



## Request for Proposal RFP No. POL\_0306

### Analysis of Impact of the Global Financial Crisis to Serbian Agribusiness

Date: March 25, 2009.

Dear Sir/Madam,

Development Alternatives, Inc. (DAI) is implementing the USAID funded Serbia Agribusiness Project.

The principal goal of the Agribusiness Project is to increase sales by Serbian agribusinesses, either domestic or international, by making these businesses more competitive in their respective markets and to generate more jobs. Over the course of the first year the Project conducted in depth sub-sector analyses that have served to identify the best opportunities for Project intervention. The Project focuses on six selected sub-sectors which offer the greatest potential for growth over the project horizon: (1) tree fruit, (2) berry fruit, (3) vegetables, (4) herbs, spices and mushrooms, (5) dairy, and (6) livestock.

The current financial crisis has caused a significant drop in demand across all major markets. This has led to a decrease in imports into developed market economies, and so a decrease in exports from many emerging markets, including Serbia. Consequently, what many economies were relying upon as their “engine of growth” has been disrupted. Job losses and lower incomes are spreading to in the emerging markets, with those reliant on manufacturing and those lacking high levels of domestic demand for those same goods being impacted the most.

The project for which DAI is soliciting proposals under this RFP is meant to analyze the impact of the global financial crisis on Serbian agribusiness in order to develop the appropriate policy recommendations. Specific recommendation for reducing effects of financial crisis on the agricultural sector made by relevant agricultural ministries or related authorities in the EU countries, countries in the region or other, will most likely provide good base for developing applicable policy measures for Serbian agriculture.

DAI is soliciting proposals from qualified firms for providing the following service: Analysis of Impact of the Global Financial Crisis to Serbian Agribusiness This activity is described in the enclosed Scope of Work (SoW). The solicitation includes the following:

- |      |                          |             |
|------|--------------------------|-------------|
| i.   | Instructions to Offerors | (Annex I)   |
| ii.  | Scope of Work (SoW)      | (Annex II)  |
| iii. | Proposal Submission Form | (Annex III) |

DAI intends to award a FFP (firm-fixed price) agreement, or Purchase Order to the selected firm to do the work as described in the SoW.

Yours sincerely,

Louis Faoro,  
Chief of Party

## Annex I

### Instructions to Offerors

#### 1. General

The objective of the RFP is to identify a firm capable of providing Analysis of Impact of the global financial crisis to Serbian Agribusiness

**All individuals and legal entities will have the right to participate in the RFP procedure providing they fulfill requirements set forth in the RFP, with the following exceptions:**

- a) Individuals or legal entities referenced in the Excluded Parties List (<http://www.epls.gov/>), from Libya, Syria, Cuba, Iran, Sudan and North Korea or from the countries with which commercial relations are prohibited by any law or standard act of Serbia are not eligible to take part in the tender procedures;
- b) No employee of DAI, or anyone who participated in the preparation of solicitation documents, Statement of Work or other documents related to this procurement may have participated in any activity with the Offeror in which the employee or consultant:
  - o Has any interest, financial or otherwise, direct or indirect;
  - o Participated in any business, transaction or professional activity; or
  - o Incurred any obligation of any nature, which is, or appears to be, or may be, perceived to be in substantial conflict with the proper discharge of the person's professional duties and execution by a person of an objective and independent professional judgment, and/or according to widely recognized professional norms of conduct.

Examples of conflict of interest may include: using confidential information for private advantage, participating in any action in which this person has a financial interest or to which they have a significant relationship, employment of a spouse or other relative of the Offeror, or holding a substantial portion of the shares of the Offeror; using the person's position to gain an advantage or benefit that a person is not otherwise entitled to; and bribery (including giving bribes to somebody and accepting bribes).

Firms wishing to submit proposals must disclose any potential or explicit conflict of interest to DAI prior to submitting a proposal.

#### 2. Cost of proposal

The Offeror shall bear all costs associated with the preparation and submission of the Proposal, and DAI will under no circumstances be responsible or liable for those costs, regardless of the outcome of the solicitation.

#### 3. Contents of solicitation documents

Proposals must comply with all requirements of this RFP. Proposals partially complying with the requirements may be rejected. The Offeror is expected to examine all corresponding instructions, forms, terms and specifications contained in the solicitation documents. Failure to comply with these documents will be at the Offeror's risk and may affect the evaluation of the Proposal.

#### 4. Clarification of solicitation documents

A prospective Offeror may request clarifications or ask questions in writing through e-mail:office@agrobiznis.net or fax number 011/344 53 63. All requests for clarifications and/or questions must be received by DAI **no later than close of business April 2, 2009**. DAI will provide responses to all questions **in writing and will make them available to all parties that confirmed submission of proposal and/or submitted questions by April 6, 2009**.

#### 5. Amendments of Solicitation Documents

Modifications may be made at any time prior to Proposal submission deadline. Deadline for submission may be extended depending on the scope of a modification. Proposal validity extension may be requested. In special circumstances, a modification may take place after the proposals are received and opened, such as when USAID cancels the project or there is a stop-work order issued to the DAI under the project. Modifications after the receipt of Proposals will be communicated only to those Offerors who submitted Proposals.

**6. Documents and Language of the proposal**

The Proposals prepared by the Offeror and all correspondence and documents relating to the Proposal exchanged by the Offeror and DAI shall be written in English language. Any printed literature e.g. proof registration and similar furnished by the Offeror may be written in Serbian language.

Documents required to be submitted as part of the Proposal:

- Registration documents - Agency registration, and tax registration if applicable, as well as documents issued by the respective competent authorities certifying that the Offeror:
  - has not declared bankruptcy nor is the subject of pending bankruptcy proceedings;
  - does not have any outstanding financial obligations to the relevant Tax Department if applicable.

The Proposal should contain the following sections:

**A. Technical Proposal**

- Methodology (**Not more than 5 pages**)

A clear, brief description of how each of the issues listed in the Scope of Work will be approached, which studies and methods used. Offerors may wish to provide an outline (a detailed table of content) of the report/analysis.

- Company profile to include overall description of business and main activities company is engaged in on the market. (**Not more than 2 pages**)
- Descriptions of a minimum 3 similar projects conducted in Serbia in the past three years (**not more than 1 page per project**). The description should include:
  - project title,
  - client and client’s contact information,
  - approximate project value (mandatory),
  - what exactly your company did at this project (task and product / result), and
  - names and titles of key personnel on these projects.
- Key Personnel Offered for this assignment (Not more than 3 pages)

Identify key professional personnel who will be working in the assignment and their respective roles. Provide resumes of the suggested personnel. (*Note:* The personnel offered in the proposal are supposed to work on the project, and the proposal should state that the personnel included in the proposal will be working on the project.)

**B. Cost Proposal**

The cost proposal of performing this assignment shall include all cost elements necessary to perform the activity, and shall be presented in the following format:

- Cost Proposal Format

Cost category	Rate	Quantity	Cost (USD)
STAFF SALARIES	USD/day	# of days	
DIRECT COSTS			

<List each item in a separate row, such as travel, accommodation, publications, data, etc. >			
.....			
TOTAL			

- Cost Proposal Narrative (**Not more than 1 page**)

The Cost Proposal Narrative shall provide sufficient detail and the explanation on each cost category so that the reasonableness of the proposed costs can be assessed as part of the evaluation of the proposal (e.g. employee compensation, firm-specific loading, including statutory loadings; brief explanation of how the other cost items were determined). All local taxes and benefits to be paid by the Offeror related to this assignment should be included in the cost proposal.

**Currency: All costs must be expressed in US Dollars.**

**C. Proposal Submission Form (Please see Annex III)**

**7. Period of validity of proposals**

Proposals shall remain valid for 30 (thirty) days after the proposals' opening. A Proposal valid for a shorter period may be rejected by the Program as non-responsive.

In exceptional circumstances, DAI may solicit the Offeror's consent to an extension of the period of validity. The request and the responses thereto shall be made in writing. Offerors will not be required nor permitted to modify their Proposals.

**8. Deadline for submission of proposals**

Proposals must be submitted in a sealed envelope, **clearly marked: Proposal RFP No. POL\_0306, not to be opened by registry, no later than April 10, 2009, at the following address:**

**DAI – USAID Agribusiness Project  
(Attn. Procurement Manager)  
Internacionalnih brigada 57  
11000 Beograd**

Delivery to the post by 5:00 p.m. on April 10, 2009 will be consider timely delivery.

DAI may, at its own discretion, extend Proposal Submission deadline. The Offerors will be informed in writing of such extension.

**9. Late Proposals**

Any Proposal received by DAI after the deadline for submission of proposals will be rejected.

**10. Modification and withdrawal of Proposals**

The Offeror may withdraw its Proposal after the Proposal's submission, provided that written notice of the withdrawal is received by DAI prior to the deadline prescribed for submission of Proposals.

**11. Opening of Proposals**

**Proposals shall be publicly opened at 2:00 p.m Belgrade time, on April 13, 2009 at DAI office , Internacionalnih brigada 57, 11000 Belgrade.**

At the opening, DAI staff shall declare the names of the Offerors. Proposals that have not been opened and declared during the opening procedure will not be admitted for further evaluation regardless of any circumstances.

After the opening of Proposals, DAI shall determine and announce dates for evaluation of proposals and final selection.

**12. Clarification of proposals**

To assist in the examination, evaluation and comparison of Proposals, DAI may at its discretion, ask the Offeror for clarification of its Proposal. The request for clarification and the response shall be in writing and no change in price or substance of the Proposal shall be sought, offered or permitted.

**13. Preliminary examination**

DAI will examine the Proposals to determine whether they are complete, whether any computational errors have been made, whether the documents have been properly signed, and whether the Proposals are in compliance with the requirements of this RFP.

Arithmetical errors will be rectified on the following basis: If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected. If the Offeror does not accept the correction of errors, its Proposal will be rejected.

DAI’s determination of a Proposal’s responsiveness is based only on the materials included in the Proposal and their applicability and relevance to the proposed work, and responsiveness to the RFP requirements.

**14. Evaluation of Proposals**

Evaluation will be based on both technical merit and cost. The contract will be awarded to the Offeror with the highest overall score.

**A. Technical Evaluation Criteria**

The maximum number of points obtainable for the technical proposal is 70 points.

The technical proposal will be evaluated on the basis of its responsiveness to the Scope of Work (SoW) using the following criteria:

Summary of Technical Proposal Evaluation Forms		Points Obtainable	Company / Other Entity				
			A	B	C	D	E
1.	Proposed Methodology	30					
2.	Qualifications of the Company	20					
3.	Key Personnel	20					
<b>Total</b>		<b>70</b>					

**B. Cost Evaluation**

The maximum number of points obtainable for the cost proposal is 30.

**15. Award criteria and Proposals rejection**

The award will be issued based on the above stated evaluation criteria.

DAI reserves the right to accept or reject any Proposal, and to terminate the solicitation process at any time prior to award of the Subcontract, if:

- a. Funding is not available for this activity;

- b. No proposals have been submitted in response to the RFP within the specified date;
- c. None of the Offerors' proposals meets the requirements of the RFP; and
- d.. Other urgent and unforeseen reasons.

In addition to the considerations above, DAI reserves the right to reject any Proposal if:

- o The Offeror's qualification or Proposal data are proven to be false;
- o The selected Offeror refuses to enter into a subcontract; or
- o The Offeror commits a proven unfair or dishonest act in order to acquire rights for the award.

In case of termination, DAI shall notify all Offerors as soon as practicable of the decision to terminate. DAI is not obligated to provide the Offerors with detailed information or specific reasons for terminating the RFP.

## **16. Payment**

It is DAI's policy not to issue advance payments to vendors. Payment shall be made upon completion of Analysis. Currency of the Firm Fixed Price (FFP) agreement or Purchase Order will be US Dollar. Payments will be executed in Serbian dinars based on valid buying exchange rate of the NBS.

## Annex II

### SCOPE OF WORK

#### **Project Background:**

Development Alternatives, Inc. (DAI) is implementing the USAID funded Serbia Agribusiness Project. The Agribusiness Project is an activity that falls within the Economic Growth Strategic Objective of the USAID Mission to Serbia, and which is funded at the level of \$23.9M. The project is projected to run for five years, starting from September 28, 2007. The principal goal of the project is to increase sales by Serbian agribusinesses, either domestic or international, by making these businesses more competitive in their respective markets and to generate more jobs. The project focuses on six selected sub-sectors which offer the greatest potential for growth over the project horizon: (1) tree fruit, (2) berry fruit, (3) vegetables, (4) herbs, spices and mushrooms, (5) dairy, and (6) livestock. Over the course of the first year the project conducted in depth sub-sector analyses that have served to identify the best opportunities for project intervention.

#### **Overview**

The current financial crisis has caused a significant drop in demand across all major markets. This has led to a decrease in imports into developed market economies, and so a decrease in exports from many emerging markets including Serbia. Consequently, what many economies were relying upon as their “engine of growth” has been disrupted. Job losses and lower incomes are spreading to in the emerging markets, with those reliant on manufacturing and those lacking high levels of domestic demand for those same goods being impacted the most.

Both the extent of the decreases in demand for exports, and what can be done to help mitigate negative impacts are difficult to determine. They are both also highly dependent on the particular markets and goods. While aggregate levels of demand for imports will drop in most markets, there will be considerable variation within those changes. During crises, some goods are subject to significant decreases in demand. Others are less affected, and still others actually experience an increase in demand (what economists call “inferior goods”). While it is a challenge to understand precisely which goods fall into which categories, gaining a better understanding can help in the formulation of better policy responses.

#### **Purpose**

The effort proposed under the current scope of work of has two main components. The purpose of the first is to gain a better understanding of how different categories of agricultural exports from Serbia will be impacted by the crisis over the short and medium terms. In the second component, lessons are derived from the first to develop potential policy and firm-level responses to mitigate the impacts of the crisis.

#### **Tasks and Analysis**

The analysis undertaken will involve a number of different elements.

- **Decrease in Investments** – As a transitional country to market economy, Serbia has initiated the process of privatization which attracted many investments in the Serbian economy, including agricultural sector. This task would encompass analysis of the status of investments in Serbian agriculture, focusing on the following items:
  - Existing investments:
    - Through privatization
    - Green filed investments
  - Most recent developments with privatized enterprises due to the lack of liquidity
  - Reasons for decreased investments and expectations
    - Private capital
    - State support (state agrarian budget and provincial agrarian budget)
    - IPARD and other investment support
- **Availability of Working Capital** - Global financial crises has made the working capital management a difficult process since the cash conversion cycle has significantly increased. This task would encompass

analysis of the availability of the working capital in Serbian agriculture, interviewing selected local banks and agricultural sector lenders, focusing on the following items:

- General conditions in the banking and financial sector
- Status of the crediting of agricultural sector
  - Most recent credit portfolio
  - Trends in the preceding year
  - Expectations
- Agricultural budget
  - Analysis of the level and manner of support
  - Expectations for the following period
- **Analysis of the Demand Decrease** - This task would encompass analysis of the trends in agricultural production by groups of products. This crisis, along with application of the SAA with the EU, and accession process to the WTO will affect the demand for certain agricultural products produced locally, and the aim of the analysis will be to provide reasonable expectations with respect to demand and production of groups of agricultural products.
- **Experiences of Other Countries** - Specific recommendation for reducing effects of financial crisis on the agricultural sector made by relevant agricultural ministries or related authorities in the EU countries, countries in the region or other, will also be examined for applicable policy measures for Serbian agriculture.

The methodology for the tasks under this assignment will encompass analysis of relevant statistical data on production, consumption, foreign demand, macroeconomic data and indicators, trends in privatization and crediting of agriculture, and reports on actions made by other countries. In addition, the interviews with key stakeholders will be conducted as well.

**Level of Effort (LOE):** Offerors are free to propose the LOE they consider adequate to perform the task under this SoW, having in mind the following activities and the period of performance stated below.

**DELIVERABLES: Practical Recommended Strategy For Serbian Agriculture To Mitigate Negative Impacts Of The Global Financial Crisis**

The deliverable will be an analysis of the impact of the crisis in Serbian agriculture and what measure should be taken to mitigate negative effects. The exact contents will be developed and refined as the project proceeds. It is anticipated to have sections similar to the following:

- I. Executive Summary
- II. Overview of the Crisis
- III. Methodology
- IV. Impact of the Crisis on Serbian Agriculture, with a specific overview for the following sub-sectors
  - a. Dairy
  - b. Livestock
  - c. Tree fruit
  - d. Berry fruit
  - e. Herbs, spices and mushrooms
  - f. Vegetables
- V. Policy and program recommendations. This will include a recommended strategy of approach to mitigating the impact on Serbian agriculture of the global financial crisis.

**Project Authority / Reporting:**

The selected Offeror will work closely with the ABDS/finance advisor and Policy Specialist and will report to the Chief of Party (COP) of the Serbia USAID Agribusiness Project. In addition, the selected Offeror will work cooperatively with the foreign financial consultant to undertake this study and to draft a report useful to practitioners in agriculture development. The selected Offeror will work under the general supervision of the USAID Agribusiness Project's COP.

**Note:** The selected Offeror should use this SoW as a general guidance and upon agreement with the COP may/should modify proposed tasks and activities in order to achieve more sound strategy on impact of financial crisis containing all necessary analysis and recommendations.

**PERIOD OF PERFORMANCE:**

Assignment schedule: **April - May 2009.**

**Annex III**

**PROPOSAL SUBMISSION FORM**

Dear Sir / Madam,

Having examined the Solicitation Documents, we, the undersigned, offer to provide Professional Consulting Services for the Program, for the following amount: in figures \_\_\_\_\_USD  
in words:\_\_\_\_\_

In accordance with the Cost Proposal attached herewith and made part of this Proposal.

We undertake, if our Proposal is accepted, to commence and complete delivery of all services specified in the final agreement or Purchase Order in the time frame stipulated.

We agree to abide by this Proposal for a period of 30 days from the date fixed for opening of Proposals in the Request for Proposal, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

We understand that you are not bound to accept any Proposal you may receive.

Dated: month /day/year

\_\_\_\_\_  
(In the capacity of)

\_\_\_\_\_  
Duly authorized to sign Proposal for and on behalf of