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USAID Diaspora Invest Project

USAID Diaspora Invest Project Request for Applications

Number: RFA-2023-10 for the Provision of Technical Assistance to Diaspora-Owned and/or Diaspora-related MSMEs in Bosnia and Herzegovina

Application at: http://www.mis.diasporainvest.ba/tech_assistance_application

Funded by: United States Agency for International Development (USAID)

Issuance Date: 23 October 2023

Closing Date/Time for Submission of the Applications: The deadline for submitting applications under this solicitation is October 16, 2024 at 4:00 PM CET.

SUBJECT: Request for Applications Number: RFA-2023-10 for the Provision of Technical Assistance to Diaspora Investors

REQUEST FOR APPLICATIONS No. RFA-2023-10
for the Provision of Technical Assistance
to Diaspora-owned and/or Diaspora-related MSMEs

Issued on 23 October 2023

I. Purpose

The USAID Diaspora Invest Project (“DI” or “Project”) is issuing this announcement to solicit Applications from qualified and legally registered diaspora-owned or diaspora related Micro, Small and Medium Sized (MSME) enterprises in Bosnia and Herzegovina (BiH) for the provision of technical assistance (TA). The purpose of this Request for Applications (RFA) is to support the Project in the achievement of its program objectives to foster diaspora engagement in local communities, catalyze diaspora investment and stimulate economic and social development of BiH.

USAID DI is seeking applications for technical assistance that will clearly support at least one of the following: (i) increased diaspora direct investment, (ii) new job creation, (iii) company growth, as captured by sales and/or exports, and (iv) introduction of new products and/or services for BiH and export markets.

All qualifying MSMEs are invited to submit applications under this announcement.

2. Background and Project 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.

USAID’s Diaspora Invest Project follows on previous successful USAID efforts in diaspora engagement that helped raise more than \$28 million in diaspora investment over the past five years.

b) Project description

The USAID DI Project, which commenced in October 2022, fosters local communities’ engagement with the diaspora and catalyzes diaspora investment and knowledge transfer to stimulate economic and social development of BiH. This five-year \$15.7 million project is implemented by Financial Markets International, Inc.

To create opportunities for BiH diaspora and its citizens, the project 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 MSMEs.

The overall project objectives include:

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

3. Description of the Technical Assistance Program

This solicitation is seeking Applications/Technical Assistance (TA) requests from eligible MSMEs that present sound technical approaches in addressing MSME needs and are aligned with DI's objectives. TA provision will commence once the successful applicants have been selected and TA agreements negotiated and finalized. DI will provide TA that will suit applying MSME's specific circumstances with the aim to strengthen performance and overcome weaknesses in specific areas of business processes or operations. The TA will be needs-based and demand-driven and will be designed around the specific requirements of each applicant company.

Applicants are encouraged to propose innovative yet sustainable approaches to addressing the issues stated above. In developing the approach and concept for the TA, applicants should outline the extent to which the proposed TA and approach will address the stated problems/issues, further the DI's objectives described above and produce verifiable and quantifiable results that contribute to the DI's indicators.

a) Technical Assistance Award Size

The estimated range of the technical assistance award size resulting from this public call is expected to be up to \$3,000. The duration of the technical assistance intervention shall not exceed 12 months.

b) Focus Areas for Consideration

The applicants may apply for provision of technical assistance in the areas including but not limited to:

1. Business intelligence (start-up support)
 - 1.1 Business environment information
 - 1.2 Sector and industry intelligence
 - 1.3 Assistance in selecting business partners and business service providers
 - 1.4 Location scouting services
2. Manufacturing and service inputs/ Factor markets assistance
 - 2.1 Access to finance facilitation
 - 2.2 HRM assistance and staff training
 - 2.3 Supply-chain development support

3. Strategy and operations
 - 3.1 Improving operational efficiency
 - 3.2 Business and management consulting
 - 3.3 Digitalization of corporate processes
 - 3.4 Product and service development
 - 3.5 Software Development
 - 3.6 Research, development & innovation support
 - 3.7 Financial management
 - 3.8 Corporate governance

4. Market linkages
 - 4.1 Marketing, branding and promotional services
 - 4.2 Diaspora market linkages
 - 4.3 International standards and certifications
 - 4.4 Matchmaking and sales support.

5. Access to Finance
 - 5.1 Investment facilitation
 - 5.2 Matchmaking with investors

c) Inclusion

USAID Diaspora Invest Project emphasizes inclusiveness in project interventions. MSMEs owned, managed or employing women, youth, persons with disabilities or marginalized groups are strongly encouraged to apply as are MSMEs incorporated in underdeveloped areas. Technical assistance interventions implemented under this call will promote fair treatment and full participation of all people in the workplace and local communities, including populations who have been under-represented or subject to discrimination because of their background, identity, disability, etc.

d) Expected Outcomes

TA Applications must specify activity outputs and explain how and to what degree they are expected to generate tangible business results objectives. The expected outputs of each TA award should clearly state:

- New jobs created; and/or
- Diaspora investment captured; and/or
- Enterprise growth stimulated, as expressed by an expected increase in sales and/or exports; and/or
- Introduction of new products and/or services for BiH and export markets or expansion of existing business.

e) Target Sectors

The TA Program is open to all companies in the manufacturing sectors, agribusiness, energy, and most service industries, including tourism, health, ICT, and value-adding business process outsourcing (BPO) industries.

Favorable application scoring will be given to proposals that (i) foster innovation and productivity, (ii) provide quality jobs for all citizens, including women, youth, and persons with disabilities, (iii) promote an open, export-oriented economy, (iv) support the development of less developed regions, (v) enable digital transformation of the economy, and (vi) support the transition to a low carbon economy.

f) Anticipated timeline

This RFA opens on October 23, 2023 at 4.00 PM and closes for applications on October 16, 2024 at 4:00 PM.

All applications will be reviewed and evaluated on a rolling basis through a first-come, first-served approach. Each applicant who is compliant with the administrative eligibility requirements will undergo a technical evaluation during which additional information or clarifications may be sought. Each applicant will be notified of the status of its application at the end of the review and evaluation process.

4. Eligibility for Technical Assistance Awards

The Diaspora Invest Project Technical Assistance Program is geared towards supporting new diaspora business ventures in Bosnia and Herzegovina or helping expand operations of existing diaspora-linked businesses incorporated within the last six years preceding the publishing date of the Request for Applications.

There are several criteria that the applicant must ensure to be eligible for technical assistance. These pertain to:

1. **Legal incorporation** - The TA Program is open to micro, small and medium-sized companies (MSMEs)¹ registered in Bosnia and Herzegovina. Businesses that are not yet legally registered may also apply, provided they become legally incorporated before concluding the technical assistance agreement.
2. **Company age:** The MSME applying may be a startup or an established business operating for a maximum of six years (0-6 years) at the time of the RFA launch. Companies older than 6 years shall not be eligible for technical assistance awards.
3. **Diaspora link:** MSMEs applying must have a demonstrable relationship with a BiH diaspora member. This relationship is exhibited through one of the following:
 - i. **a minimum 20% equity ownership by the diaspora member in the MSME applying for TA funding.** Ownership can be exercised either directly as an individual or through another company in majority ownership of a diaspora member (“**Diaspora Owner/Co-Owner**”).

Means of verification of this relationship are:

- Proof of diaspora status of the BiH diaspora member, that may include a copy of a residence permit, work permit, and/or copy of a passport (if BiH diaspora member is a foreign citizen residing outside of BiH), or other document proving that BiH diaspora member resided outside of Bosnia and Herzegovina continuously for at least three years, and has had a permanent residence in BiH for no longer than 5 years prior to the technical assistance application being submitted; and
- Excerpt from a registration document of the company applying for the technical assistance that clearly presents the ownership structure of the applicant firm.

If the BiH diaspora member owns the minimum required equity ownership stake of 20% in the applicant firm through another legal entity in his/her majority ownership, then the applicant must also submit the excerpt from the registration document of that legal entity proving that it is majority owned by BiH diaspora member.

OR

¹MSMEs are defined by their staff headcount and either turnover or balance sheet totals where: (i) micro enterprises have less than 10 staff and less than or equal to EUR 2 million in turnover or balance sheet total, (ii) small enterprises have between 10 and 49 employees and less than or equal to EUR 10 million in turnover or balance sheet total, and (iii) medium sized enterprises which have between 50 and 249 employees and EUR 50 million in turnover or balance sheet total.

ii. **verifiable relationship with a diaspora member** which is demonstrable through a proof of a trade and/or contractual relationship, investment facilitation by diaspora member, joint venture or other legal relationship as the acceptable forms of non-financial contributions to the business proposal. The relationship may take the following form:

- a) **Diaspora member opening up access to foreign markets** – is a relationship where a BiH diaspora member, or a foreign company that is partially or fully owned by a BiH diaspora member, acts on behalf of the BiH company (applicant for technical assistance) to market its goods or services outside of Bosnia and Herzegovina (“**Diaspora Sales Agent**”).

Means of verification of this contractual relationship are:

- **Proof of diaspora status of the BiH diaspora member acting as a Diaspora Sales Agent**, that may include a copy of a residence permit, work permit, and/or copy of a passport (if BiH diaspora member is a foreign citizen residing outside of BiH), or other document proving that BiH diaspora member resided outside of Bosnia and Herzegovina continuously for at least three years. If the BiH diaspora member is a party to the contract or agreement through a legal entity in his or her majority ownership, an **excerpt from the registration document of that legal entity must be submitted** to prove the ownership over the legal entity.
 - **A sales agreement or a contract** which documents an existing, ongoing business relationship between the Diaspora Sales Agent and a BiH company applying for the technical assistance. The applicant should provide a copy of the contract/agreement (which should be translated only if it is concluded in a language other than BHS or ENG languages); and
 - **Copies of previously completed orders and corresponding invoices** in the year preceding the RFA if this is a pre-existing relationship between the BiH-based company and the diaspora member (either acting as a person or a foreign legal entity owned or co-owned by a BiH diaspora member). If this contractual relationship between the applying company and the diaspora member was concluded during the RFA, the technical assistance implementation and execution will be mandated with provided copies of orders and corresponding invoices verifying execution of this contractual relationship throughout technical assistance implementation.
- b) **Diaspora member introducing and facilitating new foreign investment in BiH** – where a BiH diaspora member acts as an investment facilitator (“**Diaspora Investment Facilitator**”) for new foreign investment to be located and incorporated in Bosnia and Herzegovina and takes a management role in the newly established entity. In this case, the technical assistance applicant may be the BiH-registered company that resulted from this investment.

Means of verification of this contractual relationship are:

- **Proof of diaspora status of the BiH diaspora member acting as a Diaspora Investment Facilitator**, that may include a copy of a residence permit, work permit, and/or copy of a passport (if BiH diaspora member is a foreign citizen residing outside of BiH), or other document proving that BiH diaspora member resided outside of Bosnia and Herzegovina continuously for at least three years.
- A signed affidavit from the applicant company confirming that the Diaspora Investment Facilitator is currently employed with the BiH company applying for technical assistance and has previously been employed (or presently still is employed) with the foreign company/investor that currently owns or co-owns an ownership stake in the applicant company. The Diaspora Investment Facilitator should be a member of the management team

of the BiH company in which the investment occurred and has been employed by the foreign company/investor at least three years.

The **diaspora member** is defined as emigrant(s) and their descendants who live outside the country of their birth or ancestry, either on a temporary or permanent basis, yet still maintain significant ties to their countries of origin. Status of a diaspora member must be proved by a valid document indicating residence outside of Bosnia and Herzegovina for a total duration of at least three years. A person can also be considered a diaspora member if he/she has returned to Bosnia and Herzegovina and taken a permanent residence in BiH within the last five years before the date the technical assistance application is submitted. This individual lived abroad continually for at least three years, which can be demonstrated by valid documents.

5. Restrictions

The Activity would not consider applications from or in partnership with:

- Not-for-profit organizations, government institutions (national, regional or local);
- Agricultural associations or cooperatives, inclusive of individual or collective farms;
- Employees, contractors, or family members of any participating sponsors (USAID, etc.);
- Evaluation Committee members, providers of technical assistance (TA) and consulting services funded by the Activity;
- Entities listed in Parties Excluded from Federal Procurement or Non-procurement Programs.

Applicants may only submit one application per the open RFA.

Companies submitting technical assistance applications must promote environmentally friendly practices.

6. Application Process

Any company interested in applying for a TA award in response to this RFA must submit a Technical Assistance Application/Request, completed in either English or BCS languages.

The filled-out application should be submitted in an electronic form. The electronic copy should be completed and uploaded with the supporting documentation using the online version available at: [APPLICATION FOR TECHNICAL ASSISTANCE](#).

The technical assistance application should be accompanied by the following supporting documents and certifications:

- Excerpt from the court register/business register indicating date of first registration, names of founders and equity holders;
- Copy of a work permit, residency permit, ID, passport/visa, or other form of identification verifying the diaspora member status; individuals or companies whom at present are BiH residents can apply as long as their diaspora status is verifiable;
- Signed affidavit confirming the diaspora member status;
- Signed affidavit which confirms verifiable relationship with diaspora member (**note**: to be signed only when the diaspora link under the eligibility criteria corresponds to a Diaspora Investment Facilitator described under section 4. Eligibility for Technical Assistance Awards)
- Copy of a sales agreement or a contract, along with copies of previously completed orders and corresponding invoices (**note**: to be signed only when the diaspora link under the eligibility criteria corresponds to a Diaspora Sales Agent described under the section 4. Eligibility for Technical Assistance Awards).
- Other supporting documents indicated elsewhere in this RFA.

Please note that the technical assistance application and accompanying documents must be signed and uploaded by the date stipulated in this RFA. Incomplete applications will be rejected.

The DI Project will, upon the receipt of the technical assistance applications, confirm the receipt to the Applicant and mark it with its Application Number.

Applicants selected for the provision of TA by the USAID Diaspora Invest Project will be invited to negotiate and conclude a Technical Assistance Agreement (TAA). This agreement shall set out the terms for technical assistance to be provided by the USAID Diaspora Invest Project to the MSME. It will include, as a minimum, a purpose, goals, rights and responsibilities of the parties, timetable, and results (e.g., expected improved business performance). The TAA will also include a detailed scope of work (SOW) guiding the intervention. The SOW shall include:

- a. Specific deliverables and milestones, and/or services, and timelines for when they will be provided.
- b. Cost and schedule of progress payments against deliverables or service benchmarks.
- c. Reporting requirements
- d. Key Personnel providing the services
- e. Program performance reports, including any monitoring and evaluation reports that are specific to the activities and services to be delivered.
- f. Conflict of Interest statement

The assistance under the TAA will be provided either directly by the DI's technical team, or by external technical assistance providers. External technical assistance providers will be selected either competitively from the local market or would be sourced from the partners participating in the DI Local Ecosystem Procurement Mechanism (LEPM). Non-competitive, "sole source" procurement of short-term technical assistance would be possible only in those instances where the services sought are specific to only one service provider in the market and must be properly justified.

7. Implementation and Administration

Implementation of the TA shall commence once the Technical Assistance Agreement is signed with the applicant and, if necessary, a service agreement is concluded with the short-term technical assistance provider. The implementation will follow the timetable included in the SOW. During the implementation phase the DI team shall arrange regular monitoring, site visits (if necessary) and will review all deliverables to ensure that they conform to the highest standards.

Following the conclusion of the intervention, a final implementation report shall be prepared containing a summary of activities implemented, hours worked on the project by the DI staff and/or external short-term technical assistance providers, and results achieved. The final report must be approved and signed by the TA beneficiary.

8. Duration of Technical Assistance Award Implementation

Technical assistance award implementation can have a maximum 12-months (one-year) implementation period and should be reflected as such in the timetable of activities and outputs in the technical assistance application.

9. Additional Information

Additional questions can be submitted to Diaspora Invest via e-mail to info@diasporainvest.ba (please include the words "Technical Assistance – RFA-2023-10 TA Question" in the subject line of the email).

10. Criteria for Evaluation and Selection

The following key evaluation criteria shall be taken into consideration for award selection:

- (i) Technical merit:
 - Alignment of proposed intervention with USAID DI objectives (30 points). The Application outlines clearly defined goals and objectives of the action that are consistent with USAID DI objectives. The planned activities are reasonably planned and reflect the analysis of the problems involved and take into account external factors and relevant stakeholders.
 - Impact on the local community and contribution to economic development (30 points). The planned activities will generate tangible impact at the local level, including new jobs, investment, new exports generated, as well as other possible outcomes that create economic opportunities and/or social engagement in the local communities.
 - Management capacity of the applicant (15 points). Evidence of the capability to undertake and accomplish the proposed activities. The application should demonstrate the organization's effectiveness in terms of internal structure, technical capacity, and key personnel, in meeting the requirements of the activity. The evaluation will be based principally on the background, qualifications, reputation, appropriateness and skills of its key personnel; and the "track record," reputation, and achievements (including development of self-sufficient, sustainable activities) of the organization, where possible.
- (ii) Cost effectiveness and cost realism:
 - Financial sustainability, funding and leverage (15 points): TA Applications must be appropriately/reasonably budgeted, and the estimated costs should be commensurate with the expected results and benefits of the activity. The timeframe for the intervention should be reasonable and feasible for implementation.
- (iii) Other requirements and evaluation considerations:
 - Gender awareness/disability and/or social inclusion (10 points): TA Applications must explain the extent to which the proposed activity expands opportunities and promotes inclusive environment for women, youth, minorities, persons with disabilities and other marginalized groups, as well as the soundness of the applicant's corporate governance and integrity systems.

11. Availability of Funds and Other Considerations

Issuance of this RFA does not constitute an award commitment on the part of Diaspora Invest, USAID, United States Government, or the Financial Markets International, Inc (FMI) as the contractor, nor does it commit USAID, US Government or FMI to pay for costs incurred in the preparation and submission of the Diaspora Invest Project technical assistance application.

Diaspora Invest reserves the right to fund any or none of the technical assistance applications submitted, to change the due date for applications, and to make technical assistance awards on a revised schedule. Technical Assistance awards will be subject to the availability of funding in the TA Program.