**Business** **Finance for the Poor in Bangladesh (BFP-B) Project**

**Request For Proposals**

**for**

**Procurement of Consultancy Services**

**Subject of procurement: Consultancy services for providing Technical Assistance (TA) for selected Challenge Fund Grantees from different rounds for on time delivery of project impact and long term sustainability**

**August, 2019**

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# Section 1. Letter of Invitation

Dated: DD.MM.YYYY

Attention: Mr./Ms.:

**Letter of Invitation**

1. Business Finance for the Poor in Bangladesh (BFP-B) is a five-year programme funded by UKaid from the UK government. Bangladesh Bank is the implementing agency, and the Bank and Financial Institutions Division of the Ministry of Finance, the executing agency. Nathan Associates London Ltd. has been appointed as the management agency for the programme.

2. BFP-B Project now invites proposals for ***‘*Consultancy services for Providing Technical Assistance (TA) for selected Challenge Fund Grantees from different rounds for on time delivery of project impact and long term sustainability’** Details on the services are provided in Section 5 ‘Terms of Reference” of the Request for Proposal attached herewith.

3. It is expected that up to three firms will be shortlisted and one will be selected under the QCBS Selection Method and Procedures described in this RFP, in accordance with the UKaid/DFID procurement policy.

5. The RFP includes the following documents:

Section 1 - Letter of Invitation

Section 2 - Instructions to Consultants

Section 3 - Technical Proposal - Sample Forms

Section 4 - Financial Proposal - Sample Forms

Section 5 - Terms of Reference

Annexure 1 - TA Reports for 4 Projects

6. Please inform us through email (attached scanned letterhead of your organisation with signature), within 15th September, 2019 (Sunday):

###### (a) that you received the Letter of Invitation; and

###### (b) whether you will submit a proposal alone or in association,

###### (please populate the table in next page in case you submit a proposal, to summarise the skill areas you are submitting proposal for)

to the following email addresses:

**Malick Mahbub Al- Hasnat**

**Finance and Admin Coordinator**

**Email: MHasnat@nathaninc.com**

**Website:** [**www.bfp-b.org**](http://www.bfp-b.org)**.**

**Katherine Hughes**

**Programme Manager (BFP-B)**

**Nathan Associates London Ltd.**

**Email:** **khughes@nathaninc.com**

Yours sincerely,

On behalf of Nathan Associates London Ltd.

**Feisal Hussain**

**Team Leader**

**BFP-B Project**

# 

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sl. No** | **Round** | **Project** | **Priority Recommendation/skill area** | **Please tick (√) the boxes applicable** |
| 1 | Round 2 | Orjon (IPDC) | MSE Reach-out and marketing strategy |  |
| Challenges with MSE - training and on-boarding |  |
| 2 | Round 2 | Truvalu | Legal and marketing consulting service to investees |  |
| 3 | Round 3 | ShupUp  (Shopfront) | Content Development for Merchant Training |  |
| Market research for offline credit scoring model |  |
| Data Privacy Strategy |  |
| 4 | Round 4 | Alternative Credit Scoring  (CRAB) | Financial Institution Adoption, Acquisition, and Retention |  |
| Data Privacy Strategy |  |

# Section 2. Instructions to Consulting/Research Firms

|  |  |
| --- | --- |
| **RFP Submission Deadline** | Applicants will be given a total of 20 calendar days from the date of RFP notice for submission of a detailed Proposal. The Proposal may be submitted in hard copy or soft copy (via email) **on 22nd September, 2019 (Sunday) by 5:00 pm Bangladeshi Time.** For hard copy submission, the address is:  BFP-B Project  3rd Floor, House 71, Road 27,  Gulshan-2, Dhaka-1212  Soft copies must be emailed to: **MHasnat@nathaninc.com** |
| **Methods for Procurement of Consultancy Services** | The Consultant (Consulting Firm) shall be selected in accordance with the **Quality and Cost-Based Selection (QCBS)** method by following the procurement guidelines of UKaid/DFID. The QCBS processes will follow (i) the quality of the Proposal; and (ii) the cost of the Services. 70% weight will be given for the Technical Proposal and 30% weight will be given for the Financial Proposal. Technical proposals achieving 70% of the total technical score will be put through for assessment of financial |
| **Technical Proposal** | The Technical Proposal to be prepared according to the format and Terms of Reference (ToR) provided in this RFP document. |
| **Financial Proposal** | Applicants should submit their financial proposal according to the format. The financial proposal should include fees of the experts, field data collection costs, if required; transportation, food and local accommodation costs of the experts, logistics and administrative expenses, and other expenses.  It should also demonstrate how the financial proposal offers best value for the BFP-B programme. This should also set out the governance, management methodology or process for managing risks & issues to provide confidence that the business processes are sufficiently robust to ensure effective delivery on time and within budget. |
| **Currency** | The financial proposal is to be submitted in Pound Sterling (GBP). BFP-B Project/ Nathan Associates London Ltd will not be responsible for exchange rate risks. Any exchange rate risks will be borne by the Consultant (Consulting Firm). |
| **RFP Submission** | For QCBS process, the applicants should submit proposals in two parts – Technical and Financial. For soft copy, please attach two separate files. For hard copy submission, in a sealed envelope marked as ‘Submission of RFP’, inside which should be two inner envelopes, one envelope containing the Applicant’s Technical Proposal without any reference to price and the second envelope containing the Applicant’s Financial Proposal, both clearly marked. |
| **Presentation of the Technical Proposal** | If the Proposal Evaluation Committee deems the requirement for a presentation of the Technical Proposal, then the Consultant (Consulting Firm) shall be invited for a presentation. |
| **Proposal Evaluation** | An Evaluation Committee will evaluate the Proposals. The decision of the proposal Evaluation Committee will be considered as final. BFP-B Project reserves the right to accept or reject any or all Proposals. All applicants will be informed about the result via email. |
| **Contract Negotiation** | BFP-B Project/Nathan Associates London Ltd. will negotiate a contract with the successful Consultant only on the following components of the Proposal submitted by the Consultant:  (a) Methodology;  (b) Work plan and activity schedule;  (c) Organisation and staffing;  (d) Deliverables;  (e) Reimbursable expenses, if there are any. However, it is recommended that the Consultant shall include all expenses in the financial proposal.  If negotiations with the successful Consultant fail, then BFP-B Project/Nathan Associates London Ltd. shall have the right to reject the successful Consultant, and either seek fresh proposals, negotiate further with one or more of the bidders, defer the award of a contract or cancel the competition and make no contract award, if appropriate. |
| **Contract Award** | On behalf of the BFP-B Project, Nathan Associates London Ltd. will award a contract to the successful Consultant. The standard contract format of Nathan Associates London will be followed. On behalf of Nathan Associates London Ltd., the Director will sign the Contract. On behalf of the Consultant, the Head of the Consulting Firm or Consultant himself/herself (for Individual Consultancy agreement) will sign the Contract.  The consultant or Consulting Firm will also be subject to a due diligence assessment prior to contracting. |
| **Professional Liability of the Consultant/Consulting Firm** | The Consultant/Consulting firm is expected to carry out assignments with due diligence and in accordance with prevailing professional standards. The Consultant’s liability to the Procuring Agency (BFP-B Project/Nathan Associates London Ltd.) will be governed by the applicable law of United Kingdom. The Consultant/Consulting firm shall be held liable for all losses or damages suffered by the Procuring Agency on account of any misconduct and unsatisfactory performance by the Consultant/Consulting firm in performing the consulting services. The Consultant/Consulting firm shall not share the information or data collected and the report prepared for the assignment to any third party without prior written approval of the Procuring Agency. |
| **Payment** | On behalf of the BFP-B Project, Nathan Associates London Ltd. will pay the Consultant in Great Britain Pound (GBP) based on delivery of the agreed outputs according to an agreed timetable. The payment will be made in instalments based on satisfactory delivery and approval of deliverables. |
| **VAT and Taxes** | The Consultant (Consulting Firm) will be responsible to pay VAT and Taxes according to Bangladesh Government policy. |
| **Company Information and due Diligence** | Please note that Nathan will be unable to engage your firm to work under any sub-contractor agreement on a consultancy basis without company information being provided in the form TECH 11 below.  In order to ensure Nathan’s continuing legal compliance, Nathan requires its prospective partners to complete a due diligence questionnaire. Please provide answers to the questions in the form TECH 11 (as applicable) and documents where requested. Please do not hesitate to contact us if you require any assistance in completing this questionnaire. If there are any relevant changes in responses/circumstances, you must report them to Nathan immediately. |

# Section 3 Technical Proposal - Sample Forms

[Form TECH-1: Technical Proposal Submission Form](#_Toc498502870) 9

[Form TECH-2: Conflict of Interest Declaration Form](#_Toc498502871) 10

[Form TECH-3: Non-Disclosure Agreement](#_Toc498502872) 11

[Form TECH-4: Consultant’s Organisation](#_Toc498502873) 12

[Form TECH-5: Comments and Suggestions on the Terms of Reference 1](#_Toc498502874)3

[Form TECH-6: Description of Approach, Methodology and Work Plan 1](#_Toc498502875)4

[Form TECH-7: Team Composition, Task Assignments and Summary of CV Information 1](#_Toc498502876)5

[Form TECH-8: Curriculum Vitae (CV) for Proposed Experts 1](#_Toc498502877)6

[Form TECH-9: Personnel Schedule 1 1](#_Toc498502878)8

[Form TECH-10: Work Schedule (Weekly) 1](#_Toc498502880)9

[Form TECH-11: Company Information and Due Diligence](#_Toc498502882) 32

Form TECH-1: Technical Proposal Submission Form

[DD.MM.YYYY]

To: Ms.Katherine Hughes

Programme Manager (BFP-B)

Nathan Associates London Ltd.

And

Malick Mahbub Al- Hasnat

Finance and Admin Coordinator

MHasnat@nathaninc.com

BFP-B Project

Email: MHasnat@nathaninc.com

Dear Concern:

I/We, the undersigned, offer to provide the consulting services for ***‘*Consultancy services for providing Technical Assistance (TA) for selected Challenge Fund Grantees from different rounds for on time delivery of project impact and long term sustainability’**in accordance with your Request for Proposal dated [*Insert Date*] and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal and a Financial Proposal sealed under separate sealed envelopes.

We are submitting our Proposal as a [Consortium/Joint Venture/in association with (please delete as appropriate)]: [*insert a list with full name and address of each Consortium/Joint Venture partner or sub-Consultant*]. Attached is the following documentation: [Consortium/Joint Venture Agreement and Consortium/Joint Venture power of attorney for lead or managing Partner (please delete as appropriate)].

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification. Our Proposal is binding upon us and subject to the modifications resulting from Contract negotiations.

We undertake that, if our Proposal is accepted, we will start the assignment within 1 day after signing the contract.

We understand you are not bound to accept any Proposal you receive.

Yours sincerely,

Authorised Signature [*In full and initials*]:

Name and Title of Signatory:

Name of Firm:

Address:

Form TECH-2: Conflict of Interest Declaration Form

I am declaring that (please give tick-mark)-

a) I or our Firm do not have any connection with the BFP-B Project

b) I or our Firm have a connection with the BFP-B Project.

If the Consulting Firm and/or any of the Team Members have a connection with the BFP-B Project, then the Firm or respective Team Member has to complete following conflict of interest form:

Name of the Team Member:

Type of involvement with the BFP-B Project:

I hereby declare that being involved with the BFP-B Project, I will not influence in the decision making during the RFP evaluation process and any other procurement process of BFP-B Project. BFP-B Project will have the right to reject our Proposal, if I try to influence in the procurement process and/or RFP evaluation process.

Authorised Signature [In full and initials]:

Name and Title of Signatory:

Date:

Name of Firm:

Address:

Form TECH-3: Non-Disclosure Agreement

The Consulting Firm will receive and generate Confidential Information in the pursuit of its stated goals. All individuals associated with this project from the Consulting Firm will hold all such Confidential Information in the strictest confidence and not disclose or use it, unless prior agreement to do so has been given by the BFP-B Team Leader in conjunction with the DFID Project Officer.

All individuals must take reasonable precautions to ensure that all Confidential Information received is stored in a secure and proper manner. Any documents received during the BFP-B review process should be considered absolutely confidential. This means that no photocopies should be made of the documents and the documents should remain under control of the participant/reviewer at all times. At the conclusion of the review the documents should be returned intact to the BFP-B Challenge Fund Manager. Neither the contents of the documents nor the review process should be discussed with anyone outside the BFP-B project team.

In Agreement whereof, I undertake to acknowledge the need for ensuring confidentiality in the BFP-B process, in a manner which safeguards the confidentiality of all conversations, papers, conversations, review processes and procedures at all times. I also undertake not to disclose or to place the documents in a position where their contents might be subject to review by a person who is not part of the BFP-B process.

Yours sincerely,

Authorised Signature [*In full and initials*]:

Name and Title of Signatory:

Name of Firm:

Address:

Form TECH-4: Consultant’s Organisation (1-page limit)

[*Provide here a brief description of the background and organisation of the Consultants and, if applicable, each Consortium/Joint Venture partner for this assignment. Please indicate the number of relevant projects and at least 5 years’ experience in the field of communications. Experience working with mass-media and social media, knowledge of inclusive finance, experience in project management, and production and oversight of document and report development and print and electronic publishing is also required. Experience in branding, media relations, graphic design and video production is desirable].*

Form TECH-5: Comments and Suggestions on the Terms of Reference1 / Annexure 1 (TA Reports)2

[*Present and justify here any elaboration, modifications or improvement you are proposing to improve performance in carrying out the assignment (such as suggesting alternative approaches, tasks/activities or sequencing). Such suggestions should be concise and to the point, and incorporated in your Proposal.*

*Page limit:* 1*Terms of Reference (0.5 page), 2 Annexure 1 (0.5 page for each project)*]

Form TECH-6: Description of Approach, Methodology and Work Plan for Performing the Assignment (2 pages limit)

[*Technical approach, methodology and work plan are key components of the Technical Proposal. It is suggested that you present your Technical Proposal (maximum 2 pages, excluding Annex) divided into the following three chapters:*

1. *Technical Approach and Methodology,*
2. *Work Plan, and*
3. *Organisation and Personnel,*

*a) Technical Approach and Methodology. In this chapter you should explain your understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output. You should include any dependencies your suggested methodologies rely on, e.g. provision of certain information and contacts. You should highlight the problems being addressed and their importance, and explain the technical approach you would adopt to address them. You should also explain the methodologies you propose to adopt and highlight the compatibility of those methodologies with the proposed approach.*

*b) Work Plan. In this chapter you should propose the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client), and delivery dates of the reports. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the ToR and ability to translate them into a feasible working plan. A list of the final documents, including reports, figures and tables to be delivered as final output, should be included here. The work plan should be consistent with the Work Schedule of Form TECH-10.*

*c) Organisation and Personnel. In this chapter you should propose the structure and composition of your team. You should list the main disciplines of the assignment, the key experts responsible, and proposed technical and support personnel. You shall also specify if you will be the lead firm in a Consortium/Joint Venture or in an association with Sub-Consultants. For Consortium/Joint Ventures, you must attach a copy of the Consortium/Joint Venture agreement.*]

Form TECH-7: Team Composition, Task Assignments and Summary of CV Information (to be included as ANNEX-2 in the Technical Proposal)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Full Name | Area of  Expertise | Position  Assigned | Task  Assigned | Employment Status with Firm (full-time, or other) | Education (Degree and Institution) | No. of years of relevant experience |
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Form TECH-8: Curriculum Vitae (CV) for Proposed Experts (to be included as ANNEX-2 in the Technical Proposal)

**1. Proposed Position**:

**2. Name of Firm** [*insert name of firm proposing the expert*]:

**3. Name of Expert** [*insert full name*]:

**4. Date of Birth**: **Nationality**:

**5. Education** [*indicate college/university and other specialised education of expert, giving names of institutions, degrees obtained, and dates of obtainment*]:

**6. Membership in Professional Associations**:

**7. Other Training** [*indicate significant training since degrees under 5 - Education were obtained*]:

**8. Countries of Work Experience**: [*list countries where expert has worked in the last ten years*]:

**9. Languages** [*For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing*]:

**10. Employment Record** [*Starting with present position, list in reverse order every employment held by expert since graduation, giving for each employment (see format here below): dates of employment, name of employing organisation, positions held.*]:

From [*Year*]: To [*Year*]:

Employer:

Positions held:

|  |  |
| --- | --- |
| **11. Detailed Tasks Assigned**  [*List all tasks to be performed under this assignment*] | **12. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned**  Name of assignment or project:  Year:  Location:  Client:  Main project features:  Position held:  Activities performed: |

**13. Certification:**

I, the undersigned, certify to the best of my knowledge and belief that

(i) This CV correctly describes my qualifications and my experience;

(ii) In the absence of medical incapacity, I will undertake this assignment for the duration and in terms of the inputs specified for me in the Personnel Schedule in Form TECH-7 provided team mobilisation takes place within the validity of this proposal or any agreed extension thereof;

(iii) I am committed to undertake the assignment within the validity of Proposal;

(iv) I am not part of the team that wrote the terms of reference for this consulting services assignment;

(v) I am not sanctioned/debarred (ineligible for engagement) by DFID.

I understand that any wilful misstatement described herein may lead to my disqualification or dismissal, if engaged.

Date:

[*Signature of expert or authorized representative of the firm*]1 *Day/Month/Year*

Full name of authorized representative:

1 This CV can be signed by an authorized representative of the Consultant provided that if the Consultant’s proposal is ranked first, a copy of the CV signed by the expert and/or specialist must be submitted to the Client prior to the commencement of contract negotiations.

Form TECH-9: Personnel Schedule 1

(to be included as ANNEX-3 in the Technical Proposal)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **N°** | **Name of Expert /Position** |  | **Professional Expert input (in the form of a bar chart)**2 | | | | | | | | | | | | | **Total input (Days)** | | |
| **Weeks** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **n** | **Home** | **Field**3 | **Total** |
| 1 |  | | [*Home*] |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| [*Field*] |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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1. Weeks are counted from the start of the assignment. For each expert, indicate separately the input for home and field work.

2. Field work means work carried out at a place other than the expert’s home office; i.e. normal place of business.

Full time input

Part time input

Form TECH-10: Work Schedule (Weekly)

(to be included as ANNEX-4 in the Technical Proposal)

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| **N°** | **Activity**1 | **Weeks**2 | | | | | | | | | | | | |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **n** |
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1 Indicate all main activities of the assignment, including delivery of reports (e.g.: inception, interim, and final reports)

2 Duration of activities shall be indicated in the form of a bar chart.

Section 4. Financial Proposal - Sample Forms

[Form FIN-1: Financial Proposal Submission Form](#_Toc224704600)

[Form FIN-2: Summary of Costs and Financial Methodology](#_Toc224704601)

Form FIN-1: Financial Proposal Submission Form

[DD.MM.YYYY]

To: Ms.Katherine Hughes

Programme Manager (BFP-B)

Nathan Associates London Ltd.

And

Malick Mahbub Al- Hasnat

Finance and Admin Coordinator

MHasnat@nathaninc.com

BFP-B Project

3rd Floor, House 71, Road 27,

Gulshan-1, Dhaka-1212.

Email: MHasnat@nathaninc.com

Website: [www.bfp-b.org](http://www.bfp-b.org).

Dear Concern:

I/We, the undersigned, offer to provide the consulting services for ***‘*Consultancy services for providing Technical Assistance (TA) for selected Challenge Fund Grantees from different rounds for on time delivery of project impact and long term sustainability’** in accordance with your Request for Proposal dated [*insert Date*] and our Technical Proposal. Our attached Financial Proposal is for the sum of [*insert amount(s) in words and figures*1].

We understand you are not bound to accept any Proposal you receive.

Yours sincerely,

Authorized Signature [*In full and initials*]:

Name and Title of Signatory:

Name of Firm:

Address:

Form FIN-2: Summary of Costs and Financial Methodology

|  |  |  |  |
| --- | --- | --- | --- |
| **Cost items** | **Units** | **Unit cost** | **Total (in GBP)** |
| **Inputs of the Experts (Fees/ Days)** |  |  |  |
| **Travel (if required)** |  |  |  |
| **Accommodation (if required)** |  |  |  |
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| **Total Estimated Cost (in GBP)** | | |  |

**Notes:**

The consulting firm can prepare a budget or cost estimate according to the above format. or provide a separate detail budget.

In addition to the financial tables the Tenderer should ***provide up to a maximum of 4 pages*** that aim to provide convincing information in the following areas of their Financial Methodology:

* *Benchmarking of Fee Rates:* We expect bidders to clearly set out their own process of benchmarking Fee Rates to demonstrate competitiveness. This approach is increasingly important as DFID moves to a position where suppliers are expected to be transparent in their pricing structure in order to demonstrate that their Commercial Tender is competitive and represents Value for Money. Tenderers should therefore provide details of how their Fee Rates are constructed, detailing the overhead, salary and profit margin making up each Fee Rate.
* *Financial Risk/Contingency Costs:* It is a matter for Tenderers to determine if they wish to include contingency elements in their Tender. If for example, you have identified risks to successful delivery, which would require additional resource or cost to mitigate, then we would expect these to be shown separately in the Tender
* *Economies of Scale:* The Tender should highlight any particular Economies of Scale that can be realised through sharing of resources with other operations the Tenderer is currently involved in. The Tender should explain how these benefits can be realised and clearly demonstrate that they are realistic.

Section 5 Terms of Reference

# Request for Proposal

***‘Providing Technical Assistance (TA) for Selected Challenge Fund Grantees from different rounds for on time delivery of project impact and long term sustainability’***

**1. Project Background**

Business Finance for the Poor in Bangladesh (BFP-B) is a five-year programme funded by UK aid from the UK government, started in October 2013. The Bangladesh Bank (BB), the central bank of Bangladesh, is the implementing agency, and the Financial Institutions Division (FID) of the Ministry of Finance (MoF), Government of Bangladesh (GoB), is the executing agency. Nathan Associates London Ltd, is appointed as the management agency for the programme.

The programme aims to promote **innovative finance and financial services for micro and small enterprises (MSEs).** It is designed to couple social and economic welfare objectives through a making markets work better for the poor (M4P) approach to increase access to finance for MSEs, especially those that are currently underserved by the formal financial sector. BFP-B has two components: a Challenge Fund and Policy research and advocacy. One additional component – a Microfinance Credit information bureau is being finalised.

**2. Background of Challenge Fund Component**

The Challenge Fund component of the BFP-B programme offers a “challenge” to the private sector to come up with innovative propositions to increase access to finance for MSEs in Bangladesh, entailing both financial and non-financial products and services and a defined pro-poor impact. The challenge fund is a risk-sharing, cost-sharing mechanism, aimed at inspiring private sector partners to implement innovative business propositions, in which they would not engage on their own and which might initially be very risky with uncertain commercial returns.

The challenge fund over the four rounds has sourced more than 300 concept notes and contracted with 36 private sector led initiatives. Majority of the initiatives have been with large companies because of the eligibility criteria’s which were setup. In the latest round of the challenge fund, it was seen that the private sector was coming up with weak/repetitive innovative ideas despite a longer and more intensive period of engagement. The innovation system is at a nascent stage of development, which has means the ability to capture new Bangladeshi driven solutions for financial deepening and innovation will likely appear from smaller firms bringing and adapting ideas from around the globe into the Bangladeshi context. This in turn has meant that the challenge fund component has not been able to engage with these companies.

**3. Background of the assignment:**

The CF component applies a portfolio approach to deliver impact and fund disbursement targets, and performance milestones are used as levers to manage performance and trigger disbursement in individual business models that are being tested.

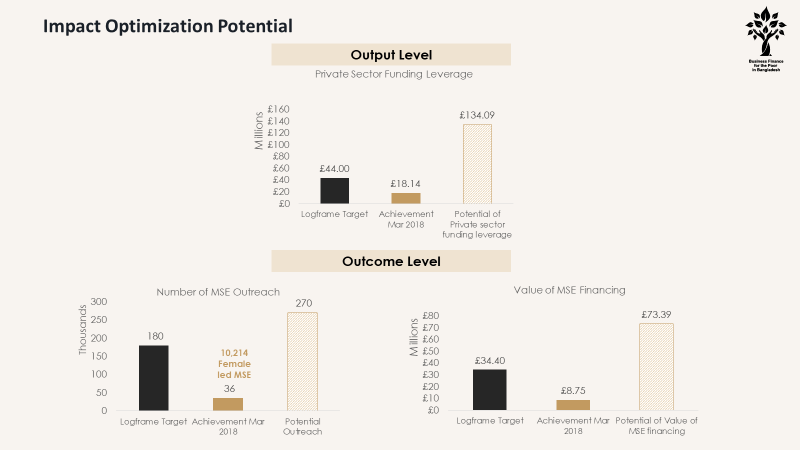
The portfolio review conducted during Q2 of 2018 identified 40% of projects from Rounds 1 and 2 behind schedule, in terms of reaching their milestone targets. This is not unusual for challenge funds but given the remaining duration of BFP-B, there needs to be proactive effort to ensure that CF projects are on-track.

Through the TA assessment of the projects, it also appeared quite evident that, in addition to successfully completing the milestones - a number of projects/business-models have either significant opportunities to maximise impact beyond contractual targets and/or be also steered towards achieving viability at an accelerated pace if those are provided with the required TA.

**Impact maximisation:**

The portfolio review of Q2 2018, have also dived into the assessment of maximising the impact potential of all the projects under CF portfolio (including round 3). The diagram below depicts the log frame targets, achievement as of end of Q1 2018 and the potential for achievement if the project can optimise the impact potential of the current portfolio.

Impact Maximization Potential:

****

**TA Needs Assessment:**

Subsequently, BFP-B engaged a consulting firm (Impact Collective) for further assessing the technical needs assessment of the grantees for on time delivery and harnessing impact maximisation potential of the grantee projects.

The IC team started by reviewing all of the CF projects’ documents including proposals, technical due diligence and milestone timelines. The IC team then conducted preliminary phone interviews with all the CF Portfolio Leads to gain a deeper understanding of their projects, milestone statuses, and key challenges. The collected documents were a key input for the Inception Report deliverable, which also included a review of the project timelines and a deep dive on the methodology and management of the following assessment phases.

The IC team collaborated with the BFP-B team to organize the Bangladesh trip to meet all grantees one-on-one.

The IC team’s three week visit to Bangladesh in which they conducted in depth 1.5-2 hour interviews with all 29 grantees. During these meetings, the IC team employed a general agenda to structure the interviews and gather consistent data from each of the projects.

Please see below for the general agenda that constituted the basis for all one-on-one conversations with the project teams:

1. Project introduction and description;
2. Project current status;
3. Deep dive on needs assessment for future milestones;
4. Project mapping from beginning to end:
   1. Sourcing/Supply chain,
   2. Operations,
   3. Marketing,
   4. Product,
   5. Sales & Distribution,
   6. Team Composition: HR, Marketing, Finance, Legal,
   7. External Stakeholders/Partnerships.
5. Overall project sustainability post BFP-B: Impact opportunity, growth strategy, scalability.
6. Final recap of key challenges and confirmation of identified needs.

Following the interviews in Bangladesh, the IC team drafted interim “Needs Assessment” reports for each of the projects summarizing the key challenges discussed with the grantees during the interviews and proposing potential TA interventions. The “Needs Assessment” documents were first shared with the BFP-B Investment Leads for their review and approval before being sent to the BFP-B grantees for their feedback. In addition to the Needs Assessment file, the IC team shared a “Financial Data” excel document with the grantees requesting high level inputs to be incorporated into the Milestone 2 Individual TA Report deliverable.

After compiling the data provided by the BFP-B Investment team and the BFP-B grantees, the IC team submitted the individual reports on each of the projects covering milestone and long-term sustainability overviews and TA recommendations, and budgets if specifically requested by the BFP-B team.

See below for the Milestone 2 Individual Report Structure:

1. Project Summary
2. Project Overview
3. BFP-B Milestone Overview
   1. TA Assessment for Milestone Completion
   2. TA Budget for Milestone Completion[[1]](#footnote-1)
4. Long-Term Sustainability Overview
   1. TA Assessment for Long-Term Sustainability
   2. TA Budget for Long-Term Sustainability[[2]](#footnote-2)
5. TA Recap Table
6. Consultant Final Assessment on the Project

The 29 individual reports constituted the final deliverables for Milestone 2.

Finally, in the last Milestone of this project, the IC team focused on aggregating and systematizing the data collected from each of Milestone 2 Individual Reports in order to deliver an overall portfolio analysis.

**Consolidation and finalisation of Technical Assistance:**

Based on recommendations from IC team, BFP-B further reviewed the TA needs recommendation and applied further lenses for finalisation of total TA requirements for selected projects. The criteria’s/lenses used for finalisation of the TA were as follows:

1. Ability of the project to achieve milestones within remaining period of the project
2. Ability of the project to achieve commercial viability within project period and beyond
3. Additionally in impact creation
4. Agreement on cost sharing by grantees
5. Feasibility of operationalization of Technical Assistance within remaining time frame of the project.

The final list of projects and respective technical assistance for the selected projects are shared below:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Sl. No** | **Round** | **Project/Organization** | **BFP-B Focus** | **Potential for additionality in impact creation/maximisation** | **Potential for Transformational Impact** | **Feasibility of operationalizing TA within remaining time** | **Agreement for Cost sharing** | **Priority Recommendation/skill area** |
| 1 | Round 2 | Orjon (IPDC) | Milestone completion | Will enable the program to exceed project targets | High | Yes | Yes | Reach-out and marketing strategy |
|  |  | High | Yes | Yes | Challenges with MSE - training and on-boarding |
| 2 | Round 2 | Truvalu | Future sustainability |  | High | Yes | Yes | Legal and marketing consulting service to investees |
| 3 | Round 3 | ShopUp (Shopfront) | Milestone completion |  | High | Yes | Yes | Content Development for Merchant Training |
| Future sustainability | 1% of unserved 5 million MSEs=50,000 MSE, lower interest rate from MFI | Yes | Yes | Market research for offline credit scoring model |
| Future sustainability |  | Yes | Yes | Data Privacy Strategy |
| 4 | Round 4 | Alternative Credit Scoring (CRAB) | Future sustainability |  | High | Yes | Yes | Financial Institution Adoption, Acquisition, and Retention |
| Future sustainability | Additional 250 MSE financing by banks that the expected figures (500) will be possible | Yes | Yes | Data Privacy Strategy |

The detailed report for the TA needs assessment and subsequent TA recommendation for these selected projects can be found in Annex 1 of this document.

**4. Purpose of the assignment**

Under the direction and supervision of the Challenge Fund Manager the Consultant/consulting firm will engage with the selected grantees for operationalization of the TA scheme.

**5. Task under the assignment**

The consultant/consulting firm is expected to:

1. **Review and thoroughly conceive the TA requirement**
   1. Review of TA recommendation from individual TA needs assessment report
   2. Engage with grantees for confirmation of TA needs and ensure there is common understanding of deliverables
   3. Refine TA requirement
2. **Develop an operational plan and execution of TA rollout:**
   1. Development of TA operationalization plan, secure consent of grantees outlining roles, responsibilities (including cost sharing of TA) against milestones, and submit to BFP-B for approval.
   2. Operationalize delivery of technical assistance plan.
3. **Assessment of TA operationalization and its outcome:**
   1. TA Completion report
   2. Post-TA report to BFP-B outlining a risk-assessment of project’s ability to overcome the intended objective of TA (Milestone achievement/long term sustainability) with recommendations to BFP-B on actions to mitigate risks.

**6. Scope of the assignment:**

Interested Consultant(s)/Consulting firm(s)/Consortium is ***welcome to submit proposals for all 4 grantee project***’s Technical Assistance scheme. However, Consultant(s) /Consulting firm(s)/Consortium ***can apply for one single or selected number of project***’s technical assistance scheme.

Geographic scope for the assignment will be depending on the specific Technical Assistance recommendation outlined in the individual TA needs assessment report prepared by Impact collective (Annex 1).

General scope for the assignment for individual projects at high level may include the following activities:

* 1. **Review and thoroughly conceive the TA requirement**

The consultant/consulting firm is required to comprehensively review and systematically conceive the TA requirements to deliver the below outlined tasks:

* + 1. **Review of TA recommendation from individual TA needs assessment report**

The consultant/consulting firm is expected to review each of the individual TA need assessment reports to gain thorough cognizance of the ongoing projects’ goal/ current status and efficaciously address the TA recommendations arising from the specific projects, which are diverse, innovative and unique in their TA requirements.

* + 1. **Engage with grantees for confirmation of TA needs and ensure there is a common understanding of deliverables**

The consultant/consulting firm, with support and guidance from the investment leads of BFP-B CF Team will be required to get involved with the grantees to gauge the prevailing/future challenges of the projects and recognize and incorporate the grantees’ inputs/requirements (if any) and bounce off/crosscheck the listed/itemised/addressed TA needs with each projects before finalising those to ensure all the relevant stakeholders understand and mutually agree on the deliverables. The consultant/consulting firm may require to visit grantee organisations or the project sites for this specific task.

* + 1. **Refine TA requirement**

The consultant/consulting firm will be required to confirm and finalise the TA requirements, after synergizing both the TA recommendations derived from TA needs assessment report and the feedbacks/confirmation received from the engagement phase with grantees.

* 1. **Develop an operational plan and execution of TA rollout:**

Possible high level broad category activities that the consultant/consulting firm/consortium partners will be required to undertake under this assignment is outlined below:

* + 1. **Development of TA operationalization plan, secure consent of grantees outlining roles, responsibilities (incusing cost sharing of TA) against milestones, and submit to BFP-B for approval.**

The consultant/consulting firm will be required to design, strategize, identify required resources with relevant skills and develop a detailed and thorough TA operationalization plan – which needs to be submitted to BFP-B for approval. The consultant/consulting firm will need to consult the grantees and secure consent in regards to their roles/responsibilities/deliverables/actions/cost-sharing for operationalization of TA. The consultant/consulting firm may seek BFP-B CF team’s investment leads’ assistance to integrate their insights/inputs/suggestions to develop a comprehensive TA operationalization plan.

It is necessary to mention that the cost sharing understanding is to be applied for finalisation of the resource requirement.

**6.2.2 Operationalize delivery of technical assistance plan**

Based on the task outlined under section **6.1 and Annex 1**, the consultant/consulting firm will be required to formulate and share the extensive plan/schedule for resources mobilisation and operationalization with the investment leads of BFP-B project CF team and will remain responsible to track and monitor the development of TA assistance components against the schedule to ensure on-time delivery of a comprehensive and technical assistance plan.

* 1. **Assessment of TA operationalization and its outcome:**

Possible high level broad category activities that the consultant/consulting firm/consortium partners will be required to undertake under this assignment is outlined below:

* + 1. **TA Completion report**

Based on the task outlined under section **6.1** and **6.2**, the consultant/consulting firm/consortium is expected to prepare an in-depth TA completion report, demonstrating and clarifying the steps/measures taken against specific TA needs and ensuing outcomes with feedbacks from the end of consultant/consulting firm.

* + 1. **Post-TA report to BFP-B outlining a risk assessment of project’s ability to overcome the intended objective of TA (Milestone achievement/long term sustainability) with recommendations to BFP-B on actions to mitigate risks.**

Based on the task outlined under section **6.1** and **6.2,** the consultant/consulting firm will also be required to conduct risk assessment of projects’ ability to achieve the goal of TA, in terms of either achieving milestone or long term sustainability. The consultant/consulting firm may need to provide a report/presentation summarizing the assessment criteria, methods and concluding remarks.

**7.** **Schedule of the assignment**

The tentative timeframe for this assignment will be between October 2019 – December, 2019. Specific deliverables and time frame will be determined in consultation with the CF Manager.

**8. Reporting**

The CF Manager will be the primary contact and will provide the consultant/consulting firm with overall technical guidance and strategic guidance from the BFP-B Team Leader.

**9. Experience:**

Interested bidders are encouraged to submit their ***proposals for all 4 grantee project***’s Technical Assistance scheme. However, Consultant(s) /Consulting firm(s)/Consortium ***can apply for one single or selected number of project***’s technical assistance scheme.

* A minimum of Five (5) years’ experience in providing TA for specific TA scheme for individual projects (As outlined in Annex 1) for International development projects;
* A minimum of 3 Years’ experience of working with the private sector and in financial sector organisations;
* Knowledge on access to finance, private sector development, alternative distribution channel, alternative investment, MSE financing, product development, process optimization is desirable.

Form TECH-11: Company Information and Due Diligence

**SUB-CONTRACTOR FIRM**

**INFORMATION FORM**

Please note that Nathan will be unable to engage your firm to work under any sub-contractor agreement on a consultancy basis without this information being provided.

|  |  |  |
| --- | --- | --- |
| COMPANY DETAILS | | |
| Company name: |  | |
| Registered address: |  | |
| Country of registration: |  | |
| Company registration number: |  | |
| Date of registration: |  | |
| VAT registration number: |  | |
| Trading status: | (e.g. public limited company / limited company / limited liability partnership / other partnership / sole trader / cooperative / company limited by guarantee) | |
| Board of directors | * List name(s) of directors | |
| Number of permanent staff |  | |
| Name contact person: |  | |
| Contact email address: |  | |
| Contact telephone numbers: | Direct Dial: |  |
| Switchboard: |  |
| Other: |  |
| *Please supply a copy of your company registration certificate.* | | |

**BANKING DETAILS FORM**

Please note that Nathan will be unable to engage your firm to work under any sub-contractor agreement on a consultancy basis without this information being accurately provided.

**For non-UK account holders**

|  |  |
| --- | --- |
| BANKING DETAILS – Non-UK accounts | |
| Beneficiary account number: |  |
| Beneficiary name: |  |
| Beneficiary address: |  |
| Beneficiary bank SWIFT: |  |
| Beneficiary bank name: |  |
| Beneficiary bank address: |  |
| Currency of account: |  |

|  |  |
| --- | --- |
| **INTERMEDIARY DETAILS** | |
| Intermediary bank name: |  |
| Intermediary branch address: |  |
| Account no: |  |
| Additional Information: |  |

**For UK account holders**

|  |  |
| --- | --- |
| BANKING DETAILS – UK accounts | |
| Beneficiary bank name: |  |
| Beneficiary branch name: |  |
| Beneficiary name: |  |
| Beneficiary account number: |  |
| Beneficiary sort code number: |  |
| Currency of account: |  |

**DUE DILLIGENCE FORM**

In order to ensure Nathan’s continuing legal compliance, Nathan requires its prospective partners to complete a due diligence questionnaire. Please provide answers to the questions below (as applicable) and documents where requested. Please do not hesitate to contact us if you require any assistance in completing this questionnaire. If there are any relevant changes in responses/circumstances, you must report them to Nathan immediately.

In signing this declaration, I signify that I understand and agree to abide by the conditions set out in this document. I understand that if I fail to abide by these conditions, the contract may be terminated.

|  |  |
| --- | --- |
| **Name of company** |  |
| **Name of signatory** |  |
| **Title** |  |
| **EMAIL address** |  |
| **Signature** |  |
| **Date** |  |

1. **Conflict of interest**

|  |
| --- |
| Disclose details of any financial, personal, business or professional activities or connections which might have the potential to give rise to a conflict of interest with your organisation in connection with the project, the client, the recipient of services, and Nathan. If there is a potential conflict of interest, please state how this conflict of interest could be avoided. |
| *[Insert response]* |

1. **Legal compliance**

|  |  |  |  |
| --- | --- | --- | --- |
| Civil liabilities | | YES | NO |
| In the last five years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, been the subject of any civil action relating to your professional or business activities which has resulted in a finding against you by a court, or a settlement (other than a settlement consisting only of the dismissal by consent of a claim against it and the payment of its costs) being agreed? *If so, give particulars.* | |  |  |
| Good reputation and character | | YES | NO |
| *Note: There is no need to mention offences which are spent for the purposes of the Rehabilitation of Offenders Act 1974, offences committed before the age of 17 (unless committed within the last ten years) or any road traffic offence that did not lead to a prison sentence.* | | | |
| 1. | Have you/your organisation/any other person who has powers of representation, decision or control in the organisation at any time pleaded guilty to or been found guilty of any offence? *If so, give details of the court which convicted you, the offence, the penalty imposed and date of conviction.* |  |  |
| 2. | Have you/your organisation/any other person who has powers of representation, decision or control in the organisation ever been disqualified by a court from being a director, or from acting in the management or conduct of the affairs of any company?  *If so, give particulars.* |  |  |
| 3. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, ever been refused the right or been restricted in the right to carry on any trade, business or profession for which a specific licence, registration or other authority is required?  *If so, give particulars.* |  |  |
| 4. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, ever been investigated about allegations of misconduct or malpractice in connection with your professional activities which resulted in a formal complaint being proved but no disciplinary order being made?  *If so, give particulars.* |  |  |
| 5. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, ever been the subject of disciplinary procedures by a professional body or employer resulting in a finding against you?  *If so, give particulars.* |  |  |
| 6. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, ever been reprimanded, excluded, disciplined or publicly criticised by any professional body which you belong to or have belonged to?  *If so, give particulars.* |  |  |
| 7. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, ever been refused entry to or excluded from membership of any profession or vocation? *If so, give details.* |  |  |
| 8. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, ever been dismissed from any office (other than as auditor) or employment or requested to resign from any office, employment or firm?  *If so, give particulars.* |  |  |
| 9. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, ever been reprimanded, warned about future conduct, disciplined, or publicly criticised by any regulatory body, or any officially appointed enquiry concerned with the regulation of a financial, professional or other business activity?  *If so, give particulars.* |  |  |
| 10. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation, in the United Kingdom, or elsewhere, ever been the subject of a court order at the instigation of any regulatory body or any officially appointed enquiry concerned with the regulation of a financial, professional or other business activity? *If so, give particulars.* |  |  |
| 11. | Are you/your organisation/any other person who has powers of representation, decision or control in the organisation currently undergoing any investigation or disciplinary procedure as described in 3-8 above?  *If so, give particulars.* |  |  |

1. **Financial compliance**

|  |  |  |  |
| --- | --- | --- | --- |
| Financial integrity and reliability | | YES | NO |
| 1. | In the last ten years have you/your organisation/any other person who has powers of representation, decision or control in the organisation made any compromise arrangement with your creditors or otherwise failed to satisfy creditors in full?  *If so, give particulars.* |  |  |
| 2. | Have you/your organisation/any other person who has powers of representation, decision or control in the organisation ever been declared bankrupt or been the subject of a bankruptcy court order in the United Kingdom, or elsewhere, or has a bankruptcy petition ever been served on you?  *If so, give particulars.* |  |  |
| 3. | Have you/your organisation/any other person who has powers of representation, decision or control in the organisation ever signed a trust deed for a creditor, made an assignment for the benefit of creditors or made any arrangements for the payment of a composition to creditors? *If so, give particulars.* |  |  |
| *Please provide as a separate attachment (for companies only):*  * *A copy of your accounts for the most recent two years. If required, audited version.* | | | |

1. **Details of insurance policies**

Subcontractor firms are required to have sufficient insurance policies in place. It is important to note that appropriate levels of insurance may differ between regions and/or type of project.

|  |  |  |  |
| --- | --- | --- | --- |
| **Type of policy** | **Insurer** | **Limit of liability (per occurrence and aggregate and excess)** | **Expiry date** |
| Employers liability |  |  |  |
| Public liability |  |  |  |
| Professional indemnity |  |  |  |
| Travel insurance, incl. medical cover |  |  |  |
| *Please provide details of all insurance policies that you have in place, and provide copies of insurance certificates as attachments.* | | | |

1. **Details of company policies**

Subcontractor firms are required to apply the policies detailed below. If you do not have your own policy, we will then expect you to commit and sign to Nathan’s internal policy and procedures. Please note that we might request to see the relevant policy document at any time.

|  |  |  |
| --- | --- | --- |
| **Type of policy** | **YES** | **NO** |
| Corruption and anti-bribery policy |  |  |
| Duty of care and security policy |  |  |
| Environmental policy |  |  |
| Equality and diversity policy |  |  |
| Health and safety policy |  |  |
| Trafficking policy |  |  |
| IT and data protection policy |  |  |

Annexure 1 – TA Reports of the 4 projects

Orjon (IPDC) - TA Report

**Lead company name: IPDC**

**Project name: Orjon**

**BFP-B Investment Lead:** Muhymin Chowdhury

**IC Consultant Lead:** Francesca Pileggi

# Project Summary

IPDC through development of integrated digital platform for supply chain management will build an ecosystem first ever in Bangladesh to facilitate access to finance for the MSEs in an easy, lower cost, collateral free and structured manner by using Blockchain technology. This eco system will allow more trust on suppliers/distributors credit lines and structured access to finance in terms of work order finance, factoring finance and distributor finance. IPDC is working with IBM for the development of the platform on this project. They are modifying different supply chain financing products to fit into the digital platform and perfecting it before going to the mass market.

# Project Overview

**Sector**: Financing, All MSE sectors

**Impact Objective**: Revolutionise the suppliers/distributors relationship by providing blockchain tracking technologies to MSEs and their B2B clients.

The challenge that IPDC-Orjon is aiming to address is to support small-scale suppliers in Bangladesh in their client relationship with large distributors. At the moment most of the SMEs do not have the capacity to take on multiple orders at the same time and a lack of digital records limits their access to supply chain financing products.

IPDC is aiming to disrupt this manually served £200m+ supply chain financing market by establishing an end-to-end supply chain management platform using Blockchain technology. Bringing corporates, their primary and secondary suppliers, and IPDC together on one single platform will increase visibility of all business transactions and enable IPDC to extend easy low-cost credit to 25,000 small businesses in the next five years. In the next two years, this project aims to disburse £70m to 2,500 small businesses.

The project will target small scale suppliers who do not have access to the formal banking channel. These suppliers generally cannot continue production for 60-90 days after completing an order as they have to wait for the corporates to clear their bills. Through the SCF products and platform, MSEs will get working capital with easier terms and lower interest rate. Enabling MSEs to become self-sufficient can open the door to get direct access to supply products and services to the large corporations.

# BFP-B Milestone Overview

**Start Date**: April 2018

**End Date**: January 2020

**Project Duration**: 22 months

**Milestone Completion Status**: 60% (3 of 5)

The project kick-started in April 2018.

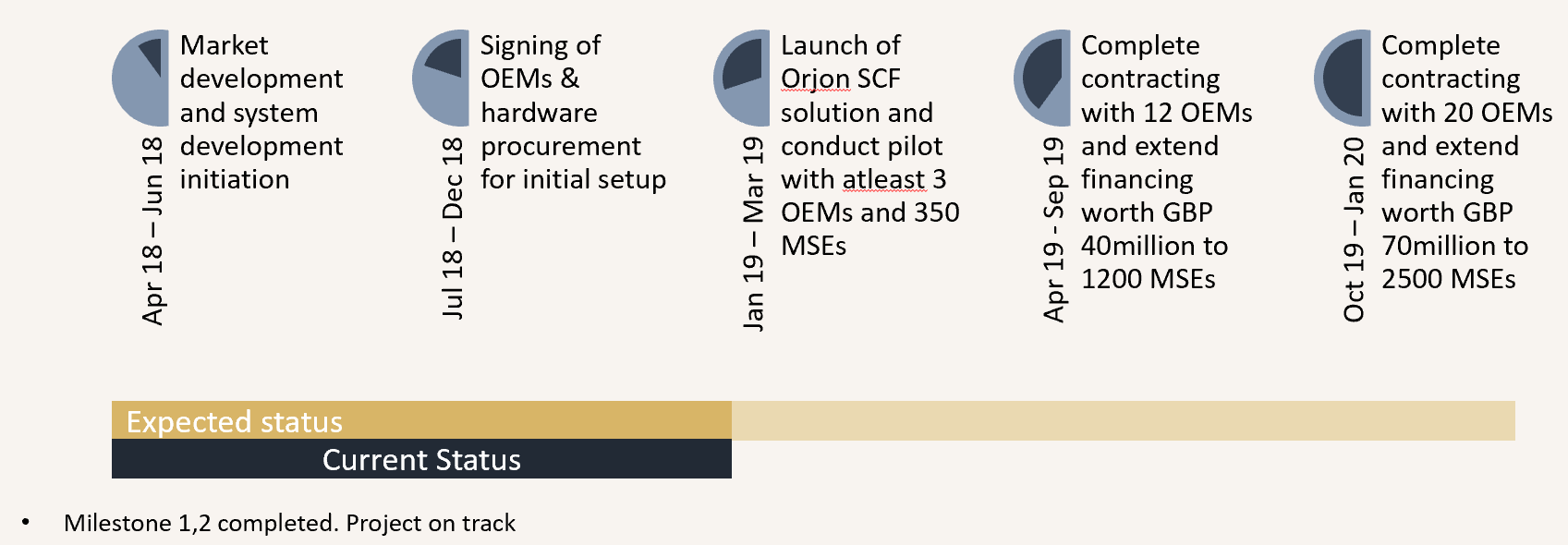
At the time of the writing of this report 3 out of the 5 planned Milestones have been completed, the team is currently working on reaching the targets for Milestone 4 but it’s experiencing some challenges that might prevent them to reach 2 out of the 3 final targets and so endanger the successful completion of the project.

In particular, as we will extensively explain below, the targets related to OEMs contracting and MSEs factoring amount disboursed will be extremely hard to reach for both Milestone 4 and, even more, 5.

Below a summary of the Milestones’ target achieved to date:



A recap of the project Milestone can be found in the following summary provided by the BFP-B Team:



**All Milestones Completion Probability**

* According to **Venture**: 95%
* According to **IC Consultant**: 40%

***Venture Feedback on probability:*** Quote of Grantee assessment of their probability estimate: “Probability of 100% completion depends on 3 parameters: Reaching 2500 MSEs, On-boarding 20 OEMs & disbursing GBP 70 million financing.

As per the progress of the project we are hopeful to reach 2500 MSEs. However, we have confusions in disbursing GBP 70 million and onboarding 20 OEMs.”

***Consultant Assessment:*** All targets criteria achieved to date are far from the expected ones, in particular 2 out of the 3 target criteria for the pending Milestones will be extremely hard to reach, the team has been working on securing OEMs contracting over the past 1,5-year and has unfortunately, not received the expected tractions. Consequently, without the right number of OEMs onboard, reaching the factoring amounts will be extremely hard.

Below few recommendations on how to mitigate these risks in order to reach one or both of the missing Milestone.

## *TA Assessment for Milestone Completion*

Based on our venture assessment and the information collected during our meeting with the team we believe that, to ensure Milestone completion for this project, the following areas will need to be addressed:

### Challenges with OEMs

As mentioned above, the project team has been experiencing multiple challenges in onboarding the OEMs into their platform few of them are listed below:

1. Convincing OEMs on the **benefit for onboarding**: the OEMs don’t fully see the benefit of using Orjon technology since it’s mainly benefitting the MSEs factoring process;
2. **Transparency**: Most of the OEMs expressed concerns on the IT security of Orjon and the data transfer related to its adoption;
3. **Education**: Barriers for the OEMs to utilize the platform;
4. **Compatibility issues** with their current ERP system with Orjon since the platform hasn’t been utilized yet this could be a further area of concern.

##### *Consultant Recommendation to tackle this issue:*

The issues of onboarding OEMs has multiple implications and, as mentioned above, different causes that the team has experience to date.

On the solutions front these challenges can be solved by adopting different types of activities, to date the team has not provided any feedback or prioritization on which future strategy they’d be willing to put in place to tackle these issues.

Few recommendations from the consultants’ experience are listed below:

1. **Reach-out and marketing strategy for OEMs**: review of the current reach-out strategy and development of a marketing pack for better promote Orjon services and benefit to OEMs;
2. **Manual pack for onboarding OEMs**: once acquired the training process should be as easy as possible to overcome any educational barrier, training manuals need to be developed and tested;
3. **Trainings for OEM** on the benefit of strengthening the value chain activities for both forward and backward linkage.

### Challenges with MSEs

The MSEs target is currently far from been reached, currently the experienced barriers to onboard MSEs have been related to:

1. **Education process** and **technological barriers**: the onboarding of MSEs has been proved particularly hard due to educational and technological barriers. The MSEs are not familiar with using similar platforms and are finding it hard to access the platform since for the first phase it will only be available on laptop and not on an app;
2. **Conversion of MSEs**: the team has experienced low conversions from conversation to acquisition, currently a total number of 198 suppliers/distributors have provided consent to be onboarded onto the platform but this onboarding process hasn’t been finalized yet.

##### *Consultant Recommendation to tackle this issue:*

As already mentioned for the previous point, the issues of onboarding MSEs could be solved through different set of solutions, to date the team has not provided any feedback or prioritization on which future strategy they’d be willing to put in place to tackle these issues.

Few recommendations from the consultants’ experience are listed below:

1. **Review of their onboarding pack for MSEs** including all processes and provided material to train the ventures on how to utilize the Orjon software;

Design a cost-effective **training programs for suppliers** to be rolled out nationally, showcasing the benefit of using the platform, as well as, its functionality.

### Other issues

Further areas that might need further assessment in the upcoming months are:

1. **Regulatory barrier**: Between May and June the team will face a regulatory audit, at the time of the writing of this report, the team expressed no concern in a concrete barrier, but this should be an area to review for any potential data usage and confidentiality concerns as this is the new technology the company have introduced;
2. **Technology functionality**: to date the Orjon platform has just started to be piloted with MSEs and OEMs, in these initial phases the team has experiences some bottlenecks which have been found and solved, for some others solution is also under process. Further bottleneck might arise from the adoption of the software, hence this should then be an area for future assessments.

##### *Consultant Recommendation to tackle this issue:*

Due to the uncertainty of the above-mentioned issues it’s hard, at this stage, to suggest specific areas of interventions to tackle these challenges.

Since the blockchain technology is new in Bangladesh, the regulators may be interested on the security and confidentiality of the customers’ data. In this regard **security and confidentiality features** of the technology should be **reviewed** in terms of ethical management of the information as per the regulations.

Finally, further tech support and budget might be required to overcome any adoption challenges that OEM and/or MSEs might face, to date though this has not been one of the team key priority nor concerns, hence no budget will be drafted for this potential issue.

**Recap Table on the suggested TA areas of intervention for Milestone Completion:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| Challenges with OEMs | High | Y |
| Challenges with MSEs | High | Y |
| Other Issues: Data Protection | Medium | Y |

## *TA Budget for Milestone Completion*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Disclaimer:**  
*“Since no budget information, nor prioritization, have been received from the grantee the following budget estimates have been created by the consulting team according to their recommendations on working days and activities to be implemented to secure a smooth implementation of the project. As mentioned above, the complexity of these issues involves the possibility of adopting different sets of activities to mitigate their risks, the suggested ones are only some of many possible solutions to address them.*

*During our conversations with IPDC the team has agreed on the highlighted challenges, but no further information have been provided on the venture’s preferences on how to tackle them, nor any information regarding their willingness of contributing additional budget to address them.”*

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As above mentioned, the areas which we would recommend addressing to try to mitigate the high risks on non-completing the remaining Milestones are related to:

1. Challenges with OEMs;
2. Challenges with MSEs;
3. Other issues: Regulatory barriers.

For what regard the **Challenges with OEMs**, the recommend set of activities can be found below with their respective assumptions:

1. **Reach-out and marketing strategy:**

* The number of working days will be **12;**
* The advised number of required consultants would be **2;**
* We drafted two budget scenarios with international and national consulting rates.

1. **Manual pack for onboarding:**

* The number of working days will be **15;**
* The advised number of required consultants would be **2;**
* We drafted two budget scenarios with international and national consulting rates.

1. **Trainings and Educational materials:**

* The number of working days will be **10;**
* The advised number of required consultants would be **1;**
* We drafted two budget scenarios with international and national consulting rates.

A similar set of activities has been suggested to tackle the issues related to the **Challenges with MSEs**, as per below summary:

1. **Reach-out and marketing strategy:**

* The number of working days will be **12;**
* The advised number of required consultants would be **2;**
* We drafted two budget scenarios with international and national consulting rates.

1. **Manual pack for onboarding:**

* The number of working days will be **15;**
* The advised number of required consultants would be **2;**
* We drafted two budget scenarios with international and national consulting rates.

1. **Trainings and Educational materials:**

* The number of working days will be **10;**
* The advised number of required consultants would be **1;**
* We drafted two budget scenarios with international and national consulting rates.

Finally, for what regard the **Data Protection** potential issue that might be raised by the regulatory authority the recommended set of activities to mitigate this risk are:

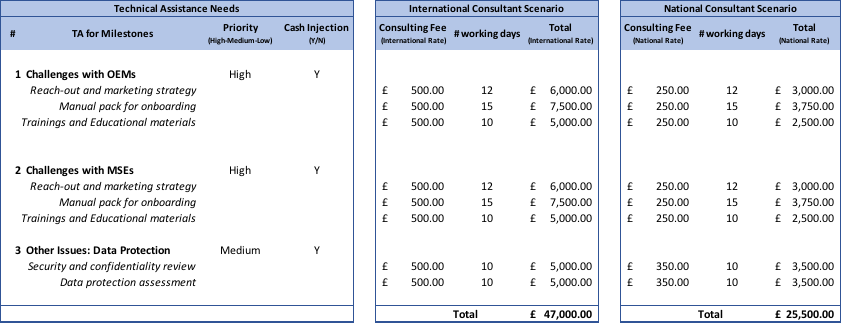
1. **Security and confidentiality review:**

* The number of working days will be **10;**
* The advised number of required consultants would be **1;**
* We drafted two budget scenarios with international and national consulting rates.

1. **Data protection assessment:**

* The number of working days will be **10;**
* The advised number of required consultants would be **1;**
* We drafted two budget scenarios with international and national consulting rates.
* Further budget might be required for this task, depending on the outcomes of the “security and confidentiality review”.

A summary table with the budget details can be found below:



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# Long-Term Sustainability Overview

IPDC is the current market leader in supply chain financing. However, the implementation of project Orjon has encountered few bottlenecks in its execution phases, due to the novelty of the introduced technology. The creation of an automated environment requires the development of the full eco-system and the education of the stakeholders which in the adolescence stage of the project has been proven to be very difficult.

The team believes thought that past these initial phases of uncertainty, the adoption of the new processes will increase thanks to the word-of-mouth of the initial piloted organisations and the general spread of the benefit of Orjon for supply-chain management and factoring financing.

At the current stage, since the product is at its initial piloting phases the team hasn’t put in place a full scale-up plan nor was able to identify potential bottlenecks that might arise in the later on stages of the growth. Hence our recommendations for this project would be to focus on the financial viability of the current business model, the development of a growth business plan and the support on capacity building for the team.

## *TA Assessment for Long-Term Sustainability*

Based on our venture assessment and the information collected during our meeting with the team we believe that, to ensure long-term sustainability of the business, the following areas will need to be addressed:

### Financial Assessment on current business model

One of the initial assessments that are required ahead of focusing on the future growth plan for the business will be a full review of its current financial model, forecasts and assumptions. This assessment will be focusing on the review of the current revenue streams and the evaluation of potential further means for income.

At the moment the team has some concerns on the viability of the current revenue streams since, as informed by the team, one of the major features of the Supply Chain Financing is that despite it’s collateral free and provides efficient working capital management. However, it does not provide additional incentive on interest rate as the sources for financing the bears high cost. As such, is expected that donor support would be needed to help the business avail any low-cost source of fund that can be extended to the MSEs and provide incentives to OEMs either in the form of interest rebate and or other financial services.

##### *Consultant Recommendation to tackle this issue:*

A **financial viability of the current business model** with a focus on its revenues streams and costs items will be required to assess the future sustainability of the business under the current assumptions. A review of potential further means for income will be assessed and will constitute the basis for the follow suggested piece of work for the Business Plan for Scale-Up.

### Business Plan for Scale Up

As mentioned above, due to the early phases of the project, the team hasn’t yet been focusing on a long-term sustainability growth plan, few potential usages of the platform have been considered but none has been studied and analyzed in terms of planning and feasibility to understand which potential growth path would be most beneficial for the business.

*Example: One potential future option will be to onboard Banks and NBFIs:*In the future the Orjon technology might be applied to different clients’ segments, an initial assessment will be required to assess partnership with this segment.

##### *Consultant Recommendation to tackle this issue:*

A full assessment on market opportunities and needs will be required for the creation of the future **Business Plan for the venture scale-up phase**. Which would also include a review of the current business growth strategy and consulting support to plan the different usage of the Orjon technology, as well as, the required resources for implementing it into the different market segments.

### Internal Team Capacity Building

As mentioned above, despite IPDC’s prominent position in the sector, the project Orjon has high technology implications and innovations. Hence the market implications on how to best educate and target its stakeholders are different than the traditional ones. The team might hence need to onboard new team members with previous experience on blockchain technology for the creation of a stronger go-to-market strategy and to address any challenges, questions or concerns that might arise from the sale process of this new service.

##### *Consultant Recommendation to tackle this issue:*

We believe that an **HR assessment and hiring strategy** will be required to highlight the flows on the current skills of the team and plan to integrate them with new hires with previous experience on working with blockchain ventures. In particular a new Sale and Marketing head would really benefit the growth of the business in its future sales channel.

**Recap Table on the suggested TA areas of intervention for Long-Term Sustainability:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| Financial Assessment on business model | High | Y |
| Business Plan for Scale-Up | High | Y |
| Internal Capacity Building | High | Y |

## *TA Budget for Long-Term Sustainability*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Disclaimer:**  
*“Since no budget information, nor prioritization, have been received from the grantee the following budget estimates have been created by the consulting team according to their recommendations on working days and activities to be implemented to secure a smooth implementation of the project.*

*During our conversations with IPDC the team has agreed on the highlighted challenges, but no further information have been provided on the venture’s preferences on how to tackle them, nor any information regarding their willingness of contributing additional budget to address them.”*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

As above mentioned, we would recommend three areas of intervention to support the business with its long-term sustainability plan:

1. Financial Assessment;
2. Business Plan for Scale-Up;
3. Internal Team Capacity Building.

The **Financial Assessment** will cover the following set of activities:

1. **Financial review on current model:**

* The number of working days will be **12;**
* The advised number of required consultants would be **1;**
* We drafted two budget scenarios with international and national consulting rates.

1. **Financial report on assessment:**

* The number of working days will be **10**;
* The advised number of required consultants would be **1**;
* We drafted two budget scenarios with international and national consulting rates.

The **Business Plan for Scale-Up** will cover the following set of activities:

1. **Data Collection:**

* The number of working days will be **10**;
* The advised number of required consultants would be **2**;
* We drafted two budget scenarios with international and national consulting rates.

1. **Business Planning:**

* The number of working days will be **10**;
* The advised number of required consultants would be **2**;
* We drafted two budget scenarios with international and national consulting rates.

1. **Report Creation**

* The number of working days will be **8**;
* The advised number of required consultants would be **1**;
* We drafted two budget scenarios with international and national consulting rates.

The **Internal team expansion and capacity building** will cover the following set of activities:

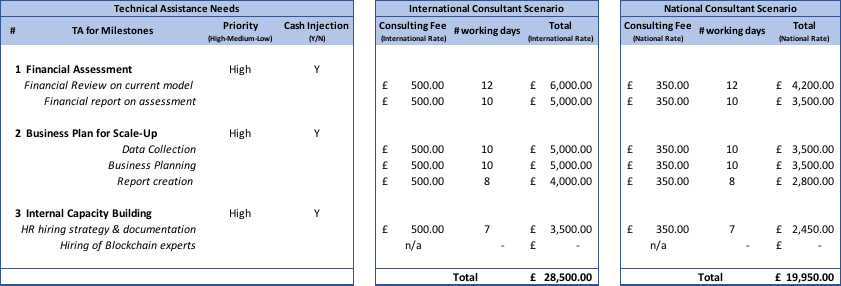
1. **HR Hiring strategy & documentation:**

* The number of working days will be **7**;
* The advised number of required consultants would be **1**;
* We drafted two budget scenarios with international and national consulting rates.

1. **Hiring of Blockchain experts:**

* The key outcomes of the type and number of roles that required will be determined by the HR assessment in conjunction with the Business Plan for Scale-up;
* Due to the country specific nature of this activity and the lack of provided information from the ventures on their hiring priorities, no budget has been drafted for this action point.

A summary table with the budget details can be found below:



# TA Recap Table

Following the above-mentioned areas of interventions, please find below the recap tables for out TA recommendations.

**For Milestone Completion:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| MFIs Selection | Low | N |
| MFIs Onboarding and Training | Medium | Y |

**For Long Term Sustainability:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| Financial Assessment on business model | High | Y |
| Business Plan for Scale-Up | High | Y |
| Internal Capacity Building | High | Y |

# Consultant Final Assessment on the Project

The use of blockchain technology in supply-chain ecosystem has been proven to be an impactful and efficient innovation in many international markets.

Despite that the implementation and introduction of such innovative process in Bangladesh has been proven particularly challenging for the IPDC team.

We believe that because of the encountered educational challenges mixed with a not too effective go to market strategy, the team didn’t manage to secure the projected initial tractions and is now quite behind Milestone schedule.

The reach of the targets for the last two Milestones might be really hard to achieve. Even with the adoption of the suggested TA for Milestone completion the target current numbers are quite ambitious in the current timeframe.

For what regard, the longer-term sustainability of the business a review of the current business model and its financial forecasts will constitute the basis for the following strategy work. Additionally, to the above, we would highly recommend the hiring of blockchain experts that might help in the sale and marketing processes for new customer acquisitions, since due to the novelty of this technology such skillset is not currently effectively represented in the internal team.

**Recommendation by Investment Lead:**

The interventions identified by the Impact Collective team was reviewed against the following parameters

* Intervention prioritisation based on discussion with IPDC
* Availability of IPDC financial contribution
* Evaluation of IPDC and BFP-B technical capacity
* Availability of technical expertise locally and internationally
* Time required to deploy technical resources

The training and onboarding Challenges with MSEs has been prioritised by both IPDC and BFP-B. Distributors and suppliers of OEMs are cash heavy but do not possess the required technical expertise to use a blockchain platform. Contracting a specialist vendor who can develop:

* Reach-out and marketing strategy:
* Manual pack for onboarding:
* Trainings and Educational materials:

- will enable IPDC to onboard suppliers and distributors who will use the blockchain platform with minimal friction.

Truvalu - TA Report

**Lead company name: Truvalu**

**Project name: Agribusiness Booster (AbB)**

**BFP-B Investment Lead:** Shamira Mostafa

**IC Consultant Lead:** Francesca Pileggi

# 

# Project Summary

Truvalu aim is to work with pre-growth agri-SMEs through a tailor-made set of investments and business development services. These companies are grown to become sufficiently mature to deliver social impact. The companies and producer organizations AbB works with are of a size that is considered not to be ‘investable’ for banks and investors and even more friendly impact investors. The unique ‘Co-entrepreneurship’ model will strive to improve economic viability of SMEs through technical assistance, training, and the use of financial services.

# 

# Project Overview

**Sector**: Financing - equity investment, Agribusiness MSE Sector

**Impact Objective**: Lowering the cost of digital financial services and providing capital to early stage agribusinesses.

Truvalu aims to provide business development support and equity financing investment to small agribusinesses that won’t have easy access to investment capital in the traditional funding markets. The unique ‘Co-entrepreneurship’ model will strive to improve economic viability of SMEs through technical assistance, training, and the use of financial services.

The project has been structured in three phases:

* Due-Diligence Phase: focusing on the screening and selection of the best fitting ventures to participate to the program;
* Pre-Investment Phase: the selected ventures would then receive Business Development Services focusing on capacity building and investment readiness needs. The ventures will also be advised on the creation of their financial model for long term sustainability and agree with the team on the best growth strategy to be implemented if they shall receive the equity investment.
* Investment Phase: the investment ready ventures will then be shared with Truvalu’s Global Office investment committee, which will evaluate the proposals and decide which ventures to invest into. In parallel, the local team will support the investee in the finalization of all legal registrations and requirements to receive the equity funds, as well as, helping to draft the shareholder agreement.

The project target is to provide BDS to 25 MSEs and equity investments worth £ 612,000 made in 17 MSEs.

# BFP-B Milestone Overview

**Start Date**: January 2017

**End Date**: November 2019

**Project Duration**: 31 months

**Milestone Completion Status**: 80% (4 of 5)

The project kick-started in January 2017.

At the time of the writing of this report 4 out of the 5 planned Milestones have been completed, the team is on track with most of the final targets but has encountered few challenges to reach the set number of invested MSEs (17).

Despite the many initiatives to support and onboard impactful and investable businesses onto the program, the team has experienced challenges due to the long and intense process of registrations to convert the agribusinesses into a registered limited venture.

At the time of compiling this report, 191 BD services have been provided to the pre-investment selected MSE and 6 equity investments have been made for a total equity deployment of £297,663.

Below a summary of the Milestones’ target achieved to date:



A recap of the project Milestone can be found in the following summary provided by the BFP-B Team:

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**All Milestones Completion Probability**

* According to **Venture**: 100%
* According to **IC Consultant**: 70%

***Venture Feedback on probability:*** Quote of Grantee assessment of their probability estimate: “Subject to identification of Business which are already Ltd. Company”

***Consultant Assessment:*** Despite the team high capacity in setting up and running the program, Truvalu has experienced few challenges in finding registered businesses into which deploy the equity investment. Due to the tight timeline remaining until project completion they won’t manage to finalize the legal registration of un-registered businesses hence the need to fund ventures that are already fully form under the LTD legal structure. This has been proven to be harder than the team originally envisioned.

Potential bottle neck that might endanger the execution are listed below.

## *TA Assessment for Milestone Completion*

Based on our venture assessment and the information collected during our meeting with the team we believe that, to ensure Milestone completion for this project, the following areas will need to be addressed:

### MSEs acquisition

The key challenge to secure completion of the project is the acquisition of pending MSEs investments, up to date 6 investments have been made while 4-5 are in the latest stages of completion and shall be finalized by the end of August 2019. The team might then require further 7 investable MSEs to reach the target.

During our conversations, the team has expressed some concerns in reaching this target due to the long-term procedure for MSEs to register as limited companies which is a mandatory requirement to enable Truvalu’s investments. The team current strategy to overcome this barrier is to look for MSEs that have already incorporated into an LTD to expedite the investment approval process.

##### *Consultant Recommendation to tackle this issue:*

Due to the tight timeline until project completion the team shall receive external support to meet the number of invested ventures and complete the final Milestone.

Our recommendation is for BFP-B to support the venture in this last investment ready search, by **connecting them with organisations in their network** that have access to a wide number of MSEs already incorporated.

A suggestion among the BFP-B network would be to facilitate partnership with high reach organisations, such as “Brac Bank”, since a formal introduction would expedite conversations to secure the pending MSEs investments.

A wider **stakeholder event** could also be advisable to promote partnership and linkages between the portfolio ventures and the wider BFP-B network.

### Legal Counseling support

In conjunction with the above initiatives, the team express the need to be connected with legal experts in the market to best support their venture in the process of incorporation and investment readiness procedures.

##### *Consultant Recommendation to tackle this issue:*

To ensure a smooth finalization of all legal requirements pre-investment the team might benefit to onboard a legal partner or consulting firm to ensure that all documentations is in place and comply with Truvalu’s global head-office requirements to deploy investments.

BFP-B shall support on this task by introducing the ventures with a reliable legal partner to support on this.

### Marketing Consulting support

Finally, the team express the need to receive further marketing support to better understand the market and ecosystem, as well as, attract more MSEs. In particular the support requested is related to:

* 1. Market research
  2. Branding
  3. Sales strategy
  4. Customer segmentation analysis.

##### *Consultant Recommendation to tackle this issue:*

Additional reach-activities to identify the investment ready ventures would be advisable to help the team with their reach.

Due to the tight timeline, hiring external third-party agencies/consultants to support in the planning and capacity building, covering the above-mentioned areas of intervention in order to boost venture activities, would be highly recommended.

**Recap Table on the suggested TA areas of intervention for Milestone Completion:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| MSEs acquisition | High | N |
| Legal Counseling support | High | Y |
| Marketing Consulting support | Medium | Y |

## *TA Budget for Milestone Completion*

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*During our conversations with Truvalu the team has agreed on the suggested areas of intervention but was not able to provide any further information on their budget capacity to fund them.”*

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As above mentioned, we would recommend three areas of intervention to secure a successful completion of all remaining Milestones:

1. MSEs acquisition;
2. Legal Counseling support;
3. Marketing Consulting support.

For what regard the **MSEs acquisition**, the recommended intervention will be mainly focused on connections and introductions, hence no monetary disbursement is required for this.

While for what regard the **Legal Counseling support**, we’d recommend partnering with a local legal firm, that might be willing to contribute part of the support as pro-bono initiative mixed with some paid-for consulting activities. We would not advice then to seek for international help. Because of the local nature of this partnership no budget has been provided and further budget analysis shall be done to assess the costing of this intervention.

Finally, to cover for the **Marketing Consulting support** two set of activities have been advised as per below assumptions:

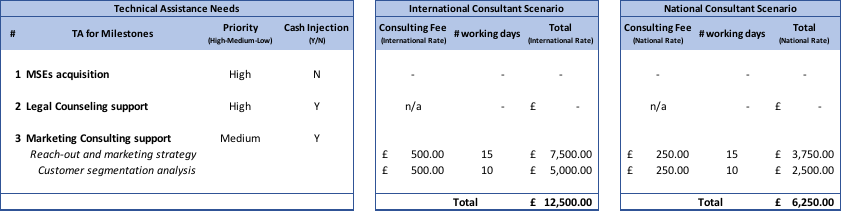
1. **Reach-out and marketing strategy:**

* The number of working days will be **15;**
* The advised number of required consultants would be **2;**
* We drafted two budget scenarios with international and national consulting rates;
* Due to the local nature of this task we’d recommend hiring national consultants.

1. **Customer segmentation analysis:**

* The number of working days will be **10;**
* The advised number of required consultants would be **2;**
* We drafted two budget scenarios with international and national consulting rates;
* Due to the local nature of this task we’d recommend hiring national consultants.

A summary table with the budget details can be found below:



# Long-Term Sustainability Overview

Thanks to the extremely positive outcomes of the pilot, Truvalu’s head office has already agreed to continue the promotion of the Bangladesh office and to keep supporting the financial expansion and sustainability of the local operations.

The team will then continue running multiple cycles of the program and keep expanding their presence in Bangladesh to promote early-stage Agribusiness ventures support.

## *TA Assessment for Long-Term Sustainability*

Based on our venture assessment and the information collected during our meeting with the team we believe that, to ensure long-term sustainability of the business, the following areas will need to be addressed:

### Monitoring and Evaluation

One of the key challenges that the team is foreseeing for the future growth of the business is the lack of proper monitoring and evaluation measurements in place to track the usage of the deployed capital by the investees.

Once the funds have been deployed the team has currently no visibility on the usage of the investment, a misconduct on the use of the provided funds will affect the long-term profitability of the investment and undermine the MSEs expected growth.

##### *Consultant Recommendation to tackle this issue:*

##### To ensure a proper usage of the funds from the investees it’s highly advisable to put in place some measurements and assessment processes to track the expenditure of the deployed capital. In order to do that we would recommend hiring a **consultant to evaluate on possible M&E systems** and strategies to adopt with Truvalu’s portfolio ventures and to create some reporting tools that could be easily adopted by the investees.

Additionally, we believe that an **internal assessment of best M&E practices in other Truvalu’s countries** worldwide could be a cost-effective alternative to this issue.

While a more cost intense strategy could be to **hire regional accountants** that will be working on the ground with the MSEs and ensure a proper usage if the deployed capital.

Due to the lack of provided information and preferred strategy from the team, the following budget will reflect only the first of the three suggested actions to tackle this issue.

### MSEs acquisition strategy

As mentioned before, one of the pilot main challenges has been the reach-out and sourcing of investable Agribusinesses. For this reason, to ensure a sustainable growth for the program it might be beneficial to structure an MSEs acquisition strategy on how to best reach and select the future portfolio ventures.

##### *Consultant Recommendation to tackle this issue:*

In order to ensure a smooth execution of the program for the upcoming years, our recommendation would be to hire a consultant to deliver an acquisition strategy assessment comprehending a market scenario analysis and marketing acquisition strategy for the next 2-3 years.

**Recap Table on the suggested TA areas of intervention for Long-Term Sustainability:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| Monitoring and Evaluation | High | Y |
| MSEs acquisition strategy | Medium | Y |

## *TA Budget for Long-Term Sustainability*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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*During our conversations with Truvalu the team has agreed on the suggested areas of intervention but was not able to provide any further information on their budget capacity to fund them.”*

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As above mentioned, we would recommend two areas of intervention to support the business with its long-term sustainability plan:

1. Monitoring and Evaluation;
2. MSEs acquisition strategy.

The **Monitoring and Evaluation** assessment will cover the following set of activities:

1. **Research on best practices on M&E:**

* The number of working days will be **15**;
* The advised number of required consultants would be **2**;
* We drafted two budget scenarios with international and national consulting rates.

1. **M&E implementation strategy:**

* The number of working days will be **20**;
* The advised number of required consultants would be **2**;
* We drafted two budget scenarios with international and national consulting rates.

The **MSEs acquisition strategy** will cover the following set of activities:

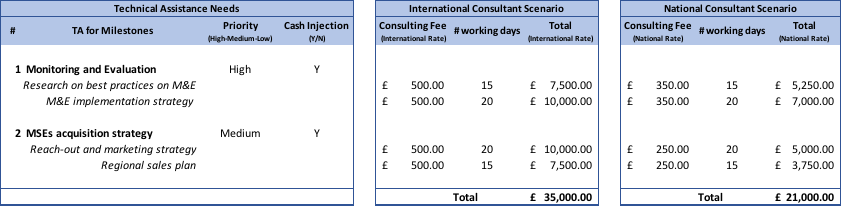
1. **Reach-out and marketing strategy:**

* The number of working days will be **20**;
* The advised number of required consultants would be **2**;
* We drafted two budget scenarios with international and national consulting rates;
* Due to the nature of this assessment we would recommend hiring a national consultant/agency.

1. **Regional sales plan:**

* The number of working days will be **15**;
* The advised number of required consultants would be **2**;
* We drafted two budget scenarios with international and national consulting rates;
* Due to the nature of this assessment we would recommend hiring a national consultant/agency.

A summary table with the budget details can be found below:



# TA Recap Table

Following the above-mentioned areas of interventions, please find below the recap tables for out TA recommendations.

**For Milestone Completion:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| MSEs acquisition | High | N |
| Legal Counseling support | High | Y |
| Marketing Consulting support | Medium | Y |

**For Long Term Sustainability:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| Monitoring and Evaluation | High | Y |
| MSEs acquisition strategy | Medium | Y |

# Consultant Final Assessment on the Project

The Truvalu pilot in Bangladesh has been proving to be extremely successful and impressed the global head-quarter, for this reason the holding has already confirmed the support to continue investing in the expansion of the activities in the country.

The team has also been recommended to support other Truvalu countries worldwide in the set-up of their offices and operations, as further recognition of the effective work done throughout the pilot.

Despite that, the originally set reach-out and investment targets were, since the beginning, quite ambitious to be reached and way above Truvalu’s average yearly investees’ numbers. For this reason, it might be proven hard for the project to finalize its last Milestone. Unless effective support and introductions are provided over the next few months.

While with regard of the long-term sustainability of the project, we are confident in the success of Truvalu’s operation in the country in the future.

**Recommendation by Investment Lead:**

A number of key intervention areas were identified through the TA assessment by Impact Collective and based on the joint evaluation by BFP-B and Truvalu, below intervention recommendation have been prioritized for providing TA in the project lifetime of Truvalu considering the grantee’s availability of funds and willingness to assign for TA, level of cruciality to attain future sustainability, time and expertise required to deploy technical resources:

### **Legal Counselling support:** Resource with working knowledge of legal document requirement/process to ensure appropriate documentations are in place and maintained that comply with Truvalu’s global head-office’s as well as local regulators’ requirements to deploy investments. This would enable the grantee to standardize the legal framework for their documentation process.

* **Marketing Consulting support:** Resources with thorough understanding of the relevant market and ecosystem as well as working knowledge in carrying out market research and formulating branding and sales strategy would be required to fulfil below two sets of marketing requirement:
* Reach-out and marketing strategy
* Customer segmentation analysis

**ShopUp (Shopfront) - TA Report**

**Lead company name: Shopfront**

**Project name: Shopup E-Loan**

**BFP-B Investment Lead:** Shamira Mostafa

**IC Consultant Leads:** Aurelie Faugier & Nadia Laabs

# Project Summary

ShopUp is a capital appraisal platform for small and micro businesses that sells products on social media. ShopUp’s solution appraises an online MSEs capital requirement/eligibility by collecting information on the businesses and their owners on social media. Shop Up uses the abundant information present online and on social media to assess an entrepreneur's’ creditworthiness and facilitate the flow of funds to MSMEs through the banking system.

# Project Overview

**Sector**: Financing, dept investment. E-commerce MSE Sector

**Impact Objective**: Increase access to capital for online MSEs through documenting their credit score.

ShopUp is a capital appraisal platform for small and micro businesses that sells products on social media. Bangladesh has a numerous network of MSMEs who lack access to the required amount of capital, given that their transactions (orders and payments) are not documented: they are received through informal channels and often conducted in cash. At the same time, several MFIs in Bangladesh are actively seeking for fundable businesses but are unable to reach out to these micro businesses due to a lack of verifiable transaction records.

Through their product ShopUp e-loan, Shopfront thrives to bridge the gap between these 2 markets. In 2016, ShopUp launched a cart management system integrated with Facebook Messenger. Using ShopUp, a seller can automatically manage their sales, keep track of their growth trajectory, inventory cycle, and customer retention rate while selling on social media.

**ShopUp offers an algorithm that appraises an entrepreneur’s working capital requirement by analyzing their business growth as well as their social profiles.**  
ShopUp’s capital appraisal platform seeks to use the abundant information present online and on social media to assess an entrepreneur's creditworthiness and facilitate the flow of funds to MSMEs through the banking system. Appraisals of merchants online can improve visibility about the business, reduce the operational and transaction costs of the business, thereby helping to reduce interest rates, and will allow for customization of the fee/offer a particular merchant requires to pay, based on their previous trajectory.

# BFP-B Milestone Overview

**Start Date**: April 2018

**End Date**: January 2020

**Project Duration**: 20 months

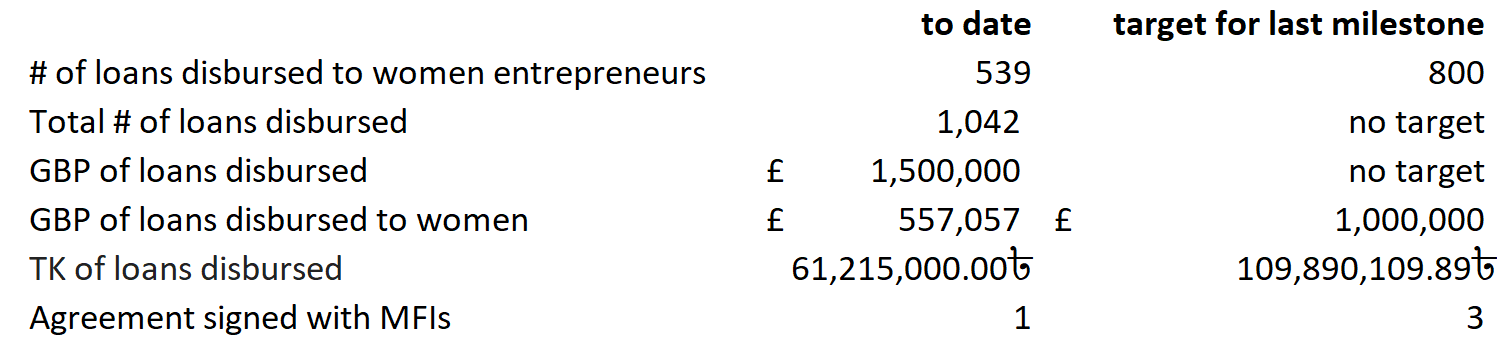
**Milestone Completion Status**: 80% (4 of 5)

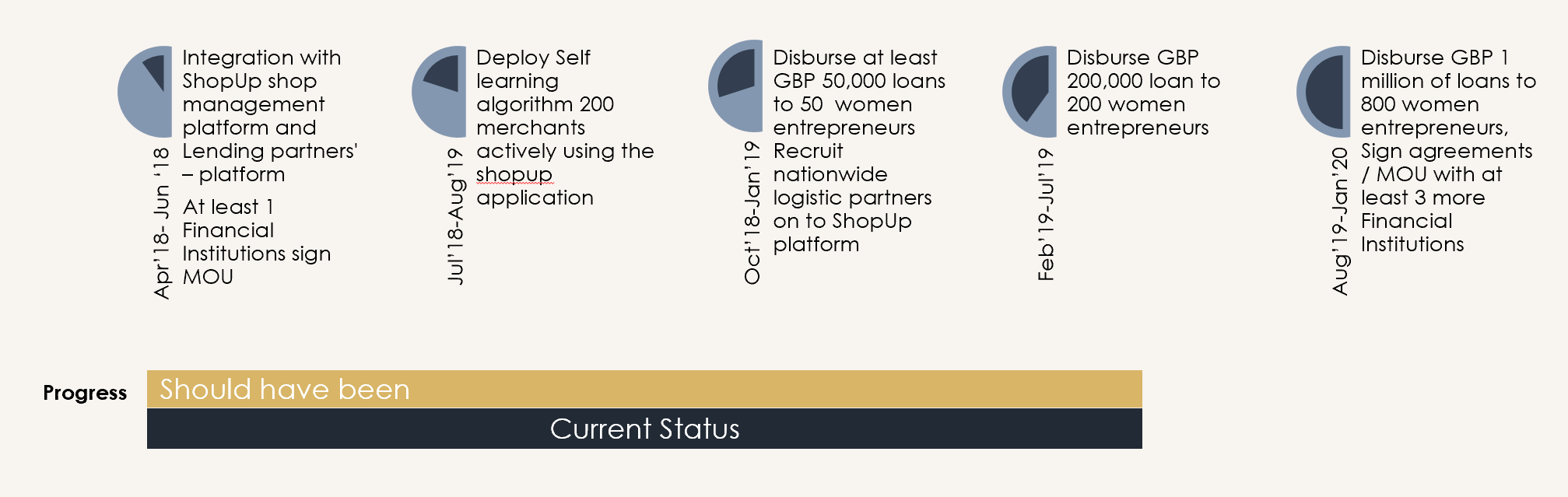
While Shopfront has been in operation since August 2016, the project started in April 2018.

At the time of the writing of this report, 4 out of 5 planned Milestones have been completed and the team is on track with the last milestone to be completed within the project timeline.

A recap of the project Milestone can be found in the following summary provided by the BFP-B Team:

The venture provided a detail of progress against the last milestone





**Milestone Completion Probability**

* According to **Venture**: 100%
* According to **IC Consultant**: 100%

***Venture Feedback on probability:*** The venture didn’t communicate a percentage, but wasn’t concerned that they will achieve their 5th milestone. We translated this as 100%.

***Consultant Assessment***: Shopfront is currently more than half way through completing the 5th milestones targets of loans disbursement to women. They are also in talks with another 2 MFIs, and the MOU should be signed before the end of this year. Hence we estimate 100% chance of completion.

## *TA Assessment for Milestone Completion*

Based on our venture assessment and the information collected during our meeting with the team, we believe that Shopfront doesn’t need any technical assessment to ensure Milestone completion for this project. They currently only signed up 1 MFI, but they have identified another 2 for MOUs. There are no issues in loan deployment and other target achievements, and they are most likely going to complete the last milestone ahead of schedule.

# 

# Long-Term Sustainability Overview

Being a successful startup, Shopfront’s team has been growing very fast and now accounts for over 100 people, just 3 years after the launch. They want to expand at national level, and need to further grow the team, while ensuring they strengthen their organization, as well as maximize usage of their product from the merchants.

The management team has a clear vision of their future growth and the new market opportunities they would like to move into, beyond online retail. However, this is a significant move for Shopfront, and they might require support to explore the offline market.

Finally, if Shopup wants to establish themselves as an impact driven business, they will need to measure the actual impact their product has on the beneficiaries.

## *TA Assessment for Long-Term Sustainability*

Based on our venture assessment and the information collected during our meeting with the team we believe that, to ensure long-term sustainability of the business, the following areas will need to be addressed:

### Organisational / talent acquisition

Shopfront team has grown very quickly and is now composed of mainly logistics and business development staff. The support functions have been a bit overlooked, and Shopfront urgently needs to strengthen their HR department, counting of one person only. Hiring a Learning and Development specialist is key to work onboarding and retaining team members.

Hiring and retaining talent is particularly difficult as working for a startup is not considered an attractive career path in Bangladesh. Indeed, job security is highly valued, and it’s difficult to offer this in a young growing venture. The new HR and L&D personnel will hence also help retain the team already in place.

##### *Consultant Recommendation to tackle this issue:*

In order to successfully recruit new HR and Learning and Development personnel, we’d recommend contracting **a recruitment agency**, specialized in these positions. The recruiter can then help identify strong candidates with an appetite for working in a fast-growing environment. Once onboard, the **Learning and Development specialist** will be able to focus on creating on-boarding material for new staff members, as well as creating development plan processes and career paths for the existing team, ensuring higher retention rates.

### Training support

One of the most pressing issues Shopup is facing is having their merchants (i.e. users of their product) understand how to best use it and make the most of what the product has to offer, in order to increase their sales through online marketing. The better the merchants’ sales are through their platform, the better the revenues are for Shopup. They have noticed that the existing training material is not optimal for the merchants to retain the information, and the majority of them could not remember it nor were making use of it. Shopfront needs to develop more interactive content that will better be retained by merchants.

##### *Consultant Recommendation to tackle this issue:*

The first step would be for the **internal team to review the existing training content**, analyse where it can be improved, as well as **research similar online training content**, and start developing a new content strategy for Shopfront.

The team can also support themselves through **working with an external agency** to either review their content and provide directions, or produce brand new training content for the merchants. In the case of working with an external agency, taking a **co-creation approach** would ensure the content is in line with what Shopfront wants their merchant to learn, and builds on their initial training experience, avoiding pitfalls or mistakes they’ve already done.

### Offline Business Development for new market

Shopfront management team has identified the offline market as a key market for expansion. This is a completely new market for them and given they have not operated in the offline space yet (and their USP being very online based), will need to approach this as if starting from scratch. They are looking at developing a software to reproduce what their online solution is offering, as well as partnering with big corporates, such as Pepsi or Unilever.

##### *Consultant Recommendation to tackle this issue:*

Moving into the offline market is a totally new business model for Shopfront, and as such, requires a particular attention:

* **Market research**: whether it is handled internally (by the team) or externally (via working with an agency/consultant), it is critical that Shopfront does some research about what data and information would be needed to build an offline credit scoring model, as well as what data that they currently collect can be translated into an offline system;
* **Draft business model**: once the market research is conducted, the team should then further define the business model, and we recommend they get support with the initial drafting of a business model to determine whether they still have a strong USP in the market.
* **Partnerships:** finding partnerships with relevant manufacturers to source offline data from so they do not need to source it themselves;
* **Team staffing:** approaching a new offline market will require hiring representatives on the ground to manage this new sales channel, acquire new customers, and track sales in the shops.

### Impact Assessment on loan disbursement

Shopfront has a vocation to increase access to capital for MSEs who previously didn’t have such access. In order to claim positive impact on beneficiaries – the merchants – Shopfront will have to develop a Measuring and Evaluation logframe, and measure results against targets, to evaluate the actual impact the project is having.

##### *Consultant Recommendation to tackle this issue:*

Impact Assessment and M&E is a specialised area of expertise. We recommend Shopfront to work with **external professionals to develop an impact measurement approach**, set impact targets, and develop a data collection strategy. Impact assessment will also provide the team with valuable information to tweak their model and refine their products.

At the same time, they also need to strengthen their **customer data protection** as this is already potentially an issue given the amount of information they hold on their customers, that will only grow bigger in the near future, especially as they start collecting data for impact measurement.

**Recap Table on the suggested TA areas of intervention for long-term sustainability:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| HR / talent acquisition | High | Y |
| Merchants training material | High | Either |
| Offline Business Development | High | Either |
| Impact assessment | High | Y |

\*either = the team has capacity and knowledge to either work internally, or decide to support themselves through external professionals

## *TA Budget for Long-Term Sustainability*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Disclaimer:**  
*“Since no budget information, nor prioritization, has been received from the grantee the following budget estimates have been created by the consulting team according to their recommendations on working days and activities to be implemented to secure the long-term sustainability of the project.*

*During our conversations with Shopfront the team has express interest in receiving TA, depending greatly on the value they would get out of it, as well as the overall budget. However, if they are able to justify the benefits and show adequate growth and development resulting from the assistance, they would be willing to contribute to the costs of TA.”*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

As mentioned above, we would recommend four areas of intervention to support the business with its long-term sustainability plan. For this budget exercise, we’re assuming the team will externalize all four:

1. HR / talent acquisition
2. Merchants training material
3. Offline Business Development
4. Impact assessment
5. **HR / talent acquisition:**

* Work with a recruitment agency: 20% of the Learning and Development first year salary;
* We drafted a scenario assuming yearly salary of BDT 10 lakhs for the L&D position.

1. **Develop Merchants training material:**

* The number of working days will be **25**;
* We recommend working with Bangladeshi agencies on this issue, since the end product will be in Bangladeshi, and should involve focus groups and testing. Hence we provided estimated national consulting rates. The agency might decide to have a team rather than a single consultant working on this.

1. **Offline business development:**
   * **Market research**

**•** The number of working days will be **15**;

• We drafted two budget scenarios with international and national consulting rates.

* + **Draft business plan**

**•** The number of working days will be **20**;

• We drafted two budget scenarios with international and national consulting rates.

* + **Partnership model development & Sales agents**

• These 2 areas of focus assume recruitment of new personnel, and hence will not be estimated as TA.

1. **Impact assessment**
   * **Developing a M&E logframe**

**•** The number of working days willbe **10**;

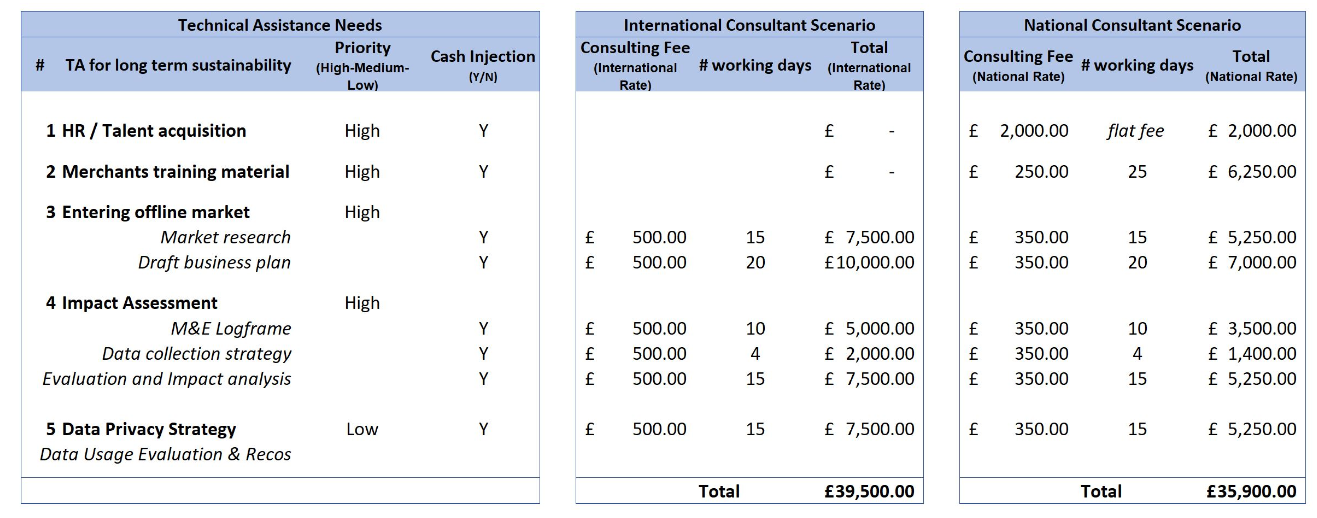
* + **Measuring impact and analyzing**

• Data collection strategy: **4** working days

• Data collection delivery: data collectors – need depending on strategy

• Evaluation and analysis: **15** working days

A summary table with the budget details can be found below:



# TA Recap Table

Following the above-mentioned areas of interventions, please find below the recap tables for our TA recommendations.

**For Milestone Completion:**

None, the venture is on track and ahead of schedule for milestone completion

**For Long Term Sustainability:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| HR / talent acquisition | High | Y |
| Merchants training material | High | Either |
| Offline Business Development | High | Either |
| Impact assessment | High | Y |

# Consultant Final Assessment on the Project

Shopfront is a successful start-up in the finance sector in Bangladesh. They grew steadily since their launch in 2016, and joined the cohort of BFP-B ventures to develop a new product called Shopup e-loan. The project has been going great and the team completed 4 of their 5 milestones, and are on track to complete the 5th one, most likely ahead of schedule. They do not need TA support to complete their milestones.

Looking at the long term sustainability, the team would need to work on a few areas, especially making sure the merchants training material is qualitative and interactive, that as a start-up they manage to acquire and retain talent, and that they do not jump into the offline market without a proper market research and business plan in place.

But the Shopup team is willing to learn, they’ve been very engaged in the assessment process, and are ones of the few who value help, and are keen on sharing costs with the BFP-B if there was to be additional support. They expect to reach profitability by early 2021 with a clear plan in mind, and realistic forecast of their future revenue and costs.

If they keep sight of how their solution is having impact on the end beneficiary, and engage in activities to measure this impact, there is no doubt this will be a successful venture.

**Recommendation by Investment Lead:**

Based on the insight and evaluation of BFP-B investment lead and grantee, below 3 intervention areas have been shortlisted for providing TA, taking in account the factors such as grantee’s capacity and interest to deploy fund, accessibility to relevant expertise and time required to deploy technical resources:

1. **Content Development for Merchant Training**: Resources with experience in assessing and categorizing knowledge/information absorption level of clientele/trainees (in this case, merchants) and cater to specific need-based groups accordingly by developing relevant interactive content and training materials, which recipients can retain and reinforce in their business model going forward.
2. **Market research for offline credit scoring model**: Resources with experience and exposure in conducting (offline) market research, in order to gauge the market demand and readiness for such credit scoring model and subsequently, construct a draft business model. Extended support would also be required for finding and forming suitable partners in the market and to set up a dedicated team for this new (offline) channel.
3. **Data Privacy Strategy:** Resources with expertise on data privacy/protection in commercial usage and particularly networked at regulator and policy maker level can be appointed to examine ShopUp’s data privacy strategy and modify/develop strategy/practice accordingly. This may require high level engagement from regulators and government agencies.

Alternative Credit Scoring (CRAB) - TA Report

**Lead company name: Credit Rating Agency of Bangladesh Ltd (CRAB)**

**Project name: Alternative Credit Scoring**

**BFP-B Investment Lead:** Mahbubur Rahman

**IC Consultant Lead:** Christina Magro

# Project Summary

CRAB has partnered with its mobile technology partner, Live Technologies, to launch an alternative credit scoring tool for the financial sector that collateralizes non-banking financial transaction data, human capital data, social media data and other data sources.

# Project Overview

**Sector**: Financing, All MSE Sectors

**Impact Objective**: Expand ability of underbanked MSEs to access financial services.

Credit Rating Agency of Bangladesh Ltd. (CRAB) was established in 2003 and provides quality ratings and comprehensive research services.

CRAB has developed an algorithm based Alternative Credit Scoring (ACS) model that analyzes informal mobile data from multiple partners to generate a credit score for underbanked MSEs with no financial history. CRAB has signed a three-year agreement with Robi Axiata, the second largest mobile network provider in Bangladesh, to access the mobile and transaction data of its 42M users. CRAB and Live Technologies have also partnered with Tiaxa, a global telco data analytics company, to use Tiaxa’s AI analytics engine to strengthen the predictive power of the ACS score. CRAB is concurrently working on developing its own proprietary AI analytics engine.

CRAB’s Alternative Credit Scoring (ACS) technology uses AI and machine learning to analyze 109 to 170 data patterns and generate a credit score for underbanked MSEs. The high-level data categories include: 1. Personal Information Authorization, 2. Identity characteristics, 3. Financial well-being or ability, 4. Consumption Ability, 5. Psychometric Factor or behavioral preference, 6. Interpersonal Connection or Social behavior, 7. Credit History, 8. Legal Information, from different data points. These sets of data will be driven automatically from telco/MNO usage data, general digital footprint data, MFS transaction proxy data, wallet transaction/proxy data and all other relevant digital social data to provide behavioral insights and assess MSE credit-worthiness.

# BFP-B Milestone Overview

**Start Date**: December 2018

**End Date**: December 2019

**Project Duration**: 12 months

**Milestone Completion Status**: 20% (1 of 5)

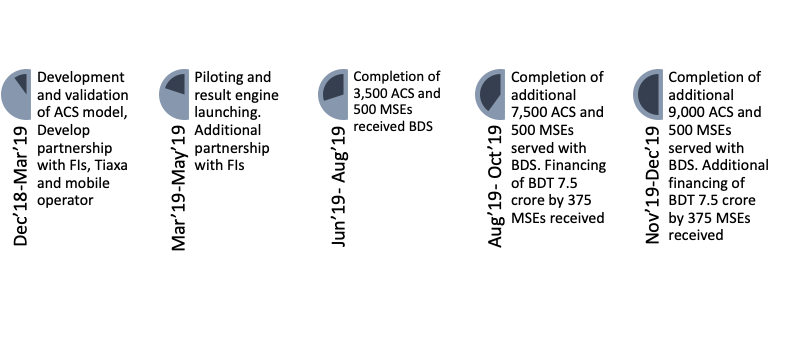
As of June 2019, the venture has completed 1 out of 5 milestones and is currently working on milestone 2.

CRAB was planning on launching a 15-day pilot on May 30th to generate 5,000 alternative credit scores for potential MSEs that the partner financial institutions could factor into their decision to extend credit to each MSE.  However, the pilot has been delayed due to CRAB’s MNO partner, Robi Axiata.

At the time of IC’s meeting with CRAB in early May 2019, CRAB had just met with Robi Axiata to discuss user data encryption, the only pending requirement before pilot launch. Robi Axiata claimed that they would not be able to encrypt the data on time themselves and agreed to let CRAB encrypt the data on their behalf. However, Axiata Group, Robi Axiata’s parent company, later decided to return to the initial plan to encrypt the data internally and solely provide CRAB with a key. As of June 26, 2019, the new projected launch date was in the first week of August 2019 after Robi Axiata finishes encrypting the data at the end of July 2019. They plan on launching commercially at the end of August 2019 after the pilot duration.

Therefore, the CRAB’s BFP-B performance against its ACS processing, BDS servicing, and loan extension targets all remain at 0% completion. Therefore, CRAB’s probability of achieving all milestones by the December 2019 deadline will rely on their ability to maximize the number of ACS scores that they process through their partner NBFIs from launch until the deadline. High ACS score processing volume will also increase the number of MSEs that qualify for BDS and receive loan financing, the two other key performance metrics for the BFP-B milestone targets.

A recap of the project Milestone can be found in the following summary provided by the BFP-B Team:



**Milestone Completion Probability**

* According to **Venture**: 95%
* According to **BFP-B Investment Lead**: Likely to reach 5th milestone by deadline, depending on pilot launch date
* According to **IC Consultant**: Somewhat likely to reach 5th milestone by deadline, depending on pilot launch date

## *TA Assessment for Milestone Completion*

Based on the aggregated data collected during our meeting with the venture team, ongoing conversations and documents provided by both the venture and BFP-B, we believe that the following areas need to be addressed in order to achieve milestone completion:

### MSE Adoption Strategy

In order to process the credit scores of MSEs, CRAB must first obtain their consent to access and analyze their telco and mobile data. Despite the growing practice of mobile data collection in Bangladesh and globally, unbanked MSEs are more likely to be less digitally savvy and potentially wary of agreeing to share their information. MSEs may be more easily persuaded to share this data if they believe that it will help to increase their credit-worthiness and ability to access lower interest loans. However, NBFIs may not always be willing to assume the GBP 3.00 cost of the credit score pull on the MSES behalf, which would mean MSES would need to bear the cost. In this case, the cost could prevent many MSES from providing consent to process the credit score, despite the benefit.

##### *Consultant Recommendation to tackle this issue:*

Given the importance of adopting MSEs in the short BFP-B timeline, CRAB should consider hiring a sales & marketing consultant with strong user conversion experience in the microfinance sector to;

1. **Identify the target MSE** and segment the customer market by surveying and interviewing MSEs to 1) validate their willingness and ability to engage with the product and 2) better understand their general pain points to;
2. **Design and launch a marketing campaign** that effectively raises awareness about the product, educates the sector on the benefits of the ACS score in enabling lower interest loan offers, and optimizes MSE conversion and;
3. **Hire a larger field force** to support expansion of operations outside of Dhaka and across the country.

### Data Encryption

As mentioned in above “Milestone Overview,” Robi Axiata is resolved to encrypt their own proprietary data and will only be ready to share the key with CRAB by the end of July. This will only give CRAB one month to achieve the 3,500 ACS pulls and 500 MSEs provided with BDS targets for milestone 3, the latter of which is unlikely to be achieved in one month.

Furthermore, data encryption is a complicated and long process that may take longer to accomplish than the estimated end of July completion date, especially if Robi Axiata has competing priorities despite their commission incentive through the CRAB model. Therefore, any additional delays on Robi’s side could significantly compromise CRAB’s ability to reach all of its milestone targets by December 2019.

##### *Consultant Recommendation to tackle this issue:*

The CRAB team is limited in its ability to mitigate this risk as their model is reliant on MNO partnerships in the short-term. CRAB should continue to **put pressure on Robi Axiata** to encrypt the data as soon as possible by stressing the value of the commission as well as the general market opportunity with early market penetration. CRAB should also **encourage other partners with aligned incentives in the eco-system including financial partners to put additional pressure** on Robi Axiata. In the long-term, CRAB should consider other options for **reducing their business model’s reliance on partnerships**.

### Regulatory Advocacy

Robi Axiata has signed its agreement with CRAB based on existing regulations and data privacy laws, which may be impacted if there are changes to these laws. There is a protective provision in the contract that makes the MNO liable for TK 500,000,000 if they renege on their promise to provide CRAB with client data for the credit assessment. Although this provision protects CRAB against financial deficits, loss of telco data could undermine the entire ACS business model if CRAB is too reliant on MNO usage data inputs in their credit scoring algorithm.

##### *Consultant Recommendation to tackle this issue:*

CRAB should leverage BFP-B’s extensive **network and connections** to facilitate conversations with government and regulatory bodies, engage the support of other players in the fintech ecosystem, and potentially hire a regulatory consultant in the financial services to lobby on behalf of the venture’s social impact mission to the government.

**Recap Table on the suggested TA areas of intervention for Milestone Completion:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| MSE Adoption & Acquisition Strategy | Medium | Y |
| Data Encryption | High | N |
| Regulatory Advocacy | Low | Y |

## *TA Budget for Milestone Completion*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Disclaimer:**

*“The below budgets are based on high level budgets provided by the grantee, unless explicitly mentioned otherwise. the following budget estimates have been created by the consulting team according to the minimal required number of working days to execute the activities recommended in the TA Interventions. The interventions may require more working days, additional consultants or even new full-time hires based on the evolving needs of the venture.*

*The CRAB team has confirmed that they are willing to contribute 50% of the capital required to implement the below suggested interventions.”*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

As mentioned above, we would recommend the following two areas of intervention for successful completion of all remaining Milestones:

1. MSE Adoption Strategy;
2. Data Encryption;
3. Regulatory Advocacy

The **MSE Adoption Strategy** will cover the following set of activities:

1. **MSE Marketing Campaign:**

* The estimated total budget is **TK 2,500.000**.

1. **Field Force Recruitment:**
   * The estimated total budget is **TK 10,000,000** to pay for the salary of 25 new employees, a new office, and other PIU expenses.

The **Data Encryption** will likely only involve putting pressure on Robi Axiata to encrypt the data as quickly as possible and will therefore not require monetary disbursement.

The **Regulatory Advocacy** will cover the following set of activities:

1. **Legal and Regulatory Consultancy**:
   * The estimated total budget is **TK 10,000,000** “to hire a consultancy or consultants to get the NOC from BTRC (Bangladesh Telecommunication Regulatory Commision) to on-board more MNOs and get the approval of the Central Bank to use the ACS by the financial institution as a risk weighted guideline.”

A summary table with the budget details can be found below:



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# Long-Term Sustainability Overview

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**Disclaimer:**

*“All financial data presented in this section has been shared directly by the CRAB ACS team and reflects CRAB ‘s performance at the time of the writing of this report (July 2019). The IC team believes this information to be credible but cannot guarantee that it is 100% accurate or void of miscalculations by the venture team. The CRAB team should be consulted for any questions, concerns, or updated data presented below.”*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CRAB has 20 years of credit rating experience in Bangladesh and a strong team, enabling them to become the premier credit assessment agency in the country. The Alternative Credit Score project is an innovative and digitally disruptive extension of their traditional business that could significantly expand financial inclusion in the country.

The CRAB ACS team has strategically developed strong telco, mobile, tech and data analysis partnerships to ensure a competitive advantage, accelerated growth, and eventual unit economic profitability. Its current revenue model relies on a GPB 3.00 charge paid by MSEs, or financial partners if they are willing to assume the cost on MSEs’ behalf, for the alternative credit score pull. Of this GPB3.00 commission, CRAB receives 50% and Tiaxa and the MNO, Robi Axiata at this point, each receive 25%. The financial partner does not receive a commission and is instead motivated to participate on the grounds that the CRAB credit score will reduce risk. The CRAB team plans on waiving the cost of the credit score pulls to MSEs and Financial Partners until January 2020 when they will hopefully have repayment data that proves the predictive power of the ACS score. Therefore, CRAB or their potential investors will need to assume the costs of these subsidies.

The CRAB team expects to reach unit profitability in December 2021 with an estimated volume of 42,000 credit score pulls per month reflecting GBP 63,000 worth of revenues per month. Their current monthly operational costs are GBP 30,000which they expect to maintain until December 2021 (GBP 20,000 for SGA costs, GBP 5,000 for technology costs, and GBP 5,000 for R&D costs). Following break even in December 2021, CRAB expect to make GBP 40,000 of profits.

CRAB also recognizes that, although its partnerships will enable them to penetrate th market more quickly, overreliance on them could also prove risky. As mentioned in above “Milestone Completion” and “TA Assessment for Milestone Completion” sections, CRAB’s reliance on Robi Axiata or another MNO makes CRABs objectives vulnerable to Robi’s competing priorities and responsibilities. Furthermore, reliance on Tiaxa proprietary credit assessment AI engine could be hazardous if Tiaxa decides to end the partnership with CRAB or, worse compete for the same business. Consequently, CRAB is working on developing its own proprietary AI credit analysis engine as well as a smartphone data scraping application, called mScore, which will will be capable of analyzing smartphone app data including e-wallet and app usage data.

The mScore mobile app will act as a versatile building block to the ACS offering and provide insights to future partner businesses that will enable them to extend lower cost products and services to MSES and increase their engagement. At the time of our meeting with the venture on May 8, 2019, CRAB claimed that they had started developing the app that they hoped to complete in 2 months and introduce to the market within a 1-2 years.

The CRAB team is interested in pursuing all TA intervention recommendations with the exception of the Data Privacy Strategy TA and is open to hiring consultants to support the existing team. Given the CRAB project is serving an underserved and vulnerable population, the IC team believes it has an ethical responsibility as the custodian of private data. Therefore, we still recommend that CRAB address the Data Privacy Strategy TA along with the rest of the TA intervention recommendations.

## *TA Assessment for Long-Term Sustainability*

Based on the aggregated data collected during our meeting with the venture team, ongoing conversations and documents provided by both the venture and BFP-B, we believe that the following areas need to be addressed in order to ensure long term sustainability of the business:

### Financial Institution Adoption, Acquisition, & Retention

CRAB has struggled to get financial institutions (FIs), including NBFIs, MFIs, and Banks, to adopt the ACS technology to assess the credit-worthiness of traditionally high risk, unbanked MSE clients. Financial partnersare still reluctant to employ a new and unfamiliar alternative credit scoring tool before it has been tested in the local market, especially due to costs associated with operationalizing it. They have already signed an agreement with two NBFIs and are conducting ongoing conversations with two more NBFI, four MFIs and four banks but these deals have not been closed as of the writing of this report in July 2019.

Since ACS’s revenue relies on the volume of credit scores it generates, CRAB needs to continue signing on FI partners to ensure enough customers are processed through ACS to reach the estimated break-even point in December 2021.

##### *Consultant Recommendation to tackle this issue:*

CRAB should consider hiring a marketing consultant or full-time marketing leader to oversee FI acquisition growth. This hire should be an agile, data driven marketing specialist who will work closely with the product and sales teams to:

1. **Identify the target MFI** based on accurate segmentation of the market;
2. **Define CRAB’s value proposition** by surveying and interviewing FIs to 1) validate their willingness and ability to engage with the product and 2) better understand their general pain points, in order to identify the product’s most compelling benefits and;
3. **Implement iterative cross-cutting marketing campaigns and educational programs** that use pilot data to prove the hypothesis that ACS reliably predicts creditworthiness and reduces loan processing costs by almost 7%;
4. **Track month-on-month (MoM) growth and customer acquisition costs (CAC)**.

### Product Development

CRAB developed its own excel based model, in August 2018 but is still using Tiaxa’s AI engine; the software and machine learning in the ACS model is proprietary to Tiaxa and the excel model insights are proprietary to CRAB. In the event that Tiaxa’s strategic objectives become misaligned with CRAB’s objectives and they decide not to renew the contract after 3 years, this could diminish ACS’s predictive value proposition.

Furthermore, CRAB only signed an agreement with the MNO for 3 years. If Robi Axiata or other MNOs decide not to share telco data with ACS after that point, ACS’s ability to predict creditworthiness could be compromised, making the business model inviable.

Therefore, CRAB should invest considerably in R&D to internally develop equivalent AI IP that would enable them to continue pulling alternative data, and reduce their reliance on external players. As mentioned in above “Long-Term Sustainability overview” section, CRAB is already developing the mScore app in order to reduce this dependency on external partners.

##### *Consultant Recommendation to tackle this issue:*

If CRAB does not already have the capacity to handle internally, CRAB should consider hiring a product consultant or full-time product leader with sector expertise that is well versed in lean and agile product development principles to:

1. **Develop the mScore app** as quickly as possible by defining a minimal viable product (MVP) with only essential product functionality for the earliest phases of launch and;
2. **Conduct R&D** to strengthen the ACS proprietary credit analysis engine and;
3. **Develop a Product Roadmap** and dictates the gradual release of additional platform features that would strengthen the product offering.

### Fundraising

CRAB will need to raise additional investment to comfortably cover its operational costs, including hiring a larger field force to support expansion of operations outside of Dhaka and across the country. As mentioned in above “Long-Term Sustainability Overview” section, CRAB will also need to procure funding to waive the credit scoring charge to MSEs and FIs until January 2020.

##### *Consultant Recommendation to tackle this issue:*

CRAB should consider hiring a business development consultant to identify the venture’s most compelling value proposing, **develop a pitch deck** that outlines effective strategies for establishing a competitive advantage in the market, and **coach the existing management team** to pitch the deck to local and international investors.

### Data Privacy Strategy

CRAB’s business model is highly reliant on data usage for commercial purposes which carries ethical concerns if transparency and data protection are not prioritized.

##### *Consultant Recommendation to tackle this issue:*

CRAB should consider hiring a business strategy consultant with private data analysis business models experience to **review CRAB’s data usage practices**, **evaluate its potential for positive social impact against its risk and social consequences**, and **offer recommendations for ethical treatment of MSEs** including privacy protection and transparent communication of privacy policy.

**Recap Table on the suggested TA areas of intervention for Long-Term Sustainability:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| Financial Institution Adoption, Acquisition, and Retention | High | Y |
| Product Development | High | Y |
| Fundraising | High | Y |
| Data Privacy Strategy | Medium | Y |

## *TA Budget for Long-Term Sustainability*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Disclaimer:**

*“The below budgets are based on high level budgets provided by the grantee, unless explicitly mentioned otherwise. the following budget estimates have been created by the consulting team according to the minimal required number of working days to execute the activities recommended in the TA Interventions. The interventions may require more working days, additional consultants or even new full-time hires based on the evolving needs of the venture.*

*The CRAB team has confirmed that they are willing to contribute 50% of the capital required to implement the below suggested interventions.”*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

As above mentioned, we would recommend four areas of intervention to support the business with its long-term sustainability plan:

1. Financial Institution Adoption, Acquisition, & Retention Strategy;
2. Product Development;
3. Fundraising;
4. Data Privacy Strategy.

The **Financial Institution Adoption, Acquisition, & Retention Strategy** will cover the following set of activities:

**1.FI Score Subsidies:**

* The estimated total budget is TK **9,000,000** to subsidize the cost of the credit score pull for FIs and MSEs.

The **Product Development** will cover the following set of activities:

**1. App Development:**

* The estimated total budget is **TK 7,500,000** for “app development ready for alpha.

The **Fundraising** will cover the following set of activities:

**1. Pitch Deck Development & Coaching:**

* The estimated total budget is **TK 2,500,000**.

The **Data Privacy Strategy** will likely rely on existing connections:

1. **Data Usage Evaluation & Recommendations:**

* The number of required consultants will be **1**;
* The number of working days will be **15**;
* We drafted two budget scenarios with international and national consulting rates.

A summary table with the budget details can be found below:



# TA Recap Table

See below for a recap table of our TA recommendations.

**For Milestone Completion:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| MSE Adoption & Acquisition Strategy | Medium | Y |
| Data Encryption | High | N |
| Regulatory Advocacy | Low | Y |

**For Long Term Sustainability:**

|  |  |  |
| --- | --- | --- |
| Identified Areas of Intervention | Priority  (High-Medium-Low) | Cash Injection Needed (Y/N) |
| Financial Institution Adoption, Acquisition, and Retention | High | Y |
| Product Development | High | Y |
| Fundraising | High | Y |
| Data Privacy Strategy | Medium | Y |

# Consultant Final Assessment on the Project

It is difficult to predict if the CRAB ACS team will achieve its milestone completion targets by the tight deadline given the current delays with MNO partner Robi Axiata. If the project’s pilot is able to launch by the expected August 2019 date, the TA intervention recommendations should help support them

From a long-term sustainability perspective, the ACS project is an innovative and disruptive product that could also greatly benefit from the Long-Term Sustainability TA intervention recommendations in order to support the team in reaching unit economic profitability and significant financial inclusion impact. However, some of the financial projections that CRAB provided to the IC team do not seem realistic, such as no increase in monthly operational costs as the project scales over the next couple of years. The IC team recommends that the BFP-B team follow up with the CRAB team for more in-depth reasoning justifying these projections.

CRAB’s level of engagement with the IC team’s assessment efforts was high and request for needs assessment feedback and financial information was complete and provided on time. The CRAB team has also expressed willingness to contribute 50% of the capital to execute the TA intervention recommendations, which demonstrates their desire to share the investment risks. These factors give the IC team confidence in the CRAB ACS team’s motivation and ability to execute on the required activities to reach milestone completion and long-term sustainability.

**Recommendation by Investment Lead:**

Based on the recommendation made by The Impact Collective, following two areas of interventions were prioritized based on need assessment, CRAB’s willingness to contribute for TA, availability of relevant expertise and time required to deploy technical resources:

1. **Financial Institution Adoption, Acquisition, and Retention**: Resources can be deployed to develop strategy and action plans to acquire more FIs to adopt ACS model for risk assessment/measurement associated with credit. Awareness sessions through round-table discussions, one-to-one conversation, workshops, class-room trainings are integral part of the acquisition and retention strategy.

1. **Data Privacy Strategy**: Resources with exposure on data privacy for commercial usage and highly networked at regulator and policy maker level can be appointed to examine CRAB’s data privacy strategy and modify/develop data privacy strategy accordingly. This may require high level engagement from regulators and government agencies.

1. Only if specifically requested by BFP-B Investment Team [↑](#footnote-ref-1)
2. Only if specifically requested by BFP-B Investment Team [↑](#footnote-ref-2)