

USAID Diaspora Invest Project

Request for Proposals

No. RFP-2023-03

for the Development of a Feasibility Study and Roadmap for the Establishment of the Crowdfunding/Crowdlending Platform

Contracting Entity: USAID Diaspora Invest Project, Marsala Tita 28, 71000 Sarajevo, BiH

Funded by: United States Agency for International Development (USAID) under Contract Number 72016822C00001 with Financial Markets International, Inc.

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Closing Date/Time for Submission of Proposals: The deadline for submitting applications under this solicitation is 3 March 2023 at 4:00 PM CET.

Deadline for Submitting Questions: The deadline for submitting questions is 24 February 2023. All questions should be directed at info@diasporainvest.ba (please include the words “RFP-2023-03 Question” in the subject line of the email).

USAID Diaspora Invest Project

Request for Proposals (RFP-2023-03) for the Development of a Feasibility Study and Roadmap for the Establishment of the Crowdfunding/Crowdlending Platform

Title:	Development of a Feasibility Study and Roadmap for the Establishment of the Crowdfunding/Crowdlending Platform
Objective:	Expand access to existing and new financial instruments that enable flow of private capital to MSMEs and startups operating in BiH
Work Plan Reference:	Activity 4.1
Application deadline:	3 March 2023 at 4:00 PM CET
Start Date:	15 March 2023
End Date:	10 May 2023
Estimated LoE days:	45
Languages:	English, Bosnian/Croatian/Serbian

I. Purpose

The USAID Diaspora Invest Project (“DI” or “Project”) is issuing this announcement to solicit proposals from qualified service providers (“Offeror”) for the development of a Feasibility Study and Roadmap for the Establishment of the Crowdfunding/Crowdlending Platform in Bosnia and Herzegovina. The purpose of this Request for Proposals (RFP) is to support the Project in the achievement of its program objectives, specifically to *Expand access to existing and new financial instruments that enable flow of private capital to MSMEs and startups operating in BiH.*

USAID DI is seeking proposals that clearly demonstrate: (i) technical competence in the area described in the scope of work, (ii) proven track record and experience in providing regulatory and institutional assessments, (iii) in-depth understanding of crowdfunding/crowd-investing business models, (iv) knowledge of international standards and best practices in early-stage financing and innovation ecosystems.

All qualifying service providers are invited to submit applications under this announcement.

2. Background and Description

a) Background

At least 2 million-strong, the Bosnia and Herzegovina’s (BIH) diaspora is one of the largest in the world relative to home country population. Highly skilled, entrepreneurial, and economically successful in their places of migration, BiH diaspora retain familial connections to their places of origin evidenced also by diaspora transfers back home amounting to more than \$1.84 billion in 2021 alone. There is a limited window of opportunity to channel new diaspora capital and expertise back into the country, as the emotional attachment to ancestral home typically fades with time. By involving its diaspora in economic development and social change, BIH can benefit from the knowledge, resources, and networks gained abroad, as diaspora talent flourishes and then re-engages with the homeland.

b) Project description

USAID DI Project, which commenced in October 2022, works to attract and facilitate diaspora investment and know-how into local communities, provide financial and technical support to incoming diaspora investors, transfer knowledge from diaspora back into the country, and expand access to finance for diaspora-related and local MSMEs. This five-year \$15.7 million project is implemented by Financial Markets International, Inc. and follows on previous successful USAID efforts in diaspora engagement that helped raise more than \$28 million in diaspora investment over the past five years.

The overall project objectives include:

- Strengthen local governments' abilities to engage diaspora in local economic development,
- Expand direct investment to high-potential diaspora and/or diaspora-related MSMEs, startups, and joint ventures,
- Stimulate transfer of diaspora knowledge and investment capital to local companies to support economic development and inspire social change,
- Expand access to existing and new financial instruments that enable flow of private capital to BiH MSMEs and startups.

The Project is expected to produce the following results:

- Leveraging of \$50 million in new diaspora and private investment in BiH,
- Close to 2,000 new jobs created in diaspora-related companies,
- A total of 500 MSMEs, startups and diaspora joint ventures supported,
- At least 30 local communities attracting diaspora knowledge and capital,
- Increased sales and exports from market access enabled through diaspora engagement,
- Creation of a more enabling local and national business environment through high-level public-private dialogue with diaspora and local businesspeople and government(s),
- Expansion of existing and creation of new financial instruments to support economic development.

USAID Diaspora Invest Project is looking to address a large, unmet financing gap faced by startups and early-stage MSMEs in Bosnia and Herzegovina. There are almost no formal institutions providing equity and early-stage financing in the country, and minimum business age restrictions imposed by most lenders make it impossible for startups to get credit. USAID DI Project will thus focus on supporting establishment of innovative mechanisms that channel diaspora and local finance towards the startup and early-stage segment of the MSME sector.

Crowdfunding represents an attractive, yet unproven financing proposition to BiH diaspora members and local startups. The USAID DI Project will thus explore the establishment of a commercial crowdfunding/crowdlending platform focusing on the mobilization of diaspora (and potentially local) capital. **To this end, USAID Diaspora Invest Project is looking for technical and legal experts in startup and early-stage MSME finance to provide technical assistance geared towards the establishment of a commercial crowdfunding/crowdlending platform.**

3. Eligibility Requirements

For the execution of this assignment, FMI anticipates issuing a subcontract to a BiH company provided it is legally registered and recognized under the laws of Bosnia and Herzegovina and is in compliance with all applicable civil, fiscal and other applicable regulations. Such a company or organization could include a private firm, non-profit, or an academic institution. The award will be in the form of a fixed price subcontract (hereinafter referred to as "contract").

Offerors may present their proposals as a member of a partnership with other companies or organizations. In such cases, the contract will be awarded to the lead company in the partnership. The leading company shall be responsible for compliance with all contract terms and conditions and making all partnership arrangements, including but not limited to division of labor, invoicing, etc., with the other partnering organizations. A legally registered partnership is not necessary for these purposes; however, the different organizations must be committed to work together in the fulfillment of the terms of the contract.

To be determined responsive, an offer must include all of the documents included in section 7 below.

4. Scope of Work

The overall objective of this assignment is to assist the USAID Diaspora Invest Project in (i) assessing the current institutional and regulatory environment for establishing and operating a commercial crowdfunding/crowdlending platform in BiH, (ii) evaluating the feasibility and identifying an optimal business model for the crowdfunding/crowdinvesting platform by taking stock of regional, European and global experiences and practices and transposing those into the BiH context; and (iii) developing a roadmap with an outline of technical assistance and/or capacity building interventions necessary to support the establishment of the platform.

This assignment will directly support implementation of *Activity 4.1. Support Introduction of Innovative Early-Stage Debt and Equity Products*, contributing to the achievement of *Objective 4: Expand Access to Existing and New Financial Instruments that Enable Flow of Private Capital (Either Debt or Equity) to All MSMEs and Startups Operating in BiH*.

In that regard, DI is looking to engage an offeror, who will carry out actions structured in the following three phases of the assignment:

1. **Inception:** Assess the existing policy and institutional framework in BiH to establish any existing regulatory or institutional constraints or market gaps preventing the roll-out of crowdfunding in BiH. In addition to desk research and analysis, the consultant(s) is expected to conduct interviews with the relevant institutions, market participants, potential providers of funding, as well as MSMEs that could benefit from the crowdfunding/crowdinvestment instrument to establish the feasibility of the instrument in the local environment as well as provide an overview of advantages and opportunities for establishing crowdfunding in BiH with specific focus on diaspora investors.
2. **Business Model Feasibility:** Conduct a comparative review the current global, EU and regional crowdfunding initiatives and best practices to assess opportunities for replication or extension in the local BiH environment. Identify the optimal crowdfunding business model(s) that will support the roll out of lending and/or equity and/or rewards-based and/or donation crowdfunding in BiH and identify possible private sector backers.
3. **Roadmap:** Outline the areas for potential technical assistance and capacity development and list actions needed to support the development of a crowdfunding platform in BiH. The roadmap should include an inventory of technical assistance needs both in the area of policy development and reform, as well as technical assistance support to private sector players in establishing, maintaining and marketing the platform to the local MSME financing market including but not limited to technology interface, payment system (payment gateway), server, tracking, company/start-up registration, security and privacy, and company/start-up to investor (B2B) communication.

The assignment will produce the following deliverables: (i) inception report, (ii) business model feasibility and (iii) technical assistance roadmap to support the rollout of a crowdfunding platform in BiH. This assignment will enable the USAID DI Project to establish the feasibility of crowdfunding in BiH and, provided that the feasibility is ensured

confirmed, to fulfill all preconditions for the introduction of crowdfunding/crowdlending as a viable financing instrument in BiH during the following years of the project.

5. Deliverables, Tasks, and Responsibilities

Under the supervision of the Access to Finance Director and Financial Partnership Specialist, the offeror will be responsible for the following activities and deliverables:

Deliverables/ Milestones	Description	Due Date	Total Estimated Level of Effort (Days)	Approval Contact
1. Inception report	<ul style="list-style-type: none"> Participate at a kick-off meeting with DI staff. Conduct desk research of relevant laws and regulations, identify possible regulatory gaps and institutional shortcomings with a particular focus on lending, payments, foreign currency transfers, taxation, and registration of equity ownership. Meet with relevant informants (institutions, potential providers of finance, potential MSME crowdfunding targets) and document the meetings. Prepare the analysis, develop and submit the inception report. 	5 April 2023	10	A2F Director, USAID DI Project
2. Business model feasibility	<ul style="list-style-type: none"> Conduct a comparative review of the current global, EU and regional crowdfunding initiatives and practices. Assess opportunities for replication or extension in the local BiH environment. Identify the optimal crowdfunding business model(s) that will support the roll out of peer-to-peer lending and/or equity and/or rewards-based and/or donation-based crowdfunding in BiH, with gaps, benchmark analysis and recommendations. Identify possible private sector sponsors (local, regional or international) interested and incentivized to establish and maintain the platform. Prepare and submit the business model feasibility report. 	25 April 2023	25	A2F Director, USAID DI Project
3. Roadmap for technical assistance	<ul style="list-style-type: none"> Develop a technical assistance and capacity development plan (Roadmap) for implementation of identified recommendations. The plan should clearly indicate the type of technical assistance/capacity development, intended beneficiaries and tentative timelines. Present the Roadmap to USAID DI project and USAID/BiH representatives. 	10 May 2023	10	A2F Director, USAID DI Project
TOTAL			45	

The offeror will work under the direct supervision of and close collaboration with the Access to Finance Director and Financial Partnership Specialist. Regular bi-weekly briefings will be held between the offeror and the A2F Director

and Financial Partnership Specialist. A2F Director and Financial Partnership Specialist may join the consultant(s) at their meetings with the key stakeholders.

6. Required Skills and Experience

USAID Diaspora Invest project is seeking offerors whose key personnel and staffing plan fulfills the following requirements:

Position(s)	Qualifications	Estimated LOE
1. Senior BiH Financial Sector Expert	<ul style="list-style-type: none"> A minimum bachelor's degree in any of the following: economics, law, political science, business, innovation, financial management or any other related discipline relevant to the assignment. More than 15 years of experience in the financial sector in BiH and/or countries in the South-East European region Knowledge and experience working with innovative financial products including early-stage debt and equity products as well as working on projects related to raising investments and capital Experience in supporting policymakers, regulators, international organizations, and others in designing financial market policies. Strong analytical and writing skills. Proven project management skills with increasing responsibilities over time, including communication skills, time management, client focus, and solution orientation. Excellent proficiency in BSC and English languages. 	25 days
2. Legal Expert	<ul style="list-style-type: none"> A minimum bachelor's degree in law. More than 7 years of experience in areas of law dealing with the financial sector in BiH. Extensive experience in implementation of BiH financial sector regulations and understanding of local legal, institutional, and regulatory framework. Strong analytical, writing and communication skills. Excellent proficiency in BSC and English languages. 	10 days
3. Senior Financial Sector Expert	<ul style="list-style-type: none"> More than 10 years of experience in the financial sector in the countries in the South-East Europe region. Relevant experience in design, establishment, implementation, maintenance and management of early-stage financing products, preferably also including crowdfunding. Strong analytical, writing and communication skills. Excellent proficiency in BSC and English languages. 	10 days
Total Estimated LOE		45 days

The key personnel proposed by the offeror is required to have the above-mentioned professional and technical qualifications. Only those offerors proposing personnel with above listed qualifications will be considered for the award.

7. Presentation of the Proposal

For the purposes of generating proposals whose contents are uniformly presented and to facilitate their comparative review, an offeror must submit the following sections as part of the proposal to demonstrate qualifications:

(a) Cover letter

- Cover letter should clearly indicate the name of the organization submitting the proposal, along with a reference to the RFP to which the offeror is responding, its address and contact information, its taxpayer identification number and its bank account. If the organization is submitting the proposal on behalf of a consortium, all partnering organizations should be listed as well. The cover page should be no longer than 1 page.

(b) Technical proposal:

- The technical proposal will include the methodology, the technical approach proposed and the indicative activity timeline for the execution of tasks outlined in the scope of work. This section should not exceed 5 pages.
- Organizational profile with a description of company capabilities, experience and past performance, with a list of relevant past performance references. This part shall be no longer than 3 pages.
- Curriculum vitae (CV) for each offeror's proposed team member with the official name, the qualifications and professional experiences relevant to the assignment. CV's for team members may be included in an annex to the Technical proposal and will not be counted towards the page limit.

(c) Cost proposal:

- A signed cost proposal for the assignment, outlining the main budget lines. Please refer to Annex 1: Budget and Cost Structure for detailed instructions and a sample cost structure. Cost information may only be included in the cost proposal and should not, under any circumstances, be included in the technical proposal.

Offerors shall submit their offers electronically only. Technical and Cost proposals must be submitted as separate attachments within the same email. Emailed offers must be received no later than the date and time indicated on the cover page of this RFP at the following email address: info@diasporainvest.ba with the subject line: "RFP-2023-03".

Offerors are responsible for ensuring that their proposals are received in accordance with the instructions contained herein. Proposals received after the submission deadline indicated in this RFP will not be considered.

8. Additional Information

Additional questions regarding this solicitation can be submitted to Diaspora Invest. Questions must be submitted in writing by 24 February 2023, while all responses will be available and posted online by 28 February 2023. Questions should be sent to info@diasporainvest.ba (please include the words "RFP-2023-03 Questions" in the subject line of the email).

9. Evaluation and selection criteria

The proposals will be evaluated based on the combined scoring method – where the technical proposal (qualifications, experience and methodology) will add up to a maximum of 100 points with the financial offer adding to a maximum of 20 points. The successful applicants will satisfy the following requirements:

- Proposal is compliant with and responsive to this Request for Proposals; and

- Proposal has received the highest score out of a pre-determined set of technical and financial criteria specific to the solicitation.

In this regard, the specific criteria and the assigned weights are as follows:

Criteria	Max points
Technical criteria (based on proposal, CVs and interviews – if required):	
Proposal explains, understands and responds to the objectives of the assignment as outlined in the scope of work; proposal is well organized and complete	25
The proposed approach, methodology and suggested timeline are comprehensive and fulfill the requirements of executing the scope of work efficiently and effectively	30
Qualifications and competencies of the proposed team, including national, regional and international experience in early-stage finance is sufficient to reasonably expect an effective execution of the duties and responsibilities outlined in the assignment	25
Past performance and track record in implementing similar relevant projects in BiH or internationally are well documented and relevant to the assignment	20
Total points from the technical proposal:	100
Cost proposal (lowest price/offer price x 20)	20
TOTAL POINTS	120

10. Negotiations

Best offer proposals are requested. It is anticipated that a contract will be awarded solely on the basis of the original offers received. However, USAID Diaspora Invest Project reserves the right to conduct discussions, negotiations and/or request clarifications prior to awarding a contract. Furthermore, USAID DI Project reserves the right to conduct a competitive range and to limit the number of offerors in the competitive range to permit an efficient evaluation environment among the most highly-rated proposals. Highest-rated offerors, as determined by the technical evaluation committee, may be asked to submit their best prices or technical responses during a competitive range. At the sole discretion of USAID DI Project, offerors may be requested to conduct oral presentations. USAID Diaspora Invest Project reserves the right to make separate awards per various components of work or to make no award at all.

11. Deliverables and Payment Schedule

The successful offeror shall submit the deliverables described above (*5. Deliverables, Tasks, and Responsibilities*) and receive reimbursement in accordance with the following schedule:

No.	Deliverable Name	Due Date and Value
1	Inception report	5 April 2023, 25% of the contract value
2	Business model feasibility report	25 April 2023, 50% of the contract value
3	Roadmap for technical assistance	10 May 2023, 25% of the contract value

12. Acceptance Criteria and Quality Control

FMI will work closely with the consultant to ensure that the content developed and delivered corresponds with USAID Diaspora Invest Project needs, reflects best practices and is appropriate and suitable for Bosnia and Herzegovina context. FMI reserves the right to review all drafts of reports and presentations. All work will be approved by the A2F Director or the Chief of Party of USAID Diaspora Invest Project.

13. Resources, Location and other Key Assumptions

Work will be completed at the offeror's place of business/residence with envisioned meetings across BiH, including in Sarajevo, Banja Luka and Mostar. Any international travel under this assignment will require prior USAID Diaspora Invest Project approval.

Annex I: Budget and Cost Structure

The purpose of this annex is to guide offerors in creating a budget for their cost proposal. Given that the contract will be funded under a United States Government-funded project, it is important that all offerors' budgets conform to a standard format. It is thus strongly recommended that offerors follow the steps described below.

Under no circumstances may cost information be included in the technical proposal. No cost information or any prices, whether for deliverables or line items, may be included in the technical proposal. Cost information must only be shown in the cost proposal.

It is recommended that offerors take the following steps in preparing the cost proposal:

1. Design the technical proposal. Offerors should examine the market for the proposed activity and realistically assess how they can meet the needs as described in the Request for Proposals, specifically in the scope of work contained therein. Offerors should present and describe this assessment in their technical proposal.
2. Determine the basic costs associated with each deliverable. Offerors should consider best estimate of the costs associated with each deliverable, which should include labor and all non-labor costs, e.g. other direct costs, such as fringe, allowances, travel and transport, etc.
3. Create a budget for the cost proposal. Each offeror must create a budget using a spreadsheet program compatible with MS Excel. The budget period should follow the technical proposal period. A sample budget is shown on the following page. All items and services must be clearly labeled and include the total offered price. The detailed budget must show major line items, including, for example: (i) labor, (ii) travel, (ii) indirect costs, (iv) any other costs applicable to the work, etc. All cost information must be expressed in BAM.

FMI reserves the right to request additional cost information if the evaluation committee has concerns regarding the reasonableness, realism, or completeness of an offeror's proposed cost.

If it is an offeror's regular practice to budget indirect rates, e.g. overhead, fringe, G&A, administrative, or other rate, offerors must explain the rates and the rates' base of application in the budget narrative. FMI reserves the right to request additional information to substantiate an offeror's indirect rates.

a) Sample Budget

No	Cost categories	Unit	Nol of units	Unit cost	Total
1	Deliverable 1				
	1.1 Team Leader	Days	20	280	5,600
	1.2 Key expert	Days	5	188	940
	1.3. Sectoral expert	Days	12	165	1,980
	1.4 Design and printing	Lump sum	1	1,520	1,520
	Total Deliverable 1				10,040
2	Deliverable 2				
	2.1 Team Leader	Days	4	280	1,120
	2.2 Sectoral expert	Days	12	165	1,980
	2.3 Travel	Per diem	8	120	960
	Total Deliverable 2				4,060
3	Deliverable 3				
	3.1 Sectoral expert	Days	14	165	2,310
	3.2 Conference room lease	Lump sum	1	250	250
	3.3 Interpreter	Hours	4	158	632
	Total Deliverable 3				3,192
4	TOTAL COSTS (1+2+3)				17,292
5	VAT (if applicable):				2,940
6	GRAND TOTAL (4+5):				20,232