

**USAID Africa Trade and Investment Program
Request for Proposals – Deal Facilitation Support
Statement of Work**

Background:

The USAID Africa Trade and Investment (ATI) activity is a five-year activity managed by USAID's Bureau for Africa and implemented by DAI. The purpose of this initiative is to mobilize enterprise-driven solutions that increase trade and investment in Africa, including North and Sub-Saharan Africa. ATI aims to strengthen Africa's markets by developing new trade and investment relationships, particularly between the U.S. and Africa, and achieve development outcomes across all sectors in line with USAID's Private Sector Engagement Policy and the USG Prosper Africa initiative.

Driven by market demand, ATI will embrace innovative approaches to achieve its goals; it has been set up to have a large, flexible performance-based subcontracting and grants under contract facility supported through centrally coordinated technical and institutional support activities. ATI seeks to mobilize private sector resources and expertise, in conjunction with other USG interagency partners, resulting in increased capacity, competitiveness and availability of businesses, investors and intermediaries that will drive future trade and investment. This includes provision of catalytic support to help investors such as US-investor relationship deepening with African asset managers/owners, structuring, and closing on transactions, strengthening local capacity ecosystems, and facilitating linkages across the US interagency.

Objective and Activities:

Building on the successes and lessons learned from the USAID Kenya Investment Mechanism project, the aim of this RFP is to continue USAID Kenya East Africa (KEA) efforts to facilitate increased private sector investment via targeted transaction advisory support for transactions in the select sectors and geographies as indicated below:

<u>Target Sectors</u>	<u>Target Geographies</u>
<ul style="list-style-type: none"> • Agriculture (Production, Value Addition, Food Security, Mechanization) • Health Access (Services, Commodities) • Technology (Agtech, Fintech, Healthtech) • Water, Sanitation and Hygiene 	<ul style="list-style-type: none"> • Counties: Nakuru, Isiolo, Kakamega, Homa Bay and Kilifi • Feed the Future Zone of Influence¹ • Eligible East Africa Community² Countries

Under this RFP, ATI is seeking private sector partners to facilitate and close transactions sized at a minimum of \$5 million per transaction totaling at least \$10 million or more cumulatively for all closed transactions within a 12-month time frame. ***“Transactions” are defined as a single transaction or a portfolio of disparate transactions with their own separate timelines to closure. Transactions must fall within the priority sectors and geographies highlighted above. In all cases, offerors should already have secured a written mandate to execute the transaction (s).***

Potential offeror(s) will need to:

1. Provide a copy of an engagement letter or other evidence that clearly indicates the transaction advisory agreement between yourselves and the sponsor company.

¹ As will be currently recognized by the USAID/KEA Mission)

² https://www.usaid.gov/sites/default/files/2022-05/Final_EA_RDCS_-_Public_508_20210701-opt.pdf (see page 20)

2. Provide an investment pipeline of opportunities in need of transaction support. On a no-name basis, the pipeline will specify the investment type, size, sector, potential impact, specific barriers to finance, environmental, social inclusion, and governance (ESG) considerations, market opportunity, U.S. linkages, status of the proposed transaction and realistic timelines to close that must not exceed 12 months; and
3. In line with the terms of the signed engagement letter, indicate the anticipated type of transaction advisory services required to bring the transaction(s) to close e.g., advise on structure and approach, conduct due diligence and risk assessment exercises, develop investor fundraising materials, map, and engage targeted investors and financiers, support negotiations of terms and conditions of financing. Transactions that are dependent on deployment of other forms of de-risking from public or private entities should be clearly explained with anticipated timelines to secure them noted.

The proposed transactions must have a significant U.S. Nexus (e.g., a US company is the transaction or financial sponsor or a significant provider of services, and/or the project will result in an increase in trade or investment between the US and Africa in the near term, and/or the capital raise will target a significant percentage of US investors/financiers).

Selected transactions must have significant prospects for impact as defined by the following metrics, among others:

- Number of jobs to be created, especially for youth and women.
- Increase in regional/international exports potential.
- Number of smallholder farmers directly supported, especially for youth and women.
- Number and value of youth/women-owned enterprises exporting to the U.S. or with high potential to export to the U.S. market; and
- Increased access to essential services (energy, water/sanitation, finance).

To be eligible under this activity, potential offeror(s) must meet the following qualifications:

- ~~Previously shortlisted as a Business Advisory Service Provider (BASP) under the USAID Kenya Investment Mechanism activity.~~
- Strong networks and connections with international investors of varying types, e.g., institutional investors globally, in the United States and Africa.
- Demonstrated and robust access to transactions and other relevant opportunities with potential impact in East Africa.
- Expertise in the priority sectors noted above.
- As relevant, ability to leverage the financial expertise and instruments of the US and global capital markets and financial sectors in emerging markets.
- As relevant, demonstrated capacity for advising on and structuring complex medium and large- scale investments in East Africa; and
- As relevant, ability to form partnerships with and leverage the risk mitigation tools of other development finance institutions.

Success will be measured by the offeror's ability to facilitate and mobilize capital from local and U.S.-based asset owners or managers into qualifying projects. Compelling proposals will include the offeror's previous experience, institutional capacity, and team to advance strategic high-value opportunities and close deals. ***The offeror(s) should indicate 3-5 milestones within the capital raise process/cycle that can realistically be achieved within the activity timeframe (not to exceed 12 months) and clearly lay out an achievable progression towards financial close, noting sources and uses of funds from both ATI and their own sources along the way.*** Identified approach(es) and structure(s) should be in line with industry best practices and demonstrate suitability and realistic assumptions in line with raising capital in the current investment environment.

Performance metrics with clear traceability for work performed will be defined for the engagement and serve as the basis for the performance payment(s) structure. All compensation for this work will be per the terms of the subsequent subcontract. Activity stakeholders (DAI and USAID KEA) will review and agree upon the scope, timeline, performance metrics, and fee structure for the engagement. Success fee arrangements upon the

successful close of a transaction, as is widely accepted in the global financial industry, are encouraged as part of any proposal.

Illustrative Deliverables:

Illustrative deliverables that the offeror will be expected to provide include:

1. **Engagement Deliverable Documents:** The offeror may submit periodic progress reports and deliverables (as agreed to with activity stakeholders) to demonstrate progress toward objectives. Documents may include commitment letters, technical assistance, and transaction advisory services outputs such as pitch decks, financial projections, and investor engagements, among others.
2. **Investment Committee Approval or Equivalent Financing Approval:** Offeror must provide evidence for each transaction that obtains approval for financing from the potential capital providers.
3. **Transaction Close Report:** At transaction close, the offeror will prepare a transaction closeout report and secure letters of confirmation and commitment from the investors and financiers, with supporting documentation such as term sheets, shareholders agreements, Investment Committee resolutions or other supporting documents.

Please note that specific deliverables will depend on the selected offeror's proposed approach for achieving the activity's objectives. In addition, the offeror will be required to provide activity updates on routine check-in calls and emails as required by ATI and USAID. A meeting and reporting cadence will be established during activity kickoff. An invoicing and payment schedule will be developed during the subcontracting phase and will be based on the submission of deliverables with supporting documentation.

Cost Structure

The contract type for this activity will be a Firm Fixed Price Subcontract. The subcontractor must provide a budget for this activity that includes the pricing associated with each proposed deliverable, as well as a cost breakdown for each deliverable that presents the associated labor and any direct costs. Please be sure to break out activity lines to provide details on the specific activities each line item includes, and the breakout of costs for those activities. Transaction closure deliverables will be performance-based, and success fees will be tied to capital closed. Expected deliverables to be costed, as noted above, should include:

- **Transaction Prioritization:** Proposed scoring criteria for prioritizing transactions, high-level workplan, and reporting plan (including MEL) that reflects consultation with activity stakeholders.
- **Signed engagements letters:** Engagement letters with each selected entity, individual workplans and associated performance metrics including the anticipated US nexus. These will detail the transaction advisory support to be delivered, expectations of the entity receiving assistance and time-based milestones to be achieved.
- **Transaction Closures:** A significant portion of the subcontract is expected to be tied to performance-based deliverables such as signed term sheets, success fees tied to capital closed, etc.
- **MEL Reporting:** For each transaction, all information must be disclosed (e.g., investor names and country registration, debt/equity amounts (individual investment and aggregate). Ranges will not be accepted. This is required for accurate ATI reporting and can be redacted before further circulation if necessary.
- **Final presentation:** A final debrief will be conducted with activity stakeholders for the presentation of findings including successes, lessons learned, summary of metrics, etc.

General Implementation Structure:

Upon selection and award, ATI will work closely with the selected offeror(s) to determine the delivery structure including final timelines, deliverables, success fees and associated costs. Additionally, ATI and USAID will also work closely with the selected offeror(s) on the overall learning agenda, including the appropriate cadence for reporting, communications, and other general ongoing project management activities, as well as be a resource to help the selected offeror(s) achieve overall objectives.

Monitoring, Evaluation & Learning (MEL):

ATI will work closely with the selected offeror(s) to define appropriate indicators for the overall interventions based on applicable MEL indicators as identified by ATI and the USAID stakeholders, notably including investments, increased sales/exports, and jobs created. ATI will work with the selected offeror(s) to develop the MEL plan at the kick-off, edit as needed during implementation (e.g., if additional transactions are added), and will collect and review data from the selected offeror(s) requisite reporting to USAID throughout the life of the activity. The selected offeror(s) will be required to reasonably maintain and report on relevant data as part of the periodic check-in process. DAI will conduct data quality assessments as necessary. In many cases, the selected offeror(s) must be willing to share results for at least a six-month period following the completion of their subcontract in order for ATI and USAID to accurately capture results (e.g., an investment that closes after the period of performance but was facilitated during the contracted support).

Place of Performance:

Offeror(s) must be able to complete their proposed approach in Kenya either virtually or in-person. The selected firm(s) will report to ATI team members based in Nairobi, Kenya and/or Washington, DC, in coordination with USAID KEA.