



USAID FINANCIAL SECTOR REFORM ACTIVITY

EOI FSR-011

Date: January 4, 2023

From: FSR Activity; Implemented by DAI Global LLC

Subject: Expressions of Interest (EOI) Financial Sector Reform Activity FSR-011 in support of financing for Micro, Small and Medium-sized Enterprises

Due: **22:00 EST on February 6, 2023**
On-line Question and Answer (Q & A) Meeting, January 11, 2023

Dear All:

Through this Expression of Interest (EOI), the Financial Sector Reform Activity (FSR) on behalf of USAID/Ukraine, aims to provide catalytic funding to banks, non-bank financial institutions, including fintechs, investment firms and funds, and other organizations such as financial sector associations and NGOs that play a role in mobilizing commercial financing for MSMEs. The overarching objective of this financing to businesses is to create new jobs in Ukraine. FSR seeks to provide grants to financial institutions (banks and non-banks) and other lenders or investors that are legally registered and doing business in Ukraine. Any grant funding should be catalytic in that it enables the recipient to leverage additional funds from public, private or philanthropic sources, either domestic or international, for on-lending/investment for MSMEs. In order to access this assistance, eligible organizations should submit an EOI that outlines how they would use grant funds in their lending or investment activity (e.g., to reduce risk, offset lending costs to clients, raise capital, and support the financial recovery of MSMEs.) Examples of catalytic funding may include partially funding the loan portfolio, guarantees or capital contribution to secure funding, credit insurance, substituting or enhancing client collateral, lowering interest rates for clients. FSR will also consider funding to offset the costs of support for setting up a new financing facility, product development (for trade/invoice factoring, leasing, working capital, other loan type) and/or time bound operational support for building the portfolio of MSMEs.

Expression of Interest Summary

*For more details on the Expression of Interest process, submission requirements, and evaluation details, please see corresponding sections in the document below. **Please also note the Q & A meeting is planned for January 11, 2023.***

Objective	FSR seeks Expression of Interest from a wide range of financiers to MSMEs (banks, non-banks, investment firms, fintechs), financial sector associations and other NGOs engaged in the financial sector that are able to leverage FSR grant funds to increase working capital/investment to MSMEs. Our aim is to increase the number and range of finance providers and services offered to MSMEs, including start-ups with the potential to build their MSME portfolio in the coming year.
Submission Requirements	Interested firms should provide a PowerPoint presentation, no longer than ten (10) slides, that includes the following: <ol style="list-style-type: none"> 1. Organizational overview and track record in providing or facilitating MSME finance 2. Description of the catalytic funding request: purpose, how it would work, KPIs, and why USAID support is critical and provides additionality

	<ol style="list-style-type: none"> 3. Leverage to be achieved for the catalytic funding received 4. Target businesses and geography 5. Monitoring program for financial result and positive impact on borrowers 6. Governance and management team 7. Legal registrations and licenses
Written Q&A	FSR will provide written responses to questions. Questions should be submitted no later than January 12, 2023 , via email FSR_Applications@dai.com
Deadline for Receipt of Proposals	EOIs must be submitted no later than 22:00 EST on February 6, 2023 via e-mail to FSR_Applications@dai.com
Proposals	The subject line of the email should be your organization name, followed by “EOI FSR- 011”. Please limit file submissions to 10 megabytes or less.
Anticipated Awards	FSR anticipates releasing a Request for Applications (RFA) following this EOI and making multiple awards as a result of the RFA (see “Selection Process” section below for more detail).

Purpose and Background

The USAID Financial Sector Reform (FSR) Activity is a five-year program implemented by DAI Global. FSR aims to support long term systemic changes in Ukraine’s economy by transforming the country’s financial sector into a more modern, well-functioning, competitive market that is aligned with EU and international standards. The project works closely with Government of Ukraine (GOU) financial sector authorities (the National Bank of Ukraine (NBU), the National Securities and Stock Market Commission (NSSMC), the Deposit Guarantee Fund (DGF), and the Ministry of Economy, with banks and non-bank financial companies, and with business and civil society organizations. FSR coordinates its activities with international financial institutions (IFIs) including the U.S. Development Finance Corporation (DFC), the World Bank, multilateral and bilateral lenders and donors, and financial sector standards-setting bodies. FSR is currently focused on stabilizing the Ukrainian financial sector and supporting mechanisms that get needed finance in the hands of businesses for economic recovery.

Given its limited resource, FSR is interested in working with institutions with the potential to leverage FSR funding to raise or secure funding from other sources for on-lending or investment for MSMEs. This may also include using the funds to access mechanisms to reduce risk and enable short and medium-term finance to MSMEs as Ukraine rebuilds following the war. FSR works with bank and non-bank financial institutions, including leasing, insurance and factoring companies, investment funds, fintech companies and financial sector associations and other NGOs engaged in the financial sector to achieve scale through inclusive industry initiatives.

Objectives of EOI

USAID/FSR is requesting EOIs from interested and qualified applicants to identify how applicants would utilize grant funds to leverage, raise, crowd in or secure additional funding to finance MSMEs. It seeks viable, reasoned, concepts for increasing financing to MSMEs within the next 12 to 24 months. FSR will utilize the EOI responses to screen applicants for invitation to submit a full application.

Illustrative interventions that could be proposed include, but are not limited to using grant funds to:

1. Use as co-financing to attract other public, private or philanthropic sources of capital or financing including lines of credit from international financial institutions for on-lending to MSMEs or investment
2. De-risk the loan portfolio
3. Substitute for or enhance client collateral
4. Support for the development of new financing products, funds or other facilities for MSMEs
5. Acquire the technical or system support to enable one or more institutions to start or expand MSME lending

EOIs must include the following:

- Background of the activity you are proposing and how grant funding will be used (seed capital, debt/equity co-financing, de-risking, financial product development, technical support, advisory etc.), the amount of catalytic funding requested and why FSR's support is critical to mobilizing or attracting other sources of public, private or philanthropic for on-lending to MSMEs.
- Provide a timeline for the proposed 12 to 24 months of implementation of this activity.
- The potential for sustainability and scalability to support additional capital mobilization and on-lending after the life of the project.
- Catalytic Nature: Your organization's reason(s) as to why FSR's support is important to achieving the success of the proposed activity.
- Recovery Impact: how the proposed activity will assist the MSMEs to increase sales, enter new markets, create jobs, become more efficient producers, and generally support Ukraine's economic recovery.
- The impact of the proposed activity on:
 - businesses impacted by the war (i.e., relocated businesses, businesses in the formerly occupied territory)
 - businesses that are critical to providing services during the crisis or to reconstruction
 - women-owned businesses and/or businesses that have a positive gender impact (e.g., jobs created specifically for women, that serve women-owned businesses or provide needed services for women)
 - the environment, if any.

Who Should Respond to the EOI

FSR and USAID hope to issue potential awards to banks, non-banks, investment firms, fintechs and financial sector associations and other NGOs engaged in the financial sector that are currently legally set up and operating in Ukraine. Non-resident and/or international funders may only apply if they are partnering with Ukrainian firms that meet the requirements. International organizations, bilateral donor agencies and non-governmental organizations will not be considered for an award and are encouraged to partner with a Ukrainian institution. Previous experience with USAID is not required.

Submission and Formatting Instructions

EOIs should illustrate the submitting organization's capability to undertake the activity and indicate the financing required (estimated general budget).

Anticipated Awards: FSR anticipates issuing one or more awards. The total current grant ceiling for FSR for all partners combined is USD 5 million.

Timeframe. EOI submissions should present concepts with an implementation timeframe of up to 24 months. Please indicate in your submission an estimated timeline for completing the proposed activities.

Budget. EOI submissions should also include a total cost estimate needed to accomplish the proposed concept. FSR is not looking for a detailed budget in the EOI submission but general cost information by major line items. Budget realism is an important consideration.

Expressions of Interest must be submitted **no later than 22:00 EST on 6 February 2023.**

Submissions should:

- Be in English or Ukrainian;
- Be submitted electronically to the following e-mail addresses: FSR_Applications@dai.com
- Be no more than ten (10) PowerPoint slides in length;
- Include a title slide (not counted against slide limit) with the following information: Respondent Name/Group; Contact Information; and Response Title.
- Include two submission attachments in email, one in .ppt and one in .pdf format.

Evaluation Criteria

The following criteria will be applied to all EOIs. Submissions are not evaluated against other submissions, but solely against the evaluation criteria outlined below:

- Demonstrated ability and commitment to reach MSMEs with appropriate products
- Leverage achieved from other funding sources
- Appropriateness and adaptability for current market conditions
- Catalytic impact, i.e., need or opportunity created by grant funding
- Scalability and sustainability of activity after 24 months

Selection Process

FSR will review and select EOIs submitted in accordance with the guidelines and criteria set forth in this EOI. FSR reserves the right not to review any EOI that does not meet the guidelines. FSR is *not* required to provide detailed information to applicants whose EOIs are not selected to move forward but may do so at its discretion.

Stage 1: EOI. FSR and USAID/Ukraine will evaluate submissions based on the guidelines and criteria set forth in this EOI. FSR may request additional information/clarification from the prospective applicant. From this evaluation, FSR will select a shortlist of firms from the submitted EOIs that will be invited to submit an application in response to a subsequent RFA. Please note that not all EOI submissions may be advanced to Stage 2 or asked to submit an application in response to an RFA.

Step 2: Applications. FSR will convene a group consisting of FSR technical staff, one or more technical experts, and USAID representatives to review all applications submitted in response to the RFA. Applications will be evaluated in accordance with the evaluation criteria set forth in the RFA. The application(s) selected for award will be negotiated for program description and total price and will result in a grant agreement issued by FSR. FSR reserves the right to check the past performance, references, conduct due diligence, and other pertinent applicant information in making award decisions.

Issuance of this EOI does not constitute a commitment, award, or engagement on the part of DAI, nor does it commit DAI to any future commitment, award, or engagement.

Thank you,
FSR Procurement and Partnerships Team