REQUEST FOR APPLICATIONS (RFA)

OPPORTUNITY FUND

#

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# Increasing Market Employability (IME) Program background

Increasing Market Employability (IME) is a programme of the Swiss Agency for Development and Cooperation, implemented by Palladium. The IME programme works on strengthening the business sector in Macedonia, improving the quality of products and services offered, expanding markets and creating an enabling environment in three selected sectors: Sustainable Agriculture, Adventure Tourism, and Information and Communication Technology (ICT).

The goal of the programme is that more working age women and men, in particular young, are engaged in sustainable, decent employment or self-employment and/or are earning higher incomes. IME will create 2,706 new and higher quality jobs through private sector development in select high-growth sectors, so more working-age Macedonians, in particular women and youth, are engaged in sustainable, decent employment. IME’s updated design enables the project to deepen assistance to a smaller number of sectors and leverage complementary Swiss and other donor programmes to target resources to maximize impact and systemic change. To achieve this goal, IME Phase 2 will continue to use a market systems approach to achieve the following outcomes

* Outcome 1: Companies in select sectors grow by improving products and services and expanding markets.
* Outcome 2: Improved services, policy and regulatory frameworks are conducive to companies’ growth in select sectors
* Outcome 3: Private sector is incentivised to engage youth and women, and equipped with tools for identifying, attracting, and retaining them

# The Opportunity Fund

The purpose of the IME Opportunity Fund is to increase the number of jobs, income and sales for private sector by addressing market system challenges in the **agribusiness, adventure tourism and ICT sectors**. To address market failures in a sustained way, IME will partner with local anchor companies. The funds will be strategically utilized to incentivize market actors, particularly first-movers or to jumpstart new business models, whether with individual firms or groups of firms engaged in anchor firm alliances. Many first-mover anchor firms need to prioritize their investment decisions due to limited resources, high cost of capital and cashflow constraints. Meaning, that firms need to stagger their investments over several years. This not only impacts their own business expansion and employment generation but has a trickle effect on the growth of their suppliers. The Opportunity Fund will not be used to substitute costs or investments the anchor firms would have made themselves. It will be used to co-invest with anchor firms in investments that they are not able to undertake alone in this timeframe with the goal of generating growth and new employment. IME is looking to support innovative ideas that can be replicated in the industry and/or will lead to increased employment or incomes for MSMEs supplying to the anchor firm.

IME will provide support to Anchor Firms in the range of CHF5,000 – 20,000, though there may be exceptions both smaller and larger. The proposed use of the fund includes co-funding with anchor firms, suppliers, and other market actors to de-risk the development of new products or services (e.g. seed financing for product development) or strengthen the capacity of other supply chain actors.

Applicants will have to demonstrate how the activities supported through the Opportunity Fund will be sustained or continued once IME support ends, including financial and technical sustainability.

**What are Anchor Firms?**

1. Anchor Firms need to operate in one of the following sectors:

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| Sector | Subsectors |
| Agribusiness | * Companies that grow, collect, package fresh fruit and vegetables for export. This can include growers if they are directly exporting the Fruits and Vegetables (F&V)
* Companies that process fruit and vegetables for both export and domestic markets
* Companies organizing collection and sales of fresh F&V
* Companies organizing the collection, packaging of organic F&V
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| Adventure Tourism | * Tour operators that provide tours for biking, hiking, paragliding, rock climbing, soft adventure tourism
* General tour providers that provide tour packages that includes adventure tourism elements
* Other tourism-related stakeholders (small businesses, hospitality providers) that provide a service in the adventure tourism sector
 |
| ICT | * Software developers that are outsource companies
* Software developers for original product development
* For-profit organizations that provide training support for ICT staff
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1. Anchor firms are companies or non-for-profit organizations that operate for the purpose of profit (for example, agricultural cooperatives).

## Types of Interventions/Activities to be supported

The Opportunity Fund will be primarily used to de-risk investments into new investments by individual companies or companies collaborating to develop a new business model. Below is a list of illustrative areas of interventions that the Opportunity Fund may be used for:

* Investments with anchor firms to develop new products to expand or reach new markets and where the new product has the potential for uptake by other firms.
* Investments to expand agri-food supply chains whereby the anchor firm, farmers and other MSMEs supplying to anchor firms can improve productivity and increase revenues.
* Investments to expand the tourism offer in tourism destinations for adventure tourism and other tourism products to expand the tourism experience
* Investments in development of new ICT solutions, applications and programs for serving specific market needs and approaching new markets
* Other innovative models

Opportunity Fund **will not** cover any of the following activities:

* Capital expenditures, including purchase of fixed assets or buying real estate;
* Capital loans;
* Support for or lobbying on behalf of political parties;
* Religious activities
* Support of police or military

Anchor firms will be required to provide 50 percent co-investment (cost-share) in the activity supported to demonstrate full collaboration and commitment. Of this amount, at least 25 percent should be direct financial contribution and the remaining 25 percent can be in-kind. Third party contributions are accepted.

Through IME’s monitoring and results management system, IME will regularly review whether anchor firms are addressing market failures in a sustainable way. Contracts will have milestones and in cases where the IME team assesses that contracts are not progressing as intended, they will be amended or even cancelled.

Applicants will need to demonstrate that the activity could not have occurred without support from IME.

All applicants will complete a pre-award survey to ensure that companies are reputable. This will include checking on the background of companies and owners.

# Award Information

Subject to the availability of funds, the range for opportunity fund contracts will be from **CHF 5,000 to 20,000** (payable in Macedonian denars). Anticipated period of performance of the opportunity fund is expected to start in October 2019. All payments will be a fixed-sum payable upon completion of deliverables, which will be defined in detail during contract negotiations.

IME reserves the right to fund any or none of the applications submitted. Issuing this RFA does not constitute an award commitment on the part of IME, nor does it commit IME to pay for costs incurred in the preparation and submission of an application. Further, IME reserves the right to reject any or all applications received if such actions are in the best interest of SDC and the Swiss Government. Applications are submitted at the risk of the Applicant; should circumstances prevent making an award, all preparation and submission costs are at the Applicant’s expense.

# Eligibility Criteria

A subcontract under the Opportunity Fund may be provided to:

* Private company registered as legal entity in Macedonia at least one year prior to the submission and recognized under the laws of Republic of Macedonia.
* A non-governmental organization acting as a for-profit organization whereby the NGO earns revenues
* A group of firms organized in an alliance that act together as an anchor firm and agree that one of the firms will apply on behalf of the others.

Individuals, non-for-profit organizations, public or government institutions or organizations controlled by a government entity will not be considered as eligible for opportunity fund agreement. Additional qualifying criteria which the applicant must fulfill are below:

| **Qualifying criteria** |
| --- |
| 1. Involves one of the selected value chains: Adventure Tourism; ICT; Sustainable Agribusiness (see Anchor Firm table for specific sectors)
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| 1. Applicant is committed to provide baseline data and fully disclose all financial and non-financial results derived from the IME supported investment
 |
| 1. Verification that the investment would not have been made without IME support. During the application phase, the applicant is encouraged to make an honest response to this question
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Applicants must comply with all applicable SDC and Palladium rules and regulations (including procurement regulations, if applicable). Prior to the award of Opportunity Fund under this RFA, successful Applicants should pass Palladium’s due diligence requirements and will have to sign a set of documents to confirm full compliance with the SDC and Palladium internal procedures. The set of documents are attached as Annex 2 of this RFA.

# Application and Submission Information

Applicants should submit applications electronically, via email to: irena.bojadzieva @thepalladiumgroup.com. The submission dates are as follows.

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| Submission dates |
| First Submission | 10th November 2019 |
| Second Submission | 10th January 2020 |

IME will review all received applications no later than 15 working days from the submission date. Applicants should submit any questions concerning this RFA by email to: irena.bojadzieva@thepalladiumgroup.com.

All applications in response to this RFA shall consist of a technical proposal (Concept Note) and a budget proposal. The technical proposal must be submitted in English. The cost proposal shall be submitted as a separate file from the technical proposal. Applicants are advised to fill in the budget form as detailed as possible. Lump sums will not be accepted. Applicants are allowed to modify the budget lines according to the needs of the proposal’s activities. The required format for applications is included as Annex 1 - Concept Note Form and Annex 1A – Budget Form.

For additional information contact Irena Bojadzieva at Tel: 070/385-277 in Skopje who will direct you to the most appropriate technical person to provide more information or answer your questions.

# Application Review Information

Applications will be evaluated in accordance with the programme criteria set below. Applicants should note that these criteria serve to: (a) identify matters which Applicants should additionally address in their applications; and (b) set the standard against which all applications will be evaluated.

To the extent necessary, IME may request clarification and supplemental materials from Applicants whose applications have a reasonable chance of being selected for Award. The entry into discussion is to be viewed as part of the evaluation process and shall not be deemed as indicative of a decision or commitment upon the part of IME to make an award to the Applicants with whom discussions are being held.

Applications to obtain support under the Opportunity Fund will be evaluated by the IME’s Opportunity Fund Selection Committee according to the following criteria:

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| Criteria against which proposals will be evaluated |

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| **Strategic Fit (35 points)** |
| 1. Created new (direct or full time equivalent) jobs as a result of the investment in the anchor firm (10 points)
 |
| 1. Increased sales by the anchor firm (15 points)
 |
| 1. Increased employment and sales for other actors in the supply chain (10 points)
 |
| **Technical Approach (30 points)**  |
| 1. Methodology to implement the activity is clear and realistic in terms of timing and resources required (10 points)
 |
| 1. Number of stakeholders the applicant works with or is in alliance with (8 points)[[1]](#footnote-1)
 |
| 1. Activity is innovative (something new) compared to the applicant’s current business model (5 points)
 |
| 1. Applicant has financial and human resources in place to sustain the activity once IME support ends (5 points)
 |
| 1. Through this application the applicant will adopt improved and inclusive HR policies and/or practices (2 points)
 |
| **Gender and Youth Considerations (20 points)** |
| 1. Direct jobs are filled by youth (ages 19-29) (8 points)
 |
| 1. Direct jobs are filled by women (8 points)
 |
| 1. Applicant plans to introduce new incentives or policies to increase employment of women and/or youth (4 points)
 |
| **Organizational Capabilities (10 points)** |
| 1. Proponents have a good track record in this business and/or market; (5 points)
 |
| 1. Proponents have the managerial capacity potential to develop and implement the activity intervention; (5 points)
 |
| **Cost Effectiveness (5 points)** |
| 1. Proponents proportion of the total cost of the activity. (at least 50% of which 25% direct financial contribution)
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\*Prior to the award of any resultant opportunity fund agreement, IME must obtain prior approval from SDC.

# Award and Administration Information

Successful applicant(s) will receive written notice from the IME Opportunity Fund Manager informing the applicant(s) whether they have passed the Concept Note phase. IME will inform the applicant if they will make the award with or without negotiation to finalize the details of the award. Negotiations conducted after the receipt of an application do not constitute an obligation on the part of IME to award a contract. Unsuccessful applicants will be notified in writing by the Opportunity Fund Manager.

# Annexes

Annex 1: Concept Note for Opportunity Fund and Annex 1A – Budget Form

# Documents to Submit

* Document for current state of entity
* Document of registration
* Balance sheet from the last one financial year
* Income statement from the last one financial year
1. This includes suppliers, service providers etc. This also includes applicants that will apply jointly with other applicants, whereby there is one lead applicant, but the other companies are included in a formal or non-formal alliance. In this case, the applicant must have a MOU with the other applicants and the application must lead to improved results for all of the alliance members. [↑](#footnote-ref-1)