

Pre-bid Meeting Minutes
RFP/2019/003
2 p.m. 27 February 2019 (BKK time)
Mongolia Value Chain Investment fund (MCVIF)
Issued : 16 March 2019

Participants from UNDP:

- Nivesh Sood, Management Specialist, Bangkok Regional Hub, UNDP
- Satoko Okamoto, SDGs and Private Sector Officer, UNDP Mongolia
- Enkhtuya Tsedendash, Procurement and Admin Associate, UNDP Mongolia
- Participating organizations (*in an alphabetical order*):
 - Draper Capital Mongolia
 - Mongolia Opportunities Fund
 - Mongolia Opportunities Partners
 - Mongolia Sustainable Development Partners
 - SQW China

III. Information provided for all interested bidders

The pre-bid conference was opened with brief explanations of the RFP document including key administrative issues including the closing date, submission form, and methods and submission of proposals, among others. Sections of the RFP discussed during the meeting are below.

a. Section 3: Bid Data Sheet

- The bid submitted only in English language is acceptable
- Bid submission is through the e-tendering portal only
- The proposal has to align with the TOR (see Section 5)
- Alternative proposal will be not considered
- The proposal validity is 90 days
- Send queries to rbap.gcf.bids@undp.org; if you send to any other e-mail addresses would be disregarded
- All other information will be shared only in e-tendering system
- Follow the e-tendering guidelines concerning file sizes, file name, and character length
 - Otherwise you might have issues on uploading your documents on e-tendering. (Max file size is 30 Mb. There is no limitation on number of files to upload as supporting documents)
- RFP will be evaluated by a combined scoring method which means 70% for technical proposal and 30% for financial proposal respectively
 - Only technically qualified proposals will be considered at financial evaluation stage.
- Review UNDP General Terms and Conditions
 - Acceptance of the UNDP General Terms and Conditions is the condition before UNDP would award a contract.

b. Background for the bid

- UNDP has been accelerating its private sector engagement efforts and trying to learn from the sector's dynamism, in order to achieve Sustainable Development Goals (SDGs) in a commercially and financially sustainable manner.
- The proposed engagement is UNDP Mongolia's attempt to establish an innovative blended financing vehicle and collaboratively explore opportunities to finance SMEs

in the livestock/agriculture sector towards Mongolia's inclusive and sustainable economic growth.

- We envision that a gamut of investors partaking in the fund, including Development Finance Institutions, bilateral and multilateral development partners, private investment houses, and private foundations.
- Private equity has been identified as the vehicle for this project, because of its ability to pool capital from numerous investors and its ability to deeply engage with the portfolio companies.
 - For more detailed info, refer to the background section of the working concept note. (see Annex)
 - In this working concept note, you can find UNDP's current thinking about the fund structure and fund strategy, and the rationale behind this project, are thoroughly explained.

c. Section 5: TOR

- The scope of work for this engagement is the establishment of a funding window, which is referred to as "Phase 1" (see TOR), which consists of five components:
 1. Finalization of fund strategy;
 2. Optimization of fund structure;
 3. Development of investment pipeline;
 4. Preparation of fund documentation; and
 5. Fund raising.
- Note that upon completion of Phase 1, depending on the amount raised, UNDP may jointly determine whether it makes sense to run it. At the moment, however, UNDP's views that it does not make sense to do that unless USD 20 million is raised.
- The footnote on the success factors in Section 5 to trigger Phase 2 explains that regardless of the amount of capital raised, the vendor will be compensated for the efforts that were made in establishing the funding window Phase 1.
- The expectations for Phase 2 specified in TOR, are only for informational purposes

d. Section 4 – Technical Evaluation Criteria

- There are three components for technical evaluation. Total 1000 points will be allocated into three (400, 300, and 300 points)
 1. Bidders' qualification, capacity and experience – 400 points.
 - UNDP looks for a firm with the right mixture of leadership, deal making and operations team with a solid track record in PE investment in the SME sector in developing Asia, desirably in Mongolia. Organization's commitment to sustainability is also evaluated.
 - This information needs to be reflected primary in document 7 and 8 (see the list of submitting documents in the last page of TOR)
 2. Proposed methodology, approach and implementation plan – 300 points
 - UNDP asks the bidder to provide the methodology and the strategy to achieve the ultimate objective of Phase 1: Establishing a funding window that can be convincingly presented to prospective investors to invest in the form of Capital Commitment, with the underlying guiding principle of attaining the triple bottom lines. Methodologies and strategies include sectors, transaction types, deal structures, risk profile and risk management.

- UNDP has done the homework and developed a preliminary, working concept note for prospective investors. UNDP recommends that all bidders study this concept note and work on the methodology and strategy by building on the concepts in the working concept note, and/or providing alternatives. It should be reflected on document 9 (see the list of submitting documents in the last page of TOR.)
3. Management Structure and Key Personnel – 300 points
- This wording (“Management Structure and Key Personnel”) is somewhat misleading. As the content of this particular criterion indicates, its more about bidders’ capacity and willingness to work with UNDP in providing technical assistance for various stakeholders in the value chain, most importantly the herders and herder cooperatives who will serve as a supplier to investee SMEs.
 - UNDP is currently exploring different avenues through which it can provide Technical Assistance to complement the functionality of private equity capital.
 - For details of TA supports that UNDP envision, see page 16 of the working concept note.
 - UNDP would like to assess alignments in both visions and experience here as this project is an attempt to enhance investee capacity to run socially inclusive and ecologically sustainable business.
 - This can be included in document 10. see the list of submitting documents in the last page of TOR.)

IV. Questions and answers:

Q1. One of the eligibility criteria is USD100 of turnover for last 3 years? Is it correct?

A1. No. This is typo. It is average annual assets under management for the last 3 years. For JV/Consortium/Association, all parties cumulatively should meet this requirement. Bidders are advised to provide details of the investment portfolio under its management for the above duration.

Q2. Is it first pre-bid meeting or is there any other meeting organized earlier?

A2. This is the only pre-bid meeting we have.

Q3. Is the fund focusing on equity financing and the fund would not do any loan financing?

A3: The fund would provide equity financing only.

Q4: How can we prepare the financial proposal? How detailed should we indicate the fees, other costs and margins? Should we go with provided templates like professional fee and overhead costs?

A4: Bidders must specify professional fee plus the overhead and include details up to each cost item whether it's professional fee of the team or any other input costs fulfilling the contract. Secondly, the financial proposal considered by the total dollar value irrespective of the segregation between cost or margin. Please use the template provided to enter all information with detailed breakup, units and quantities. Bidders may add more lines to the format, if required.

Q5: Is there any possibility to extend the deadline?

A5: The deadline has been extended to March 23 2019, bidders are strongly advised to check accurate details on time of submission on the e-tendering portal.



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Q6: In the phase 2, target fund size is \$25M or \$20M as of now. Is there any financial commitment from UNDP to the fund?

UNDP is facilitating the establishment of the funding window for MVCIF, however will not be investing in the fund, once established.

Q7: Compared to target fund size, the financial eligibility and asset under management is bit high. Please consider that requirement. The required amount of average annual assets under management is bit higher for Mongolian companies.

This criteria has since been amended, please see answer to Q1, and also refer to the amendment document issued for this RFP.

Please note: Financial Proposals must be submitted as a separate file encrypted with a password. None of the financial proposal data is disclosed in other documents of the submission. UNDP shall request password for opening the Financial Proposal only from the proposers who pass the Technical Evaluation as per the criteria established and disclosed in the solicitation document. The proposer shall assume responsibility for not encrypting the financial proposal.

DO NOT DISCLOSE YOUR PRICE IN THE LINE ITEMS. YOU MUST PUT PRICE AS 1 IN THE SYSTEM AND PROVIDE THE FINANCIAL PROPOSAL AS ENCRYPTED FILE AS EXPLAINED ABOVE.