**KARANDAAZ PAKISTAN**

**Request for Proposal**

21-March-2018

**SECTION 1. LETTER OF INVITATION**

RFP no. #42

21st March 2018, Islamabad

1. The purpose of this RFP is to solicit bids from companies interested in providing **feasibility study for a SME financing platform**. 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. In the event of any conflict or inconsistency in terms and conditions of the request for proposal, Karandaaz Pakistan procurement policies and procedures shall prevail.
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 20th April 2018. Offerors must prepare four hard copies of the technical proposal and one hard copy of the cost proposal, 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:

“Feasibility study for a SME financing platform..”

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, etc.

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 in 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 April 09th, 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 April 13th, 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 April 20, 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**](mailto:procurement@karandaaz.com.pk) with the subject line: Responding to RFP for “Feasibility study for a SME financing platform..”

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 April 20th, 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 “Feasibility study for a SME financing platform. - “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.

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

Technical Proposal (80% of total score)

* Demonstrate in-depth knowledge of financial regulatory space
* Demonstrate in-depth knowledge of Pakistan’s banking and financial sector
* Demonstrate in-depth knowledge of the SME space
* Have prior experience in structuring debt and equity concerns and special purpose vehicles
* Have strong accounting knowledge and expertise
* Approach and methodology
* Proposed team
* Work plan/project timeline

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 (20% 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;

20 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)\* 20

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: “Feasibility study for a SME financing platform..”

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**

**Thematic Area**: Knowledge Management

**Project Title: Feasibility study for a SME financing platform.**

**Expected Start Date:** May 2018

**End Date:** August 2018

**Task Manager:** Director KMC and Chief Investment Officer**,** Karandaaz Pakistan.

**About Karandaaz Pakistan**

KARANDAAZ PAKISTAN, a not-for-profit 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 company has financial and institutional support from leading international development finance institutions; principally the United Kingdom Department for International Development (DFID) and the Bill & Melinda Gates Foundation.

The Company has four verticals:

* **Karandaaz Capital** provides wholesale structured credit and equity-linked direct growth capital investments in micro, small and mid-size enterprises (MSMEs) with compelling prospects for sustainable growth and employment generation in Pakistan.
* **Karandaaz Digital** focuses on expanding the poor’s access to digital financial services in Pakistan by working across the ecosystem with all stakeholders including regulators, policy-makers, government departments, businesses and researchers and academics with activities arranged in four key work areas–Policy and Regulation, Seeding Innovation, Experimentation and Solutions Development, and Scale and Outreach.
* **Karandaaz Innovation** manages the Innovation Challenge Fund, providing risk capital and grants to partners with an aim to generate innovative solutions to complex problems in areas of financial inclusion and entrepreneurship.
* **Knowledge Management and Communications** supports the company's core financial inclusion goal by developing and disseminating evidence based insights and solutions to influence markets and the financial ecosystem.

**About the Project**

The bulk of the funding available to Karandaaz Pakistan is to facilitate debt and equity financing to micro, small and medium enterprises (MSMEs). With a view to further leverage and add to the capital available, and greater flexibility in deployment, a review of the legal and regulatory structure of Karandaaz is to be commissioned. The review will encompass the debt and equity business of the Company and recommend, following a detailed review, whether an alternative regulatory structure can yield advantages in terms of governance, compliance, access to human resource and leveraging available funds.

**Target Audience**

Karandaaz Capital is the business unit of the company which manages capital committed by the United Kingdom’s Department for International Development (DFID). Its mission is to make an impact on the development of a market for MSME finance. Karandaaz Capital has the flexibility to participate in various financial instruments: equity, quasi-equity, debt, guarantees and other instruments for providing capital to MSMEs. Under the current structure, the Company invests commercially directed capital for increasing the access of finance to MSMEs through:

* **Direct Investment:** An investment made directly in an SME. These investment normally take the shape of PE investments in SMEs
* **Intermediated Investment:** Any investment not made directly by Karandaaz Capital in an SME but through a third party such as a Partner Financial Institution, DFI, NBFI or Corporate. These investments are generally risk participation agreements for increasing financing of SMEs in structure supply chains of corporate entities.
* **Strategic Investment:** Any investment to set up a Special Purpose Vehicle (SPV) that focuses on creating a market for MSME finance. This will include specialized entities that will be an addition to the existing financial architecture of Pakistan and unlock capital for MSMEs. A recent example of this investment is in Pakistan Microfinance Investment Company which is a wholesale microfinance platform connecting the capital and credit markets to MFIs/MFBs.

The target market of Karandaaz Capital are MSMEs as defined by International Finance Corporation (IFC)

|  |  |  |  |
| --- | --- | --- | --- |
| **Indicator** | **Micro Enterprise** | **Small Enterprise** | **Medium Enterprise** |
| Employees | < 10 | 10 < 50 | 50 < 300 |
| Total Assets | < $100,000 | $100,000 < $3 million | $3 million < $15 million |
| Total Annual Sales | < $100,000 | $100,000 < $3 million | $3 million < $15 million |
| An entity which meets the any two out of three conditions is classified as either | | | |

Karandaaz Capital can make investments in only those MSMEs which carry out the economic activity primarily in Pakistan. At minimum, the capital formation or job creation as a result of Karandaaz investments should be in Pakistan. Karandaaz make opportunistic investments for achieving both financial and development returns in various business sectors. However, it ensures that its investments achieve additionality without crowding out public or private capital.

Karandaaz Capital is managed by the Corporate Investment & Credit Team which is led by a Chief Investment Officer who oversees all the investment activities. The Karandaaz Capital team receives oversight and guidance from an Investment Committee (IC), which reviews deals pertaining to the debt and equity funds and recommends investment decisions to Karandaaz Pakistan’s Board for final approval.

Karandaaz Pakistan is seeking professional services to study the feasibility of setting up a commercially-driven Special Purpose Vehicle (SPV) which focuses on providing capital through various financial instruments to small and medium enterprises (SMEs). The study should also propose the regulatory structure of SPV keeping in view the mission of Karandaaz Pakistan. The feasibility study will be used for making the decision whether Karandaaz should set up such a wholly or partially-owned subsidiary which can be used for deploying capital in SMEs using innovative models based on technology.

**Scope of Work**

The Consultant will:

**Phase I**

Develop in-depth understanding of the current structure and business of Karandaaz Pakistan. This will be achieved by reviewing the following documents:

* EAGR Business Case
* Memorandum of Association and Articles of Association
* Credit and Equity Policy Manuals
* Previous and Forward-looking targets and company financials

Consultations will be held with at least the following: the sponsor (DFID), the Karandaaz Board, CEO and Capital Investment and Credit team, relevant personnel in the SECP.

The Consultant will identify bottlenecks keeping in view current regulatory requirements and market realities.

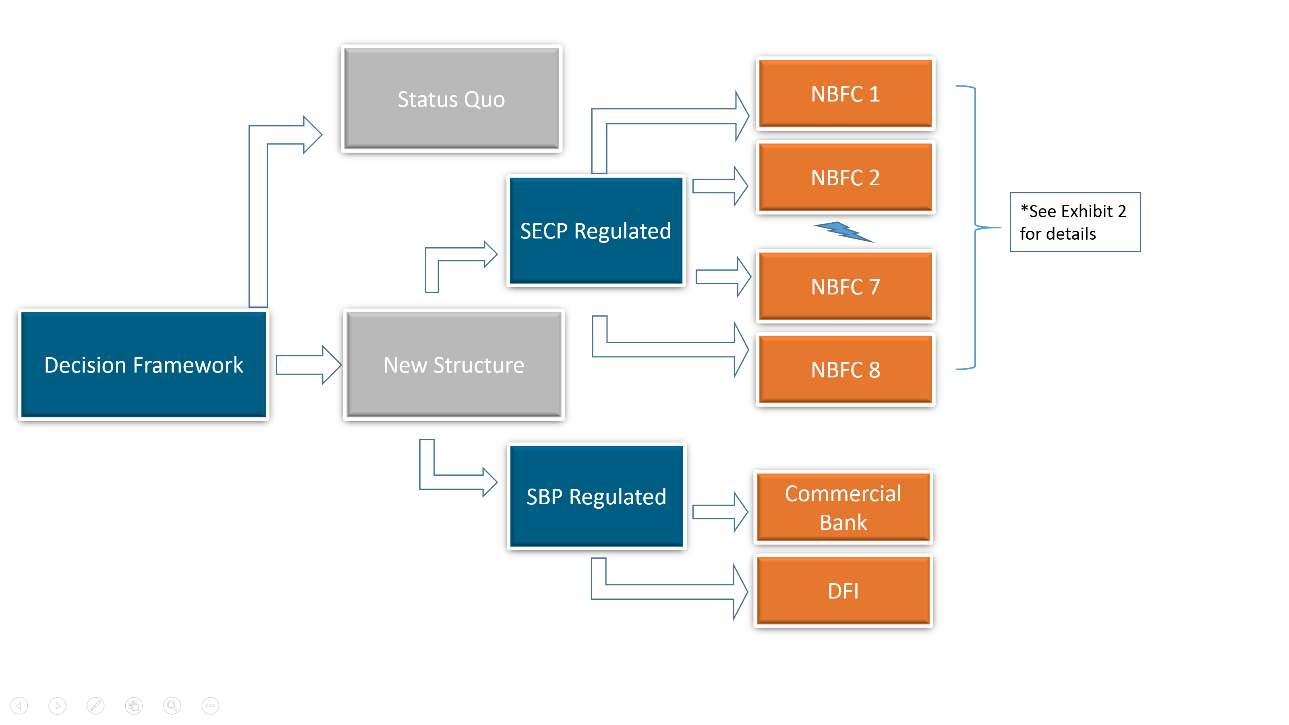
**Phase II**

The Consultant will carry out both demand and supply side analysis to ascertain whether such an SPV focusing on providing capital to SMEs is required. The analysis will include the following:

* The capital requirements of SMEs in Pakistan so as to ascertain existing capital constraint faced by SMEs. The sector wise estimated data may be provided using the standard classification used by Pakistan Bureau of Statistics.
* Formal and Informal channels available to SMEs in Pakistan for securing capital and their current performance
* Assessment of the capacity of existing formal and informal channels to service the capital needs of SMEs
* Relevant cases of specialised entities which focus on providing capital to SMEs from a group of countries relevant to Pakistan
* Impact on the growth of SMEs when such SPVs are available
* Research and analyse the different definitions for MSMEs by different bodies (IMF, Word Bank, IFC, SBP, SECP, etc.) and recommend potential changes which would be more aligned with the economic indicators for Pakistan.
* In light of analysis of the definition of MSMEs, propose the most suitable definition to be adopted for the Karandaaz Capital (whether in status quo or new structure)

**Phase III**

The Consultant will develop an option analysis framework (“Framework”) and a list of options (“Options”) available to Karandaaz Pakistan. The Consultant will assess each option against the Framework using a scoring methodology to assess each option. The exhibit below is for demonstration purpose to identify the potential Options. The purpose of exhibit is just to provide an example as the Consultant will be required to prepare Options based on the analysis in Phase I&II

Exhibit 1: Options

Some of the Parameters for the Framework may include one or more of the following parameters. These parameters are only indicative and the Consultant will develop the detailed Framework based on his own analysis

* Regulatory Complexity
* Capital Required
* Risk
* Flexibility
* Channel Reach

**Phase IV**

Based on the analysis the Consultant will develop a list of options for the consideration of Karandaaz Pakistan. The Consultant shall develop recommend an option to Karandaaz Pakistan. The recommended option must contain *inter alia* regulatory requirements, high level business case, risks and risk mitigants, capital structure

**Timeline**

The engagement shall commence in May 2018 and is expected to be concluded in August 2018.

The contractor will provide the following deliverables:

* Draft report
* Interim Presentation with Findings and Recommendations (to be discussed with Senior Management, Karandaaz Pakistan)
* Final Report
* Final Presentation

The Consultant shall be responsible for making all logistical arrangements for their team required with respect to the engagement and informing Karandaaz prior to all meetings.

**Qualifications**

The ideal contractor will bring the following key elements:

* In-depth knowledge of Pakistan’s banking and financial sector
* In-depth understanding of the SME space
* In-depth understanding of financial sector regulatory regimes (SECP and SBP)
* Prior experience in structuring debt and equity concerns and special purpose vehicles
* Accounting knowledge and expertise
* Ability to assemble a strong multi-disciplined engagement team to be able to provide a the holistic and actionable insight required by Karandaaz
* Knowledge of successful SME Ecosystems and the stakeholder groups required to facilitate success
* Knowledge of current technology capability and how Karandaaz Pakistan can utilise this in the recommended Business & Operating Model
* Availability within the stipulated time frames for the assignment
* Very strong analytical and writing skills.

Applicants will need to meet the following pre-requisite criteria:

* Is a registered/incorporated entity
* Has audited accounts and tax returns for a minimum of two financial years
* Is able to travel to and work across Pakistan
* Is available to work on the assignment during the stipulated timeframe.

Consortiums may apply (lead firm must be specified; letter of partnership to be included in annexes; prerequisites will apply to all consortium partners).

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

The ownership of all copyright and other intellectual property rights in respect of any data compilations, research, spreadsheets, graphs, reports, diagrams, designs, work products, software, or any other documents, developed in connection with this Contract will exclusively vest in and remain with Karandaaz which shall have all proprietary rights therein, notwithstanding that the Contractor or its employees may be the author of the intellectual property. All documents relating to the intellectual property or otherwise connected with this Contract, the services, or duties must be returned or delivered to Karandaaz at the time of the expiration or termination of this Contract. The Contractor agrees not to publish or make use of any of the intellectual property, or documents relating thereto, without the prior written approval of Karandaaz, and where approval is granted, without proper attribution to Karandaaz.

**Task Manager/Reporting**

Diector KMC

**Payment**

Karandaaz will pay the Contractor’s invoice within thirty (30) business days after a) Karandaaz’ approval of the Contractor’s Deliverables, or b) Karandaaz’ receipt of the Contractor’s invoice, whichever is later. Payment will be made in PKR, as agreed, to the account specified in the Contractor’s invoice.

**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 -------2018

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