



**Expression of Interest
Partnership with “Women Ventures”
A Karandaaz Programme to Support Women-led Enterprises in Pakistan**

Submission Guidelines

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This notice is placed by Karandaaz Pakistan. You are requested to direct all your queries to the Karandaaz Pakistan office in Islamabad, Pakistan using the e-mail address provided below.

Title of EOI: Partnerships with Karandaaz Women Ventures

Date of Issuance: 6th February 2020

Closing date: 20th February 2020

Address EOI response to: Head of ICF and MEL

EOI Number: 17

E-mail Address: womenventures@karandaaz.com.pk

A. COMPANY OVERVIEW

Karandaaz Pakistan (KRN) was established in 2014 with the aim of fostering economic growth and creating jobs through the financial inclusion of unbanked and underbanked individuals and enterprises. Karandaaz views financial inclusion to be the provision of appropriate and accessible range of quality financial services and products (equity, credit, insurance, savings, and payments) to individuals and micro, small and medium enterprises (MSMEs). 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 (BMGF). KRN has four core work streams:

KRN Capital: an SME investment platform promoting access to finance for SMEs, in order to generate broad based employment in Pakistan.

KRN Digital: Provides technical assistance and services to promote financial inclusion through technology-enabled solutions.

KRN Innovation: encourages innovative approaches for addressing the challenges in financial inclusion and supports women entrepreneurship through customized financial instruments and business development support.

KRN Knowledge Management: develops and disseminates evidence-based insights and solutions to inform core themes of the company, including innovation, women entrepreneurship and youth, and to influence the financial ecosystem to promote financial inclusion in Pakistan.

B. PROGRAMME DESCRIPTION

i) Background and Objectives

There is a general lack of access to finance for SMEs in Pakistan; the gap is even higher for women-led enterprises. Karandaaz is one of the leading investors in women owned businesses in Pakistan. Under the Innovation vertical, Karandaaz launched the Women Entrepreneurship Challenge (WEC) in 2017 to facilitate the growth of women owned and managed businesses in Pakistan through provision of business development support services and by investing growth

capital. Through successful delivery of three WEC rounds, Karandaaz has provided technical assistance to over 65 women-led SMEs and invested growth capital in 18 women owned and managed businesses. While the first round included early-stage startups, the subsequent rounds focused on running businesses in the SME space. These businesses have a minimum operational history of three years, generate at least PKR 5 million in annual revenue, and also have majority female ownership, as well as direct female involvement in management.

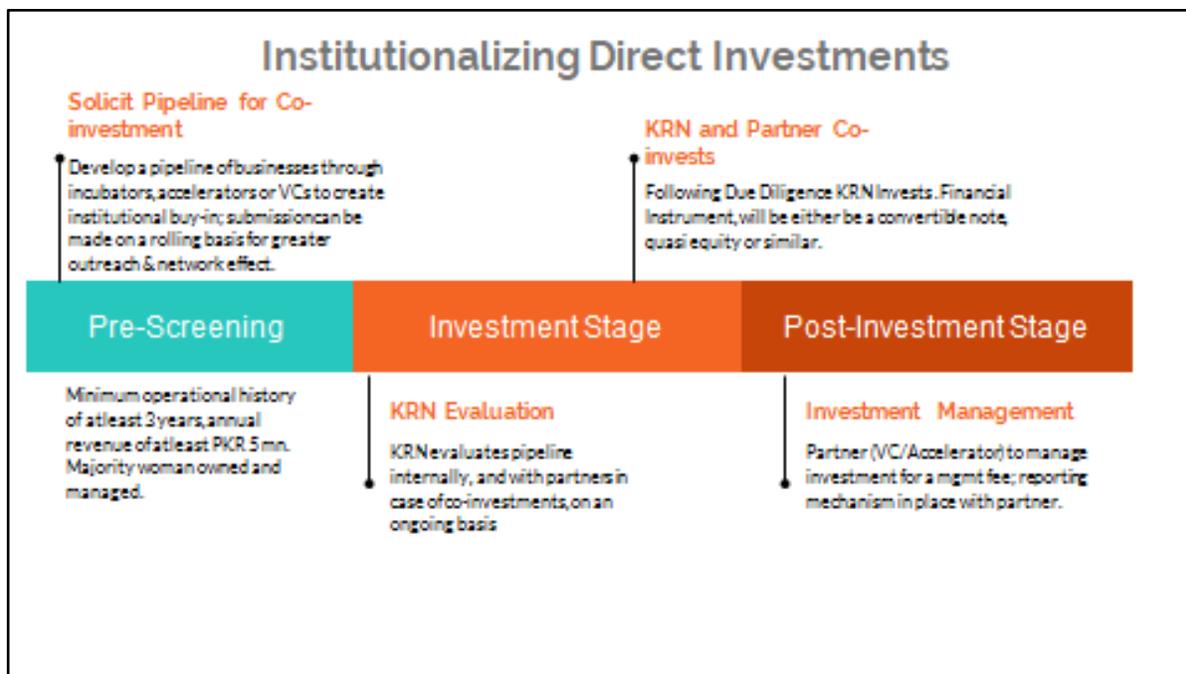
Karandaaz women-led business clients fall in the missing middle category that is neither served by micro-lending institutions, nor commercial banks. The missing middle is further divided in two broad segments:

- **Crowded and Low Productivity (CLP):** these are businesses that operate in apparel, tailoring, beauty salons, baking, and other similar sectors where productivity, and ability to scale is low. They tend to be the lower end of small businesses with limited potential for growth.
- **High Productivity and High Impact (HPHI):** these are businesses that operate in manufacturing, technology and services sectors. HPHI businesses have a strong growth and employment creation potential

The current WEC portfolio includes businesses from both categories of the missing middle. However, going forward Karandaaz will have separate approaches for CLP and HPHI. *The WEC direct investment model will be institutionalized, and run on rolling basis focusing on HPHI women led businesses only.* To stoke the demonstration effect in this category, the focus will be on the quality of investment rather than large numbers. Karandaaz will enter into partnerships with incubators, accelerators, networks, venture capitals and other donor programmes supporting women entrepreneurs to develop a good pipeline of investees and also co-invest in promising businesses with larger financial needs.

To reduce the gestation period, and enable businesses to invest their energies entirely in the investment utilization, Karandaaz will commission external services to facilitate the incorporation process of the selected business and other legal requirements to minimize the time between selection, and disbursement of funds. Partnerships will be established to enable effective and evidence based business support services. To this end, process linkages will also be developed with post investment monitoring of investees by Karandaaz.

Below is the investment cycle for Karandaaz Women Entrepreneurship programme and partnership potential at various stages.



ii) Scope of Partnership

Karandaaz has successfully implemented three rounds of Women Entrepreneurship Challenge (WEC) since 2017. Going forward Karandaaz will be institutionalising the WEC and accepting applications from eligible women-led and owned businesses on a rolling basis. Accordingly, the programme has been rebranded as “Women Ventures” . Karandaaz will also be entering into partnerships to serve a larger number of women-led and owned businesses and strengthen the ecosystem supporting this market segment. This EOI solicits interest in two main partnership categories that are explained below:

- **Share Pipeline for Potential Investees**

Karandaaz Women Entrepreneurship programme will partner with other established incubators and accelerators, VCs, Universities, and advisories, and consider their pipeline of late stage businesses for investment funding. This provides Karandaaz a larger pool of potential investees and the partner entity the opportunity to link its graduates with potential funding investment. A memorandum of understanding (MOU) will be signed between Karandaaz and the partner institution for formal sharing of the pipeline.

- **Co-investment as per the decision of respective institutions**

Karandaaz is open to co-investment (convertible note, quasi-equity, or similar instruments) in a late stage business. Each investment proposal will be assessed on individual merit. Pipeline of late-stage startups/SMEs that are women-led and owned will be considered in this category. The decision to co-invest will lie with each respective institution (i.e. KRN and potential co-investing partner).

- **Co-investment plus Investment Management**

Karandaaz is open to co-investment and also pay a negotiated annual management fee should the partner be interested in managing the investment, subject to any regulatory approval. Karandaaz will pay the annual management fee as a percentage of the total investment.

C. Eligibility Criteria for Partner Selection

A potential partner may apply for more than one of the above categories. Karandaaz is also open to applications from consortiums (but not mandatory) if it helps in providing high quality specialised services to the investee.

The EOI is open to the following entrepreneurship ecosystem players:

- Institutional investors
- Venture Capital funds
- Incubators and Accelerators
- Startup/SME networks

Karandaaz will only consider partners that have a strong track record for developing innovative new approaches and delivering results. The potential partner must be registered with the appropriate regulatory authority. It must have established organisational systems and tested instruments to provide support in the selected partnership category. *Karandaaz will only accept applications from institutions, and will not consider individual applicants.*

D. Application Process

To apply, eligible institutions should submit the following:

1. EOI Form (can be accessed from: (www.karandaaz.com.pk/wv))
2. Copy of Company Registration/Certificate of Incorporation (for all companies in case of a consortium)
3. Letter of Intent stipulating the organization (or consortium) interest and willingness to work with Karandaaz. The letter should highlight the value proposition for provision of intended services.

E) Prioritized Segments

Karandaaz following an institutionalized approach for addressing access to finance gap for women entrepreneurs will be accepting applications for financing, from women-owned, and led businesses throughout the year. The following segments will be prioritized, with a focus on ability to scale, as well as potential developmental impact:

- i) SMEs requiring capital to scale, and unlock growth

- ii) SMEs focusing on disruptive technologies, and financial inclusion of women
- iii) Late-stage Start-ups which require growth capital to scale

F) Process Flow and Timeline

Solicitation of Applications and Selection of Partners

Timeline: February 2020 - April 2020

Expressions of Interest: KRN will invite business service providers, investors, incubators, accelerators, and any other entities who may be able to add value in scaling up a program focusing on bridging the access to finance gap for women-led, and managed businesses. The template for the EOI is provided below. To apply access the form [here](#). The EOIs will be reviewed and shortlisted by KRN, based on a minimum eligibility criteria (defined in Section C above).

- *For pipeline sharing:* Partnerships for pipeline sharing will result in a MOU.
- *For co-investment with/without investment management:* Shortlisted entities for partnerships will be added to a pre-qualified panel of partners. Successful investment propositions will be finalised through negotiation on a case by case basis.

Final Selection: KRN will review and select partners for the program, who may become a part of a panel which KRN may collaborate, and/or co-invest with in future.

G) Important Dates*

EOI Submission Deadline	20 th February 2020
Shortlist partners based on EOI	2 nd March 2020
Selection of partners and results announcement	16 th March 2020
Formalization of partnership terms	15 th April 2020

*These are indicative and may change.

H. EOI Form Template

Applicants are requested to complete the EOI form through our website (<https://karandaaz.com.pk/procurement/>) as specified in the format below. EOI Forms with

supporting documents must be submitted by 5:00 PM on 20th February, 2020 (Pakistan Standard Time). EOIs submitted after the deadline will not be considered. All queries may be sent to womenventures@karandaaz.com.pk no later than 5:00 PM on 18th February, 2020.

Name of Applicant’s Organization(s)

Please list names of all organizations applying if in a consortium, clearly mentioning the lead organization.

Name of Primary Point of Contact

Please provide the first and last name of the primary point of contact.

E-mail

Please provide an e-mail address of the primary point of contact.

Phone Number

Please provide the phone number of primary point of contact.

Job Title

Please provide the job title of the primary point of contact.

Address of applicant’s organization(s)

Please provide information for all organizations applying (in case of consortium)

Year of incorporation

Please provide information for all organizations applying (in case of consortium).

Specific law under which company is registered

Please provide a copy of the registration certificate for all organizations applying (in case of consortium).

Number of employees

Please specify the number of employees for all organizations applying (in case of consortium).

Please provide a brief overview of the organization(s) current programme and services

Include information on relevant areas such as: venture capital funding, incubation, acceleration, university startup program, business development support services, financial/business/tax advisory, networking, pipeline development, technical assistance, co-working space, mentorship and/or any other (please specify). Also indicate if you support early stage startups, late stage startups, or SMEs.

Please describe the work you've done and impact you've had in supporting women-led businesses (organisations with gender agnostic focus can describe how their work can support women-led businesses - please adjust the following information requirements accordingly).

Include the following:

- A brief description of support given (if any) to women-led/managed enterprises.
- List the portfolio of clients and nature of support given to them
- The percentage of businesses in your portfolio that are women-owned and or managed.
- If women-led businesses supported through your organization(s) have been able to raise outside capital.

Please provide names and brief bios of key personnel on the programme

The team should have expertise in the aspects of the partnership defined in the previous question.

Please describe the kind of partnership you'd be interested in.

Brief description of which one of the below the organization(s) is interested in:

- i) Pipeline sharing
- ii) Co-investment
- iii) Co-investment + Investment Management
- iv) A combination of the above
- v) Any other additional partnership possibilities (please specify)

Suggestions for Karandaaz to consider

We welcome suggestions on the structure of this partnership in terms of duration, structure of risk sharing, anticipated risks to consider etc. Please provide suggestions here.
