



The Cluster Competitiveness Activity (CCA) Project in Bosnia and Herzegovina

Administered by the Emerging Markets Group, Ltd. as a Contractor for the US Agency for International Development

Subject: Request for Proposal

Dear Sir / Madam,

We invite you to submit your best quotation for the preparation, design and printing of the:

Guide to Finance for Wood Processing and Tourism Companies

The quotation must be prepared in accordance with the Terms of Reference, deadlines and other terms and conditions enclosed with this document.

If you have any questions, please contact the person below or those listed on Page 7.

We look forward to receiving your quotation.

Sincerely,

Goran Štefatić

USAID CCA
FT Team Leader

Enclosed:

1. *Terms of Reference*
2. *Draft contents of Guide*
3. *List developed by the CCA project of banks, their contacts and their products*

USAID CCA – Terms of Reference

for

Data gathering, preparation, design and printing of a “Guide to Finance for Wood Processing and Tourism Companies”

Background

The Cluster Competitiveness Activity (CCA), sponsored by the U.S. Agency for International Development (USAID), is a four year project to assist businesses in two sectors with great potential for economic development in Bosnia and Herzegovina: **wood processing** and **tourism**.

The goal of the CCA is to increase the rate of economic growth in BiH by working with its partners in these sectors to raise productivity, profitability, and employment. BiH businesses can help increase prosperity by increasing demand, creating new jobs and raising wages.

The project assists groups of firms and their supporting institutions in these sectors to develop and implement plans to innovate, add value, and realize the potential of BiH’s abundant resources. CCA provides consulting, training, analysis, information on trade opportunities and support with access to finance. Additionally, the CCA is a leader in the public-private dialogue to improve the overall business environment and to foster the increased competitiveness of BiH businesses.

This assignment

We now wish to contract a suitable company to gather data, prepare, design and print a “Guide to Finance for Wood Processing and Tourism Companies”. This assignment will involve:

- Updating information (collected earlier by CCA project) on sources of capital available in BiH and on the general terms for access to capital
- Describing the documentation (with detailed comments) necessary for access to capital
- Outlining the activities that need to be implemented within a company so that the process of loan application can be handled as efficiently as possible.
- Providing guidance on the introduction of VAT and the implications for wood processing and tourism businesses

The information collected and guidance written will be prepared in the form of an A4 format, loose-leaf “Guide” and printed in 500 copies.

A draft of the proposed contents of the Guide is included at the end of this Request for Proposals. This will be further developed and the final contents agreed with the company selected.

Specific Objectives

The specific objectives for this assignment are as follows:

- To collect and update data on sources of capital on the BiH market and on the general conditions under which capital is available in BiH

- to make that data readily accessible to companies in the tourism and wood processing sectors
- Provide guidance to BiH business people on how to select the most appropriate source of finance and on how to plan their requirements for additional capital
- Compile and provide guidance for BiH business people (from CCA's selected sectors) on the importance of, and the financial implications of careful customer selection, the organization of export business and the insurance of exports
- Provide information regarding the introduction of the Law on VAT, including on the obligations of business people regarding the Law of VAT, the influence that the Law may have on business operations and the measures that business people should take to manage the introduction of of VAT in the first months of implementation.

Detailed tasks

The specific tasks to be implemented will be finalized with the selected organization. However, the tasks will include the following, as a minimum:

1. Update the existing data on banks' products (as collected by CCA staff) and collect any new data regarding sources of capital on the BiH market and the terms and availability from each source
2. Describe the general conditions under which capital is available within the BiH market, noting trends in the relevant sectors
3. List and describe the documentation required, as a precondition for obtaining bank loans, with additional annotation on each required document, eg the reasons why banks may require each document for the loan request.
4. Make recommendations on how to keep up to date the documentation necessary for a loan request, including the sequence in which the necessary documents have to be collected.
5. Explain how to plan a company's requirements for capital, including the use of cash flow forecasting
6. Describe how to assess whether a particular loan product is suitable for the intended use of the loan, in terms of, for example:
 - type (overdraft facility, term loan, lease, etc)
 - duration (short term loans for short term uses)
 - cost (minimizing the cost of loan capital)
 - security (using lower cost, secured loans for uses where security is available) .
7. Describe the effects that market seasonality can have on business operations (such as in tourism), the possible influence on a company's financial status, and the ways of managing those effects
8. Explain the Law of VAT, the obligation of entrepreneurs and companies regarding full implementation of the Law, the probable effects of implementation of VAT on businesses and ways to mitigate the probable effects of VAT, especially regarding cash flow and liquidity
9. Describe and provide guidance on the specific financial implications of exporting (especially of wood products), including the implications of: selection of customers; entering new markets; the introduction of new phases in production; organization of export; insurance of goods for export; and the meaning and implications of the different "INCOTERMS", with an explanation of their meaning for both sellers and buyers.

10. Organize all the data collected and guidance prepared, including contact information and products available from each source of capital, in the form indicated in the final Contents of the Guide
11. Provide examples of other Guides for companies; provide at least three draft / outline designs for the “Guide”; consult with the USAID-CCA team; and finalize the design to take account of the USAID-CCA team opinions.
12. Prepare a draft of the contents of the “Guide”, for approval by USAID-CCA and finalize the contents after USAID-CCA review
13. Confirm and have approved by USAID-CCA the costs of printing to the final design selected
14. Print 500 copies of the “Guide”, using the final design and the final contents approved by USAID-CCA

Role and Responsibility

The company selected shall be responsible for ensuring the satisfactory completion of all the Tasks 1 to 16 listed above and for ensuring the deliverables listed below are provided within the deadline confirmed.

Deliverables

- Draft text, data and outline designs, final version of the content and the final design – all in accordance with Tasks 1 to 15 above
- Print 500 copies of the “Guide” and deliver to the CCA for further distribution, or to CCA partners if requested by CCA
- One non protected copy of all the computer files for all materials, to be given to CCA for further use and distribution
- Short report on the implementation of contracted job and observed deficiencies with the proposal of activities to alleviate the same

Language

All the contents of the “Guide” and the report shall be prepared in local language.

Completion date

This activity shall start by December 26th, 2005 and be completed by February 10th, 2006.

Instructions for bidders

Information

The information available to bidders is the following:

- Request for Proposals, including Terms of Reference and draft Outline of Guide Contents
- Data on commercial banks' products collected by CCA from March to May 2005
- Sample of Purchase Order which shall be used for the official contract between USAID-CCA project and the company selected

Questions

All questions should be sent to the USAID-CCA team by November 26th, 2005. The team will try to answer your queries.

Structure of your proposal

All bids are to be delivered in the following form:

- Understanding of CCA request (maximum one page)
- Questions and comments regarding the ToR (maximum one page)
- Methodology – short review of number of people involved, data collection methods; time schedule; etc. (two pages maximum)
- Team and allocation of time (two pages maximum)
 - Names of people who will implement the activities and brief (five lines) description of their knowledge and skills
 - Allocation of time to the different people who will implement of the activities, specifying tasks and the person / people who will be responsible for each task
- Information on the organization submitting the bid – status, period in operation, structure, staff, support available (one page maximum)
- References (two pages maximum)
- Short CV for each member of the team (maximum one page for each CV)
- Price (maximum one page)

Price

Bidders shall state their price exactly according to the following instructions:

- Fixed lump sum price to carry out Tasks 1 to 14 above. (USAID-CCA will pay this sum to the selected company, according to a schedule of payments to be agreed and confirmed in the Purchase Order.)
- Estimated cost of color printing of 500 copies of the "Guide". (After preparation of the contents by the successful bidder, USAID-CCA will agree a firm quotation for the printing with the selected company, according to Task 14 above, and will pay the actual cost of printing up to the amount of that quotation.)

Sales Tax and VAT

The prices quoted above shall be stated without including either sales tax or Value Added Tax .

Evaluation criteria

The criteria and scoring to be used for the evaluation of proposals shall be the following:

Criterion	Sub-criterion	Maximum score
Proposal quality	Understanding	3
	Questions / Comments	2
	Methodology	10
	Subtotal	<u>15</u>
Team	Suitability	10
	Quality (based on submitted CVs)	25
	Time allocation	5
	Subtotal	<u>40</u>
Company / organization	Resources	10
	References	10
	Subtotal	<u>20</u>
Compliance with bidding instructions	Duration (length)	2
	Information requested	3
	Subtotal	<u>5</u>
Price		20
	Subtotal	<u>20</u>
Total number of points		<u><u>100</u></u>

Deadline for submitting proposals

All proposals shall be submitted to one of the addresses stated below by 12 o'clock on the December 1st, 2005.

Intellectual property

The intellectual property in the Guide, all its contents and all the data collected shall be the property of USAID-CCA project, who shall be free to use same for any purpose without any further consideration.

Address and Contact Information:

USAID CCA – Sarajevo

Att. to: Svjetlana Vukmirovic
Hamdije Kresevljakovica 19/V
71000 Sarajevo

svukmirovic@usaidcca.ba

Tel. 033-206-912 / 907

Fax. 033-202-972

USAID CCA – Banja Luka

Att. to: Zeljka Knezevic
Petra Kocica 33
78000 Banja Luka

sknezevic@usaidcca.ba

Tel. 051-316-441 / 442

Fax. 051-316-443

Outline contents of the “Guide to Finance for Wood Processing and Tourism Companies”

Introduction

Access to capital issues that BiH companies are facing

Sources of capital

Sources of capital in BiH: characteristics, target customers / beneficiaries and how to access

General terms and conditions for debt capital on the BiH market

Documentation necessary to access capital

The suitability of different types of capital for intended use

Explanation of information in Appendix

Managing cash flow

Analysis and significance of cash flow in every day management

Managing cash flow when additional funds are needed

Examples, with explanations, of the need for additional capital

Implementation of the Law on VAT in BiH, with special attention to companies in wood processing and tourism sectors)

What does VAT mean and what does it apply to (What is VAT)?

What does “obligatory tax evidences” (obavezne poreske evidencije) mean?

Possible impacts of the implementation of VAT on businesses

The correct method for calculation of VAT in the price of sales and costs

How should inventory be treated for VAT during the VAT implementation period?

Financial implications of exporting, potential problems and ways to mitigate them, with special emphasis the wood processing sector

Administrative preconditions for export

Potential difficulties facing BiH exporters

Export contracts

Role of shipping organization in export

Shipping goods for export

Insurance of goods for export

Possible tariff concessions for exports

Short extract from INCOTERMS terms, with explanation of their meaning for seller and buyer

Information related to tourism, possible difficulties and proposals on how to mitigate them

Administrative precondition for realization of “export” in tourism (such as contracts with tour operators to bring foreign visitors)

Difficulties facing BiH tourism companies

Financial implications of tourism seasonality and how to mitigate them

Appendix

List of financial institutions in BiH, with their financial products, terms, conditions, branch networks and contact information. (This should be compiled from: a) material already collected by CCA; b) updates and additions to that material; c) additional information about micro credit organizations, investment funds leasing companies and international financial institutions.)

[z:\wood forestry\reg clusters\luna sana canton\ap - access to capital\guide to finance\rfp finance guide - 11 nov 05 - eng.doc](#)

Deleted: z:\wood forestry\reg clusters\luna sana canton\ap - quality\bulletin\rfp finance guide - 09 nov 05 - eng.doc