**KARANDAAZ PAKISTAN**

**Request for Proposal**

February 15, 2018

**SECTION 1. LETTER OF INVITATION**

RFP no. 39

15th February 2018, Islamabad

1. The purpose of this RFP is to solicit bids from companies interested in providing services for conducting in-depth Study of merchant Payments in Pakistan. The RFP is designed to assess whether organizations are able to provide the services required, and through a competitive and fair assessment, select a winning vendor for a goods and services year-long contract.
2. Karandaaz Pakistan invites sealed proposals from interested and eligible organizations. More details on the Services required are provided in the Terms of Reference (Section 4 of RFP).
3. The company will be selected under open competitive procedures, in accordance with the procurement policies and procedures of Karandaaz Pakistan.
4. The full RFP is available at [**www.karandaaz.com.pk**](http://www.karandaaz.com.pk).
5. Both financial and technical proposals must be submitted before 12:00 noon Pakistan Standard Time on 15th March 2018. Offerors must prepare four hard copies of the technical proposal and one hard copy of the cost proposals, and submit in separate **sealed** envelopes to the attention of ‘The Procurement Department’ 1-E, Ali Plaza, D Chowk, Mezzanine Floor, Naziumudin Road, Blue Area, Islamabad

Yours sincerely,

**The Procurement Department**

Karandaaz Pakistan

**SECTION 2. INSTRUCTIONS TO FIRMS**

**A. General**

1. **Scope of Proposal**

Karandaaz Pakistan issues this Request for Proposal (RFP) for the following services:

“Study of Merchant Payments in Pakistan”

Throughout this RFP:

1. The term “in writing” means communicated in written form (e.g., by mail, e-mail, fax)
2. “Day” means calendar day
3. **Fraud and Corruption**

Firms shall comply with Karandaaz Pakistan’s policy regarding fraud and corruption given in Section 3 of the RFP.

1. **Eligibility**

Karandaaz Pakistan may specify certain minimum qualification criteria in the Terms of Reference e.g. minimum years of relevant experience.

The firm has an obligation to disclose to Karandaaz Pakistan any situation of actual or potential conflict that impacts its capacity to serve Karandaaz Pakistan’s best interests. Failure to disclose such situations may lead to the disqualification of the firm or the termination of its Contract. Karandaaz Pakistan’s policy with regard to conflict of interest is given Section 3 of the RFP.

Firms shall provide such evidence of their continued eligibility satisfactory to Karandaaz Pakistan, upon request.

1. **One Proposal Per Firm**

Each firm shall submit only one proposal, either individually or as a partner in a joint venture. A firm that submits or participates in more than one proposal shall cause all the proposals with the firm’s participation to be disqualified. However, this does not limit the participation of subcontractors and individual experts in more than one proposal.

1. **Cost of Preparation of Proposal**

The firm shall bear all costs associated with the preparation and submission of its proposal. Karandaaz Pakistan shall not be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

**B. Request for Proposal**

1. **Contents of the RFP**

The RFP includes the documents listed below and any Addendum issued in pursuant to point 8 of this section ‘Amendment of RFP’.

Section 1 - Letter of Invitation

Section 2 - Instructions to firms

Section 3 – Procurement Policy – vendor conduct

Section 4 - Terms of Reference

Annexure A – Proposal Submission Form

1. **Clarification of RFP**

All questions and/or clarifications regarding this RFP must be submitted via email to Procurement@karandaaz.com.pk no later than 5:00PM local time on February 20, 2018. All correspondence and/or inquiries regarding this solicitation must reference the RFP number. No phone calls or in-person inquiries will be entertained; all questions and inquiries must be in writing

Questions and requests for clarification—and the responses thereto—will be circulated to all RFP recipients who have indicated an interest in bidding by 5:00PM on February 26, 2018.

Only the written answers will be considered official and carry weight in the RFP process and subsequent evaluation. Any verbal information received from a Karandaaz employee or other entity should not be considered as an official response to any questions regarding this RFP.

1. **Amendment of RFP**

At any time prior to the deadline for submission of bids, Karandaaz Pakistan may amend the RFP by issuing an Addendum.

Any Addendum issued shall be part of the RFP and will be communicated via the Karandaaz Pakistan website. Firms are advised to monitor the site for updates.

To give prospective firms reasonable time in which to take an Addendum into account in preparing their bids, Karandaaz Pakistan may, at its discretion, extend the deadline for the submission of bids, pursuant to point 17 ‘Deadline for Submission of Proposals’ of this section.

**C. Preparation and Submission of Proposals**

1. **Language of proposal**

All documents relating to the proposal shall be written in the English language.

1. **Documents Comprising the Proposal**

The proposal shall consist of the following:

1. Technical proposal consisting of the following;
2. Firm’s organization and experience;
3. Comments and suggestions on the terms of reference, counterpart staff, and facilities to be provided by the client;
4. Description of approach, methodology, and work plan in responding to the terms of reference;
5. Examples of past experience
6. Work schedule and planning for deliverables; and
7. Team composition, assignment, and key experts’ inputs and Curriculum vitae (CV).
8. Financial proposal
9. **Currencies of Bid and Payment**

Firms may express the price only in PKR.

1. **Proposal Validity**

Proposal shall remain valid for ninety (90) days after the proposal submission deadline date established by Karandaaz Pakistan. A proposal valid for a shorter period shall be rejected as non-responsive.

In exceptional circumstances, prior to the expiration of the proposal validity period, Karandaaz Pakistan may request all firms who submitted their proposals to extend the period of validity of their proposal for a specified additional period. The request and the responses shall be made in writing. If the firm agrees to extend the validity of its proposal, it shall be done without any change in the original proposal and with the confirmation of the availability of the key experts. The firm has the right to refuse to extend the validity of its proposal in which case such proposal will not be further evaluated.

If any of the Key Experts become unavailable for the extended validity period, the firm shall provide a written adequate justification and evidence satisfactory to the Client together with the substitution request. In such case, a replacement Key Expert shall have equal or better qualifications and experience than those of the originally proposed Key Expert. The technical evaluation score, however, will remain to be based on the evaluation of the CV of the original Key Expert.

If the firm fails to provide a replacement Key Expert with equal or better qualifications, or if the provided reasons for the replacement or justification are unacceptable to the Client, such Proposal will be rejected.

1. **Proposal Security**

In this procurement, a proposal security is not required.

1. **Alternative Proposals**

Alternative proposals shall not be considered.

1. **Format, Signing, and Submission of Proposals of Proposal**

The firm shall prepare and email a scanned copy of the documents comprising the Proposal as described in point 10 on official company letterhead. Each document shall be signed by a person duly authorized to sign on behalf of the firm. All pages of the proposal shall be initialled by the person or persons signing the proposal.

Both financial and technical proposals must be submitted before 12:00 noon Pakistan Standard Time on 15th March 2018. Offerors must prepare four hard copies of the technical proposal and one hard copy of the cost proposals, and submit in separate **sealed** envelopes to the attention of ‘The Procurement Department’ 1-E, Ali Plaza, D Chowk, Mezzanine Floor, Naziumudin Road, Blue Area, Islamabad.

The proposal should also be sent to the following email address: **procurement@karandaaz.com.pk** with the subject line: Responding to RFP for “Website Enhancement, Maintenance and Technical Services; Digital Marketing and Design Development of Web Products”.

The Proposal shall contain no alterations or additions, except those to comply with instructions issued by Karandaaz Pakistan, or as necessary to correct errors made by the firm, in which case such corrections shall be initialled by the person or persons signing the Proposal.

1. **Deadline for Submission of Proposals**

Proposals must be received by Karandaaz Pakistan no later than 12:00 noon Pakistan Standard Time on 15th March 2018.

Karandaaz Pakistan may extend the deadline for submission of proposals by issuing an amendment in accordance with point 8 ‘Amendment of RFP’, in which case all rights and obligations of Karandaaz Pakistan and the firms previously subject to the original deadline shall then be subject to the new deadline.

1. **Late Proposals**

Any Proposal received late by Karandaaz Pakistan will be considered only at the discretion of the evaluation team.

1. **Withdrawal, Substitution, and Modification of Proposals**

Firms may withdraw, substitute or modify their proposals by giving notice in writing before the deadline for submission of proposals prescribed in point 16 ‘Deadline for Submission of Proposal’ of this section.

Each firm’s withdrawal, substitution or modification notice shall be prepared, sealed, marked, and delivered in accordance with point 15 ‘Format, Signing, and Submission of Proposals of Proposal’, with the subject line as: Responding to RFP for “Landscape Study of Retail Payments in Pakistan- “WITHDRAWAL,” SUBSTITUTION” or “MODIFICATION” as appropriate. No Proposal may be substituted or modified after the deadline for submission of proposals.

**E. Proposal Opening and Evaluation**

1. **Proposal Opening**

Karandaaz Pakistan shall open the proposals, including modifications made pursuant to point 18, on the business day following the deadline, as per point 16.

1. **Confidentiality**

Information relating to the examination, evaluation, comparison, and post-qualification of proposals, and recommendation of contract award, shall not be disclosed to firms or any other persons not officially concerned with such process until publication of the contract award. Any effort by a firm to influence Karandaaz Pakistan in the examination, evaluation, comparison, and post-qualification of the Proposals or contract award decisions may result in the rejection of its Bid. Notwithstanding the above, from the time of proposal opening to the time of contract award, if any firm wishes to contact Karandaaz Pakistan on any matter related to the bidding process, it should do so in writing at the address indicated in point 7 ‘Clarification of RFP’.

1. **Clarification of Bids**

To assist in the examination, evaluation, and comparison of proposals, Karandaaz Pakistan may, at its discretion, ask any firm for clarification of the firm’s proposal. The request for clarification and the response shall be in writing, but no change in the price or substance of the proposal shall be sought, offered, or permitted except as required to confirm the correction of arithmetic errors discovered by Karandaaz Pakistan in the evaluation of the proposals in accordance with point 25 ‘Correction of Errors’.

1. **Preliminary Examination of Proposals**

Prior to the detailed evaluation of proposals, Karandaaz Pakistan shall first review each Proposal and check the power of attorney or any other form demonstrating that the representative has been duly authorized to sign the proposal, initialization of all pages, etc.

1. **Determination of Firm’s Eligibility and Qualifications**

Then Karandaaz Pakistan shall determine whether the firm meets the eligibility and qualification requirements of the bidding documents. Firms failing to comply with the eligibility criteria indicated in point 3 ‘Eligibility’ shall be disqualified.

Further, Karandaaz Pakistan shall determine whether the proposal is substantially responsive to the requirements of the bidding documents.

Karandaaz Pakistan’s determination of a proposal’s responsiveness is to be based on the contents of the proposal itself. A substantially responsive proposal is one, which conforms to all the terms, conditions, and specifications of the RFP, without material deviation or reservation. A material deviation or reservation is one (a) which affects in any substantial way the scope, quality, or performance of the service; (b) which limits in any substantial way, inconsistent with the RFP, Karandaaz Pakistan’s rights or firm’s obligations under the contract; or (c) whose rectification would affect unfairly the competitive position of other firms presenting substantially responsive Proposals.

1. **Evaluation of Technical Proposal**

Karandaaz Pakistan shall evaluate the technical aspects of the proposals received, applying the evaluation criteria specified in this point. Each proposal that is not rejected for reasons stated in these Instructions will be given a technical score.

**Prerequisites/Qualifying Packet (to be submitted in a separate sealed envelope):**

* Name, address, website and contact information of applying entity(ies)
* Registration certificate
* Tax registration number (NTN) along with GST information/status
* Audited financial statement for last year
* Undertaking of ability to travel to and work across Pakistan

*NOTE: In case of a consortium, these prerequisites will apply to all partners. A lead should be clearly specified. Consortium partnerships will be exclusive i.e., applicants can only apply as part of a single proposal.*

The evaluation criteria, relevant sub-criteria, and point system to be used to evaluate the Technical Proposals shall be:

Technical Proposal (70% of total score)

Competencies of Firm (30%)

* Adequate knowledge about merchant payments and payment systems at large,
* Substantial track record in conducting research relevant to this TOR, including qualitative and quantitative methods;
* History of working on a research project to test hypothesis for establishing any causal relationship, attribution analysis, correlation etc.
* Strong on ground presence in Pakistan of firm or associated firm in case of a consortium

Firm Experience (30%)

* At least 10 years of experience with research project relevant to the subject of financial inclusion, etc.
* Proven prior experience in the field of research in digital financial services sector and preferably on branchless/mobile banking, digital merchant payments etc.
* Previous work in Pakistan is a requirement

Personnel (10%)

Qualifications and competence of personnel assigned to the research to be provided bearing in mind the following:

* Proven experience in research on related subjects
* Qualified staff with Master’s degree in economics, public/business administration, social sciences or related discipline;
* Well written and spoken English;
* Complete list of deployed team members with their skill level and time duration that they will be committed for this project
1. **Correction of Errors**

Proposals determined to be substantially responsive shall be checked by Karandaaz Pakistan for any arithmetic errors. Errors shall be corrected by Karandaaz Pakistan as follows:

Where there is a discrepancy between the amounts in figures and in words, the amount in words shall govern.

The amount stated in the proposal shall be adjusted by Karandaaz Pakistan in accordance with the above procedure for the correction of errors and, with the concurrence of the firm, shall be considered as binding upon the firm. If the firm does not accept the corrected amount, the proposal shall be rejected.

1. **Currency for Price Evaluation**

For evaluation and comparison purposes, Kaandaaz Pakitan shall convert all proposal prices expressed in US Dollars into an equivalent amount in PKR, using the selling exchange rates established by the State Bank of Pakistan on the date of proposal opening specified in point 19 ‘Proposal Opening’.

1. **Evaluation of Proposal Price and ranking :**

Financial Proposal (30% of Total Score)

Cost proposals submitted will be evaluated according to price reasonableness determination under full and open competition and known market conditions.

Evaluation of the cost proposal will consider, but will not be limited to, the following:

* Cost reasonableness;
* Consistency with the technical proposal;

30 points will be awarded to the lowest responsive bidder while rest of the bids will be allocated points according to following formula:

Points of a Bidder = (P1/ P2)\* 30

Where:

P1= Price of Lowest Responsive Bidder

P2= Price of the Bidder

**F. Award of Contract**

1. **Award Criteria**

Subject to 31 below, Karandaaz Pakistan shall award the contract to the firm whose proposal has been determined to be substantially responsive to the RFP and which has the highest combined technical and financial score, provided that such firm has been determined to be eligible in accordance with point 3.

1. **Karandaaz Pakistan’s right to accept Any proposal and to reject any or all proposals**

Notwithstanding point 28 above, Karandaaz Pakistan reserves the right to accept or reject any proposal, and to cancel the bidding process and reject all bids, at any time prior to the award of contract, without thereby incurring any liability to the affected firm or firms or any obligation to inform the affected firm or firms of the grounds for Karandaaz Pakistan’s action.

1. **Notification of Award and Signing of Agreement**

The firm whose Proposal has been accepted shall be notified of the award by Karandaaz Pakistan prior to expiration of the proposal validity period in writing. This letter (hereinafter and in the contract called the “Letter of Acceptance”) shall state the sum that Karandaaz Pakistan shall pay the contractor in consideration of the services as prescribed by the contract.

The Agreement shall incorporate all agreements between Karandaaz Pakistan and the successful firm. It shall be signed by Karandaaz Pakistan and sent to the successful firm, within seven (7) days following the Letter of Acceptance’s date. Within seven (7) days of receipt, the successful firm shall sign the Form of Agreement and deliver it to Karandaaz Pakistan.

Karandaaz Pakistan will also promptly notify in writing each unsuccessful firm. After publication of the award, unsuccessful firms may request in writing to Karandaaz Pakistan seeking explanations of the grounds on which their Proposals were not selected. Also, Karandaaz Pakistan shall entertain a complaint from any firm that claims to have suffered or that may suffer, loss or injury due to a breach of a duty by the company in the conduct of this bidding process. Such requests shall be addressed and delivered in writing to:

Karandaaz Pakistan

Attention: Chief Executive Officer

Re: “Landscape Study of Retail Payments in Pakistan”

1 E, Ali Plaza, Nazimuddin Road, D-Chowk, Islamabad

Any requests via email seeking this explanation will not be answered.

**SECTION 3. PROCUREMENT POLICY – VENDOR CONDUCT**

1. **Corrupt or fraudulent practices**

Bidders, suppliers, contractors and their agents (whether declared or not), sub-contractors, sub-consultants, firms or suppliers, and any personnel thereof, shall observe the highest standard of ethics during the procurement and execution of contracts.

Karandaaz Pakistan shall not award contract if it is determined that the bidder, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, firms, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question. As part of bidding/ solicitation documents, Karandaaz Pakistan will seek declaration of ‘Non-collusive non-corrupt practices’ from each bidder. Format for such declaration is prescribed in section 3 of the standard bidding document. In pursuance of this policy, following terms are defined as follows:

1. “Corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
2. “Fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
3. “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
4. “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
5. “Obstructive practice” is deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation.
6. **Avoidance of conflict of interest**

Any firm participating in the procurement process should disclose any actual or perceived conflict of interest situation/condition. Any firm found to have a conflict of interest shall be ineligible for award of a contract.

A firm shall be considered to have a conflict of interest in a procurement process if:

1. Such firm is providing goods, works, or non-consulting services resulting from or directly related to consulting services for the preparation or implementation of a project that it provided or were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm; or
2. Such firm submits more than one bid, either individually or as a joint venture partner in another bid, except for permitted alternative bids. This will result in the disqualification of all bids in which the bidder is involved. However, this does not limit the inclusion of a firm as a sub-contractor in more than one bid. Only for certain types of procurement, the participation of a bidder as a sub-contractor in another bid may be permitted subject to the company’s no objection and as allowed by the standard bidding documents applicable to such types of procurement; or
3. Such firm (including its personnel) has a close business or family relationship with a professional staff of the company who: (i) are directly or indirectly involved in the preparation of the bidding documents or specifications of the contract, and/or the bid evaluation process of such contract; or (ii) would be involved in the implementation or supervision of such contract unless the conflict stemming from such relationship has been resolved in a manner acceptable to the company throughout the procurement process and execution of the contract; or
4. Such firm does not comply with any other conflict of interest situation as specified in the standard bidding documents relevant to the specific procurement process.
5. **Duty of care**

The supplier in performance of services for Karandaaz Pakistan shall exercise duty of care. Duty of care holds the supplier responsible for the safety and well-being of its personnel and any third party affected by its activities.

**SECTION 4. TERMS OF REFERENCE**

**Project Title:** Study on Merchant Payments in Pakistan

**Duration:** 120 calendar days

**Task Manager:**  Rehan Ahmad Akhtar

**About Karandaaz Pakistan**

KARANDAAZ PAKISTAN, a private company established in August 2014, promotes access to finance for small businesses through a commercially directed investment platform, and financial inclusion for individuals by employing technology enabled digital solutions.

The Digital Financial Services (DFS) Unit of Karandaaz Pakistan focuses on expanding the poor’s access to digital financial services in Pakistan by working across the ecosystem of local actors – policy-makers, regulators, government departments, businesses, researchers and academics. The DFS Unit facilitates digitization of government and other payment streams, encourages experimentation with businesses, and provides support to innovative DFS start-ups.

The Company has financial and institutional support from leading international development finance institutions; principally the United Kingdom Department for International Development (UKAid) and the Bill & Melinda Gates Foundation. The Consultative Group to Assist the Poor (CGAP), a member of the World Bank Group, provides technical support to Karandaaz Pakistan.

**Background of project**

The State Bank of Pakistan (SBP), together with the branchless banking providers and other key stakeholders, realize the potential benefits that financial inclusion can create on an economy. Merchant payments is identified by all stakeholders as a key payment use case that is being used by almost every segment of the population and it’s currently based on cash transactions. In order to understand the merchant payments space better, Karandaaz initiated a consultation process with all stakeholders and it clearly turned out as a fact that there is a lot of unknown factors that can be explored to find real issues that is currently hindering the growth of digital merchant payments in Pakistan. Moreover, there is a lot of anecdotal evidence available that needs formal validation and documentation to translate perceptions into factual information that explains the pertaining issues regarding merchant payments. Karandaaz Pakistan steps forward to support the need and as a part of overall strategy on micro payments, it will commission a comprehensive study to understand the merchant payments landscape of Pakistan. This work will be carried out by a research firm or consortium of firms in close coordination with Karandaaz Pakistan.

**Objective of the Project**

Retail payments are predominately depended on cash-based transactions. Despite numerous service providers in the market digital retail payments did not penetrate to substantially in the country. Karandaaz Pakistan in collaboration with SBP have initiated micro payment gateway initiative and it envisioned to enable and facilitate merchant payments in the country. As a part of the overall programme initiative, Karandaaz intends to conduct merchant payment study for following objectives:

The primary objective of this study is to find, substantiate with data evidence and showcase factors that are currently hindering the growth of digital solutions for retail payments in Pakistan. There is an identified need of segmenting the merchants and profiling of each segment. In addition to it, the study shall answer the requirements of each segment of the merchant from the financial and payments perspective.

Moreover, the study should also evaluate modern technologies like Smartphone applications, QR code, Near Field Communication (NFC) that may bring cutting edge solutions to disrupt the digital retail payments in Pakistan. It is important to consider the combination of deep user insights, technology capabilities and micro merchant focused that can assist in increasing uptake and usage of digital retail payments in Pakistan.

**Scope**

There are multiple views and opinions of stakeholders that explains the slow growth of digital retail payments in Pakistan but there is no publicly available research work that can support any particular argument of stakeholders. The project aims to learn the current landscape of retail payments in Pakistan. The study can be broken down into three different broad chapters which are:

1. Landscape and current state of merchant payments
2. Merchant Segmentation exercise
3. Best practices and proposed interventions *(Policy, regulatory, products & Services etc.)*

It is expected from the firm to gather information from all types of merchants ranging from high end to low end from all over the country. Moreover, the research team will gather data and information from all key stakeholders which may include financial institutions, regulators, acquirers, issuers, customers and financial-technology companies. Among merchants the scope of the study will include both physical and online merchants with a particular focus on micro or low-end merchants. The idea is to gather information and processes them into meaningful insights that can explain the poor current adoption of digital retail payments and what interventions can provide immediate and long-term solutions that can help the industry to grow robustly.

The landscape chapter shall clearly identify all stakeholder, their roles and responsibilities that they play to maintain and run the merchant payments eco-system, and highlight their pain points and challenges which are causing poor adoption of the digital merchant payments. It shall discuss in detail the current state of affairs and take input from all industry stakeholders.

Study segmentation chapter shall help to draw boundaries of different types of merchant by segmenting them based on meaningful attributes & factors such as size of business, social class of the customers served by the merchant, location, premises size-type, nature of business, awareness and education level etc. The overall objective from the merchant segmentation exercise is to find each segment’s needs in terms of access to finance, current payment system, order booking etc.

Based on the identified needs of merchants and keeping international best practices and technology availability into consideration the study will recommend interventions which can be multiple including but not limited to regulatory interventions, products and services, processes etc. Case study examples may also be included from at least three different markets – that are similar to Pakistan - to substantiate recommended solution. Moreover, consultant is also expected to submit a policy brief no longer than 4-8 pages that shall help the regulator and policy makers to create conducive regulatory environment on merchant onboarding and their management.

Moreover, we would like the research firm to take evidence-based approach on explaining the relationship of research findings. There are several hypotheses such as below which the firm can use to test and create empirical evidence to support the research findings. As a part of Karandaaz consultation process with the stakeholder few of these hypotheses are being shortlisted below. The study methodology may accommodate testing of following hypotheses:

1. Economics: the cost of device is too high which does not make a positive business case for service providers to deploy at all types of merchants. With the introduction of modern technology, the cost element can be significantly reduced that can help to penetrate at all level of merchants.
2. Regulatory Environment: due to high taxation on sales, there is a general belief in the minds of merchants to avoid any documented means of transactions on their merchandise sales. This has created huge constraint in adapting digital means of transactions.
3. Convenience/ease of use: the device literacy and general literacy levels are low in the country, any solution that can be designed with HCD methodology with focus on illiterate users can help significantly in the uptake and usage of digital retail payments.
4. Engaging customers: leveraging social network can be used to keep customers engaged, minimize trust barriers and ultimately increase activity among users.

**Methodology**

The applicant will be selected on the basis of creativity and originality of the proposed methodology for the research design.

**Qualifications**

The ideal firm or partnership would bring the following key elements:

* The firm should have a proven approach in similar data gathering and analyzing initiatives
* Knowledge of local market is preferable
* Prior experience working with private sector particularly in the retail payments system providers
* Prior experience promoting the financial inclusion agenda in Pakistan, particularly mobile money
* Availability of key staff within the stipulated time frames for this work. Specific names and resumes of the team should be included

**Deliverables**

The vendor firm(s) are expected to deliver the following deliverables:

1. Merchant payments landscape of Pakistan
2. Segmentation Report on Merchants
3. Case studies of market similar to Pakistan
4. Policy brief on merchant on-boarding and management
5. Final deck of key insights with infographics deck

In addition, weekly status updates will be required. The required language for written deliverables is English.

**Deliverable and Payment schedule**

The tentative timeline for this study is 120 calendar days unless the appointment is extended or a new appointment is made. The schedule will be further clarified in each subsequent task assignment. The project timeline will begin on signing of the contract.

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| **Milestone** | **% Payment**  |
| Sign contract | 10% |
| Final Landscape Report | 20% |
| Segmentation Report | 20% |
| Policy briefs and case studies | 25% |
| Final Presentation of Key insights with infographic deck | 25% |
|  |  |

Payments are disbursed within 10 business days of invoice approval. The task manager has final sign off on deliverables and invoices.

**Task Manager/Reporting**

The firm will report to the Rehan Ahmad Akhtar, Director Digital Financial Services. Karandaaz Pakistan may designate another qualified task manager. The Task Manager has final sign off on deliverables and invoices. Moreover, Karandaaz Pakistan will constitute a panel of experts from the industry and the research firm will present each deliverable and research findings to the panel in a pre-decided schedule of presentation sessions.

**Ownership/Control of Work and Product/Publication**

All materials produced or acquired during the appointment - written, graphic, film, digital audio/video or otherwise - shall remain the property of Karandaaz Pakistan unless and to the extent such rights are explicitly relinquished (in whole or in part) by Karandaaz Pakistan, in writing. Karandaaz Pakistan furthermore retains the exclusive right to publish or disseminate in all languages reports arising from such materials.

In the event of early termination of the appointment or non-renewal upon its expiration, the firm shall, if requested by Karandaaz Pakistan, deliver to it copies of all materials and data developed with Karandaaz Pakistan funds. Any material developed by the firm under these TORs may not be used without written prior approval by the Karandaaz Pakistan Task Manager.

**Authorship and Acknowledgement**

Karandaaz Pakistan staff will generally be listed as the authors of any publication or other communication that is produced as a result of the research conducted during the appointment. The firm’s contribution in conducting this research will be acknowledged in any such publication. If, in the reasonable view of the Task Manager, the firm contributes significantly to the conceptualization and drafting of any documents created, the firm will be listed as co-author, along with the relevant Karandaaz Pakistan staff.

**PROPOSAL SUBMISSION FORM**

Dear Sir/Madam,

Having examined the Solicitation Documents, the receipt of which is hereby duly acknowledged, “THE FIRM NAME” undersigned, offer to provide consulting for “INSERT REFERENCE NUMBER” to Karandaaz Pakistan in accordance with the Price Schedule attached herewith and made part of this proposal. “THE FIRM NAME” undertake, if our proposal is accepted, to commence and complete delivery of all services specified in the contract within the time frame stipulated.

“THE FIRM NAME” agree to abide by this proposal for a period of 90 days from date fixed for opening of proposal in the invitation for proposal, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

We understand that you are not bound to accept any proposal you may receive.

Dated: this------day of -------2015

**Name, Designation and Signature of the “firm Representative”**