

Business Development Services for rural entrepreneurs

Call for Proposals

Project Unit: RisiAlbania – Partner for Growth

Sector: Agribusiness and agrotourism

Location: All locations in Albania

Deadline: 9th November 2018

1. Background of RisiAlbania project

The RisiAlbania Project is funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by a consortium consisting of HELVETAS Swiss Intercooperation and Partners Albania. The overall goal of the project is to contribute to an increase in employment opportunities for young women and men (age 15-29) in Albania. This goal will be achieved through:

- (i) enhanced growth and job creation by the private sector in three selected subsectors: agribusiness, tourism, and ICT (labour demand),
- (ii) improved access to job opportunities and labour market information and services (intermediation), and
- (iii) improved skills of young people by improving the offer of private training providers in the three selected sectors (labour supply).

Both in the **agribusiness** and in the **tourism** sectors, one of Risi's objectives is to increase the capacity of rural individuals and businesses to improve their performance by accessing funds.

2. Our vision and objective of the call for proposals

Our vision is to set the basis for a long-lasting service relationship between business service providers and rural businesses with growth potential that currently do not have access to or do not perceive the benefits of engaging Business Development Services (BDS). As a first step towards achieving this vision, we will support BDS providers to develop products that rural players are able to afford and willing to buy.

The objective of this call is therefore to improve the absorption rates of public grants available for agribusiness and agrotourism, and to improve the quality and access to BDS in rural areas.

RisiAlbania invites all interested companies and organizations (applicants) that offer BDS, accounting and financial services to the private sector to submit a proposal. Applicants' range of services to private businesses must include grant absorption¹. Selected applicants will be eligible to receive support from RisiAlbania to introduce a sustainable service model around the provision of services to **small and medium-size agriculture and agrotourism businesses**² in rural areas, aiming to enable them to access IPARD, national (AZHBR) grants, and other support schemes.

¹ While BDS providers may offer other types of services, for the purposes of this call we will focus on applicants that can increase rural businesses' absorption capacities.

² We are looking for proposals that will target the "missing middle" that currently exists for supporting rural businesses: micro businesses are served by the public administration, and large firms can afford consulting

3. Submission of the proposals

We expect proposals to be submitted in English in one (1) hard copy and one (1) electronic copy (on USB stick) in closed and stamped envelope to the address given below, by **09th November 2018, at 17.00 o'clock**. Proposals handed after this deadline may be rejected by RisiAlbania.

To the attention of Gramos Osmani
BDS Call for Proposals
RisiAlbania,
Rr. Ismail Qemali, P.18, H.3, Ap.15,
Tirana, Albania
Tel.:+355 4 2248527

For any questions you might have related the application, please write an email to info@risialbania.al with the subject line indicating "Clarification for BDS Call" before November 8th 2018.

Eligible applicants must be registered businesses. The proposals must include the information required in the attached business idea template. Applicants should include a concise list of services they provide to businesses in the field of grant absorption, emphasizing success stories.

Your Business Idea proposal must provide the following information:

- An overview of potential buyers of the services you plan to pilot and if possible a draft market segmentation;
- Your strategy to reach customers in rural areas, specifying your long-term plans to expand geographically and in the number of customers beyond the IPARD and AZHBR windows;
- A business model for your company outlining the commercial viability and sustainability of the services you will provide, and the affordability of the costs for rural business, since to ensure long term viability applicants are encouraged to charge clients for the services. Your business model will be presented in the financial plan and you will need to cover at least 50% of the cost for developing these innovative services.

Should your proposal be selected, we will request after implementation starts projections resulting from the provision of your services around: 1) income and investment increases for the rural businesses, 2) job creation disaggregated by gender for the rural businesses.

4. Information session

Risi will organise an information session in collaboration with the Ministry of Agriculture and Rural Development, IPARD and AZHBR representatives on the **29th of October**. This will be an opportunity for potential applicants to raise questions.

Due to limited capacity participants will be registered on a first-come, first-served basis. If you are interested in participating in the information session send an email to info@risialbania.com with "Participation in BDS info session" as the subject line. Specify who will attend from your company.

Minutes from the meeting will be made available on the RisiAlbania Website.

5. Documents to be included in the offer submission

- a) Business idea proposal (Word format) in English, no longer than 10 pages (without annexes),
- b) Financial proposal (Excel format) linked to the business idea clearly presenting the costs that will be covered by your company, and those that you expect Risi to cover, as well as revenue sources from the companies that will buy the services. The financial proposal will specify for how long Risi support will be required (maximum 2 years). Please note that Risi does not finance operational costs (such as permanent staff payroll) or asset investments.

Please use the templates provided by Risi.

6. Selection process

Shortlisted companies may be invited for an interview where certain aspects of the proposals may be negotiated. The selection of the winning company / companies will be done based on the evaluation criteria below:

Evaluation criteria	Rating
Viability of the proposals <ul style="list-style-type: none"> • Financial sustainability • Affordability for buyers (rural businesses) 	30
Inclusiveness and outreach of new services in rural areas , outlining women and vulnerable groups who will benefit	10
Suggested approach and methodology to reach the objectives of the call	20
Track record and experience providing services to businesses on a commercial basis*	20
Cost competitiveness** , including a financial plan and the amount of cost sharing with RisiAlbania requested in the proposal	20
Total Points	100

* We will favour applicants that do not rely heavily on donor-funding as we want to support market players that operate on a commercial basis. RisiAlbania will not support service providers that are beneficiaries of any other donor-funded project or agency in the field of IPARD and/or AZHBR grant support.

** Applicants should note that RisiAlbania's contribution will be up to 50% of the total cost. Applications where applicants contribute higher percentages of the budget will be considered more competitive.

Our objective is to promote innovation, learn from it and promote its replication. If the company is subject to taxation, the company alone is responsible for paying taxes/custom duties and other expenses including VAT. For services provided by third parties who are subject to VAT the company shall make a pre-tax deduction.

BUSINESS PLAN FOR ORGANIZATIONS APPLYING FOR RISIALBANIA FUNDING

INSTRUCTIONS

The application with 4 pages is printed, signed and stamped (if there is a stamp) from the legal representative and it is submitted to RisiAlbania office

After the proposal is approved by RisiAlbania, before an agreement is signed, the applying subject will submit a copy of NIPT, copy of registration at QKR or at court of law (for NGOs), a statement from Tax Department that the subject has no tax obligations, and a copy of financial reports of last 3 years (bilancet) submitted to Tax Department.

The applicant must fill in all sheets.

PROFIT AND LOSS STATEMENT - CURRENT

Table 1. Last Financial Year (before investment)				
Categories	Annual values			
	Units	Quantity	Price	Total
Sale revenues				
Service 1				
Service 2				
Service 3				
...				
TOTAL SALES				
Costs				
staff				
rent				
consultancy				
Other				
TOTAL COSTS				
GROSS PROFIT				
Amortization				
<i>Profit before interest and tax</i>				
Interest				
<i>Profit before tax</i>				
Profit tax				
NET PROFIT				

BUDGET

Categories	Budget	
	Company	Risi
1. Operational costs		
Cost item # 1		
Cost item # 2		
Cost item # 3		
Cost item # 4		
...		
2. Administrative costs		
Cost item # 1		
Cost item # 2		
...		
3. Investment plan		
Cost item # 1		
Cost item # 2		
...		
4. Other financing sources		
Specify		
...		
Sub-total budget		
Total budget		0

* Should the company decide to organise the budget around disbursement rounds, it is welcome to do so.

PROFIT & LOSS PROJECTIONS NEXT FOUR YEARS - AFTER INVESTMENT

	Year 1	Year 2	Year 3	Year 4
Categories				
Sale revenues				
Total Costs				
Gross Profit				
Amortization				
<i>Profit before interest and tax</i>				
Interest				
<i>Profit before tax</i>				
Profit Tax				
NET PROFIT				

Structure of the business growth plan

The recommended page limit is not compulsory but intended to serve as a guideline. We're interested in the clarity of your idea so don't hesitate to use diagrams or graphs to illustrate your points.

1. Company profile

- Include a short narrative around your main activities, years of experience; staff (male/female/ young people); client categories (sectors; small/big businesses; urban/rural)
- Provide your understanding of your company's position within the market (competition, market trends)

[Recommended length: 3 pages max]

2. Vision for growth

- What is your business growth vision in the medium and long term? Where do you see your company in the future?

[Recommended length: 1 page max]

3. Growth strategy

- What do you want to change? It could be improving a service you already offer, adding a new service, developing a product...
- Why do you want to change it?
- How will you change it?
- How will it change the way your business works?
- How many jobs will it create (directly and indirectly) over the next 3 years? Can you provide an estimate of how many will be young people?
- Business plan of the new activity (see "Business Plan-Financial Part", in excel)

[Recommended length excluding the "Business Plan-Financial Part": maximum 10 pages]

4. RisiAlbania's support

- Why are you not already making the change? What are your constraints?
- Why Risi? Where do you see Risi support?
- We need to understand what you're willing to invest (in capital or in kind) and what you expect Risi to invest: over the foreseen period of support, specify what your company will do and what Risi will do.

[Recommended length excluding the Annex: maximum 5 pages]

5. Beyond RisiAlbania's support: sustainability

- How do you plan the continuation of the change after Risi's support? How will the change be self-sustainable?

[Recommended length excluding the Annex: maximum 5 pages]

“Business Development Services for rural entrepreneurs” call for proposals information session (October 29th, 2018)

Questions and answers

Question	Answer
Eligibility	
If our pilot service is concentrated only in one region in Albania, is it a factor that makes us not eligible for this call?	Your company can pilot the new model at regional level. But we would like to see an expansion strategy in your proposal (either geographically or to other types of rural businesses). Furthermore, any company fulfilling the requirements of IPARD and AZHBR, regardless the place of registration, is eligible.
Are NGOs eligible for this call?	Only if there is clear commercial sustainability in the business model you propose. Your proposal should clearly demonstrate how after the RisiAlbania support, the NGO will continue providing the service without depending on donor funds.
Are all IPARD windows eligible for Risi support? (dairy, fruits and vegetables...)	In case proposals have comparable valid business models, Risi will give preference to the one offering services to applicants going for High Value Agriculture (HVA) such as fruits, vegetables, MAPs, and agri-tourism.
How long will Risi's support be for?	You should aim to have a clear budget in your proposal where Risi can co-finance the costs of your product for up to 1 year and eventually a second year (1+1) with decreasing contributions as you manage to sell the services to farmers.
Who will make the decisions regarding the winning applicants for the IPARD funds?	The AZHBR is responsible for the selection the winners of grants from IPARD and AZHBR. RisiAlbania is not involved in the process.
Budget and costs	
Can Risi pay 50% of the consultant fee, and IPARD the other 50% (at a cap of EUR 5,000 or 4% of investment costs)? Would you allow that? Do you know if IPARD would allow that?	The goal of our call is to strengthen BDS providers to be more competitive, i.e. specialized, diversified or attractive with convenient payment modalities for rural clients. We will not cover operational costs, and other costs to a max of 50%.
How much is the budget?	There is no earmarked budget from RisiAlbania: we are planning to support around 5 innovative ideas. Applicants must present budgets where RisiAlbania support cannot exceed 50% of the total costs.

Question	Answer
<p>Can Risi support the travel costs that we might have for promoting purposes, such as workshops?</p>	<p>Such costs may be eligible, although we typically prefer to support promotional costs such as the development of a strategy that aims at a bigger outreach, reaching those business entities that have good chances to absorb IPARD funds. Typically, we would rather support promotional material, or capacity building than transport costs. Operational costs (such as staff in your payroll, regular office rent, utilities...) are not eligible as we can only support costs that are directly linked to the development and roll-out of the new product.</p>
<p>If my company charges the applicant with an inclusive invoice for all services provided (i.e 10,000 EUR) which includes marketing invoices, technical consultants' invoices, stationary and staff involved, will Risi pay 50% of such amount i.e 5,000 EUR in this case? Or all marketing invoices, technical consultants' invoices, stationary and internal costs will be invoiced separately to the applicant by each providing the service and Risi will pay 50% of each invoice and the rest will be paid by the applicant?</p>	<p>Through this call, we aim to challenge business service providers to develop products that are affordable for rural businesses' growth. We can distinguish between services in three phases: 1) preparing for the IPARD or other grant application (where you provide services to rural business to gather the necessary documentation to be eligible); 2) applying, here the service will be a proper, timely preparation and submission of the application; and 3) follow-up services. Our call focuses on the 1st and 2nd phases. We might finance combinations of the three or activities that enable the service provider to provide these services in similar cases and in future in a better way.</p> <p>Your proposal will be assessed in terms of the commercial viability that it presents for your company. We want you to present to us a clear idea about how you will ensure that your product is sustainable for your business beyond Risi support. You must present the costs you will incur for developing and rolling out the product, as well as your strategy to make it profitable by selling the product to rural businesses. We will cover up to a maximum 50% of the costs. In the first year we understand there may be some testing needed, and there are risks: that is why you may choose to request Risi support.</p>
<p>How is the flow of the funds during a whole application process from identification of an applicant to the end of the project (success in IPARD funding)?</p>	<p>Risi is independent from IPARD. We believe IPARD may be a good incentive for your company to enter the rural business market. You must check IPARD regulations for this question.</p>

Question	Answer
<p>The cap of 5,000 EUR or equivalent of 4% of investment costs will be payable to the consultant only if the applicant results successful on the IPARD application? Should be considered this as a success fee? Or the success fee is something extra that is agreed between the applicant and the consultant? In case of a success fee, does IPARD apply an escrow account so the consultant receives the success fee?</p>	<p>You must check IPARD regulations for this or contact AZHBR for clarification (http://azhbr.gov.al/programi-per-bujqesine-dhe-zhvillimin-rural-ipard-ii/).</p>
<p>Can Risi support the payment of internship for recent graduated students (agriculture, Economic Faculty etc.) that we might contract as service contract?</p>	<p>Yes, such costs are eligible as they're not part of your permanent staff. But you should explain how it will be sustainable without project support in the future (for example by creating an internship scheme financed through profits from selling the products to rural businesses). Should your proposal be selected, we will also need to set up a measurement framework, so we can assess whether the involvement of students led to an increased absorption rate by rural businesses.</p>
<p>Can Risi cover the cost for the temporary rent of premises where we can have regular meetings, workshops, presentations or trainings with rural customers?</p>	<p>Yes, it can be eligible cost. But you should make clear how these overheads will be covered through a functioning business model that will ensure you reinvest the benefits you get from selling the products in the future. We encourage you to also establish partnerships with local businesses.</p>
<p>Does Risi recognize the contribution in kind (staff, cars, travel, not cash etc.) from our company?</p>	<p>Yes. This can be part of the 50% contribution that you need to show. Please ensure you present it at market rates, and with realistic time inputs – otherwise Risi's contribution share may be reduced.</p>
<p>Can Risi cover the expenses that we might have for contract service that we might have with experts in agribusiness, technology, agritourism...?</p>	<p>Service contract or sub-contracting costs may be eligible for co-financing – but they will be assessed against the percentage they contribute to the business model, as we want to avoid creating apex companies. Risi will not cover permanent staff costs.</p>
<p>Eligible activities</p>	
<p>Can Risi show to us the potential market size for our services?</p>	<p>No.</p>

Question	Answer
<p>Are the business service providers expected to be proactive in identifying potential clients, or will they be supported by RisiAlbania with a list of rural clients?</p>	<p>Business service providers should identify, inform and proactively offer services to potential applicants. RisiAlbania will not support with any list of applicants.</p>
<p>Can Risi support us with training for IPARD, standards, requirements etc.?</p>	<p>This is already covered by GIZ, Directory of Agriculture. Depending on demand, we will discuss with them whether there is need for additional training, but you are encouraged to contact and involve the people they have trained.</p>
<p>Can Risi support study visit of the agribusiness as part of promoting, awareness, decision making process?</p>	<p>No, we do not support study visits for this purpose. Our primary goal is to strengthen the links between business service providers and agribusinesses in a commercially sustainable way.</p>
<p>Can Risi support the development of online platforms that might be necessary for efficiency in grant application and loan application?</p>	<p>Yes, it can be an eligible cost if you show clear complementary with existing platforms, the needs basis for it, its clear value added, and its financial sustainability from the beginning.</p>
<p>After the Risi support, can our company apply for another donor support?</p>	<p>Preferably not. Such support will have to be disclosed and may result in the discontinuation of Risi support if it jeopardises the commercial sustainability of your proposal. We are encouraging companies to move away from donor support and establish stronger commercial models.</p>