paid or an audit report by the enterprises?	The sales amount increments to be measured are the annual sales of the enterprise under consideration. The documents required to verify this result include the enterprise's financial, cash flow, and balance sheet statements. MS4G may also request other documents such as enterprise audit if necessary. More details will be provided on this during the agreement signing phase.
20	Are we supposed to state our plan for conflict-affected areas although we are far from those areas, for instance, we are in Jimma?	This assignment requires establishing strong relationships with MSMEs to be supported. Hence, BASPs are expected to contact client MSMEs from conflict-affected areas physically and through other appropriate mechanisms. This implies that BASPs should travel to those areas to collect the necessary business information. It will be up to the BASP (from Jimma) to decide if this engagement may be relatively expensive when compared with the costs to be incurred by BASPs based in or near conflict-affected areas.
21	How can we set a benchmark for a 10% increase for startup SMEs that entered the market in the current fiscal year?	MS4G does not usually work with startups unless under special circumstances or there is a need from our client. In that case, we may use the experience of similar firms that are already in the business to set an approximate baseline for the new firm, or we may come up with a new sales target for startups.
22	What should the details of the CVs and credentials of key personnel, which are proposed to be attached as an annex to the proposal, look like	The Technical Application Template has provided a limited space to provide information on the technical expertise of BASPs. As already explained during the bidders' conference, BASPs may attach as an annex the CVs of key personnel with only the most relevant (summarized) information.
23	Some businesses may already be receiving similar services to the requirements in this RFP from other NGOs or MS4G. Is it permissible to include these SMEs in this program?	Care should be taken when working with MSMEs who are currently getting or have recently obtained support from other NGOs. The BASP should try to get as detailed information as possible about the type of

		<p>support, duration, the organization providing support, etc. from the potential client to avoid duplication of efforts or wastage of resources. Specifically, BASPs should report to MS4G if the MSMEs to be supported are getting support from USAID Implementing Partners (IPs).</p>
24	<p>24.1 Is VAT Mandatory to apply for this RFP?</p> <p>24.2 Shall we submit the Due Diligence form with the application?</p> <p>24.3 Is there any short video on UEI that MS4G can share with us?</p>	<p>Applicants who are legally registered as per the requirement of the Ethiopian government law are eligible to apply. Applicants will be responsible for paying any tax as per the law of the Ethiopian government.</p> <p>No, as indicated on the RFP, Due Diligence will be required for selected offerors.</p> <p>We shared a document/guideline on how to register for UEI. There are several resources online including this video. We will continue to support interested applicants in all possible ways upon request through email. But we strongly advise applicants to go and register on SAM.gov</p>