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**REQUEST FOR EXPRESSIONS OF INTEREST**

**CONSULTANCY SERVICES**

**RE-TENDER**

Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme

ASSIGNMENT: Consultancy for a Technical Advisor to support the DBJ in the selection of a Fund Manager for a Venture Capital (VC) Fund

PROJECT #: **JA-O0010 /JA-L1085**

**Associated WBS Code #: 4.1.6**

**Reference No: DBJ-022/02**

SELECTION METHOD: **Selection of Individual Consultants**

The Development Bank of Jamaica (DBJ) through the Government of Jamaica (GoJ) has received financing from the Inter-American Development Bank (IDB) towards the cost of Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme, specifically to Subcomponent II.2 Facilitating Access to Capital for Scalable Start-ups with sub activity Consultancy for a Technical Advisor (TA) to support the DBJ in the selection of a Fund Manager for a VC Fund.

The consulting services (“the Services”) which require procuring a Technical Advisor to support the DBJ in the selection of a Fund Manager for a VC Fund in Jamaica, is to be conducted over a Twelve (12) month period.

The objective of this assignment is to focus on supporting the DBJ in procuring a well-qualified Fund Manager for the VC Fund and providing advice to the DBJ as an investor in the VC Fund. The procurement process for hiring the Fund Manager will have already been initiated and the Technical Advisor, after on-boarding, shall provide support on the remaining steps of the Procurement.

The DBJ now invites eligible Consultants (“Individuals“) to indicate their interest in providing consultancy services for the specialized area. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services.

The qualifications criteria are:

* Advanced qualification in Business, Finance or Law with at least 8 years of professional experience dealing with Private Equity/Venture Capital industry, including experience at an institutional Limited Partner making investments in Private Equity and Venture Capital Fund is required.
* Significant and demonstrated understanding and expertise in the PE/VC industry, including the gaps and challenges facing the industry in the Caribbean region / Jamaica is required.
* Significant and demonstrated understanding and expertise in start-ups and Micro, Small and Medium Enterprise (MSME) financing, particularly risk capital for early stage, scalable and investment-ready start-ups is required.
* Significant experience working with Funds to deploy investments or with Start-ups to secure PE/VC investment funds would be preferred.
* Previous experience, and skills relating to the performance of a Limited Partner in one or more Funds would be an asset.
* Excellent writing and communication skills in English is required.

The Terms of Reference may be downloaded from the DBJ’s website:  [***http;//www.dbankjm.com***](mailto:%20thinkbigee@dbankjm.com) **as of Monday, February 28, 2022.**

The attention of interested Consultants is drawn to 1.9 of the IDB’s *Guidelines: Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (GN-2350-9), March 2011* setting forth the IDB’s policy on conflict of interest. The Consultant will be selected in accordance with the **Selection of Individual Consultants** methodset out in the *GN-2350-9, March 2011* on page 26, Item 5.1- 5.4.

**Deadline for Clarifications:** All Requests for Clarification should be submitted on or before **Tuesday, March 15, 2022, at 4:30 p.m.,** by sending an email to:  [***thinkbigee@dbankjm.com***](mailto:%20thinkbigee@dbankjm.com)

Expressions of Interest may be delivered in writing to the address below (in person, or by mail, or e-mail) **no later than Tuesday, March 22, 2022, at 3:00 p.m.**

Development Bank of Jamaica

Attn: Procurement Specialist/Project Manager

Boosting Innovation, Growth and Entrepreneurship

Ecosystems (BIGEE) Programme

11a-15 Oxford Road, Kingston 5

Jamaica, West Indies

**E-mail:**  [***thinkbigee@dbankjm.com***](mailto:%20thinkbigee@dbankjm.com)

**TERMS OF REFERENCE**

**VENTURE CAPITAL EXPERT –TECHNICAL ADVISOR**

**Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme (financed by the Inter-American Development Bank)**

**Consultancy for a Technical Advisor to support the DBJ in the selection of a Fund Manager for a Venture Capital (VC) Fund**

1. **Background**

Jamaica’s fiscal and macroeconomic conditions improved in the years immediately preceding the COVID-19 pandemic after decades of stagnant or negative growth, high debt to GDP ratio and fiscal deficits. The Debt to GDP ratio was reduced from 145% of GDP in 2014 to 104% of GDPin 2019. Immediately prior to the pandemic, Jamaica was experiencing an 11-year low unemployment rate and had improved its *Ease of Doing Business* and *Poverty* indicators. However, economic growth was 1.1% during 2019. Like many countries, that indicator fell in 2020 when the impact of the COVID-19 pandemic began to be felt, to an official estimate of a 10.2% decline.

Even though a rebound in the economic growth rate and productivity had begun by 2019, the pandemic re-emphasized the need for government-targeted activities to promote robust, sustained economic growth, including policies to facilitate private sector-led activities, and support for micro, small and medium enterprises (MSMEs), entrepreneurship and innovation.

At the macro level, Total Factor Productivity (TFP) measures how an economy combines its inputs – capital and labour – to produce value and reflects the rate of technological change in an economy. At the micro level, TFP reflects the innovation and/or technology development and adoption activities of private sector firms, capturing the efforts to create more value in either new products or new processes. For the previous two decades, Jamaica’s TFP had decreased at a rate of approximately 1.6% per year; and the low economic growth rate was partly attributable to this declining productivity.

Innovation, defined as the transformation of new ideas into economic and social solutions that add value, has a causal link to increases in productivity and growth. On one hand, incumbent companies create new products and processes and gain competitiveness in local and international markets. On the other, entrepreneurs can identify disruptive opportunities and build new companies or start-ups with high growth rates and impact. Research has shown that the productivity of high-growth firms leveraging innovation spills over to other firms through the movement of workers from one firm to another. Thus, productivity gains ripple through the economy.

However, generating and sustaining high-growth, innovation-based companies requires a distinct set of policies and programs that promote innovation and entrepreneurship in the private sector. Such policies should catalyze a robust ecosystem of entrepreneurship and innovation, composed of:

1. stakeholders from the private, public and academic sectors and intermediary institutions (business incubators and accelerators);
2. technology transfer offices; and
3. investor networks, venture capitalists, among others that encourage the development and scale-up of high growth, opportunity-based business ventures, whether from new entrants to the market (entrepreneurs), scalable start-ups, or existing businesses.

The current ecosystem has strengths that provide the basis on which to build a transformational opportunity for Jamaica, several of these having been developed as a result of strategic initiatives spearheaded by the Development Bank of Jamaica (DBJ), through programs such as the Jamaica Venture Capital Program (JVCP) supported by the Inter-American Development Bank (IDB)-Lab. Previous ecosystem development programmes have resulted in: legislation that allows for Venture Capital Funds (VCF) and investment in new ventures; legislation on Limited Partnerships (LP); the investment of Pension Funds in VC funds; instruments for preservation of viable companies; the use of movable assets as collateral; and regulation for the operation of VC funds and their tax treatment; and activities to promote entrepreneurship and venture capital investment, such as stakeholder training and capacity building, especially among university incubators and angel investors.

The Jamaican Government requested further support from the IDB to create new avenues for economic growth, and this resulted in the US$25M loan agreement that supports the Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) Programme. The programme will support Jamaica’s growth and employment objectives by:

* Providing support and funding for the development and strengthening of a
* comprehensive innovation and entrepreneurship ecosystem that builds on the currently existing initiatives
* Providing effective business services to vulnerable entrepreneurs
* Promoting a culture of entrepreneurship and innovation; and
* Democratizing access to equity through a set of Funds, including a venture capital fund and an angel investment Sidecar Fund.

There are four components of BIGEE, as follows:

**Component 1** - Promoting innovation and productivity among established MSMEs with high growth potential with subcomponents being

**I.1** Investment in Innovation in MSMEs,

**I.2** Patent Development and Commercialization, and

**I.3** Capacity Building for Technology Extension Centers for MSMEs.

**Component II** – Promoting sustainable growth in Scalable Start-ups with the following subcomponents:

**II.1** Stimulating Deal Flow and

**II.2** Facilitating Access to Capital for Scalable Start-ups.

1. The Programme, which is aimed at supporting scalable start-ups, will contribute capital of up to US$20M as an investment in one or more funds that will, in turn, provide primarily risk capital financing to early stage, scalable and investment-ready start-ups registered in Jamaica. Access to risk capital, along with capacity-building from a professional Fund Manager is expected to allow these investees to achieve higher levels of growth and productivity, and contribute, where possible, to job growth in their sectors.

**Component III** – To create a sustainable pipeline of high-growth potential start-ups with sub-components:

**III.1** Technological Transfer and

**III.2** Incubator Support.

**Comnponent** **IV** - Project Management.

Key features of the Fund are expected to be:

1. Fund focus: minimum size of US $15 million (including DBJ’s commitment, the “Minimum Closing”) and shall have a size no larger than US$20 million (the “Maximum Closing”) invested in Jamaican early stage, scalable and investment-ready start-ups
2. management by a private Fund Manager;
3. co-investment by other investors including private investors;
4. no government participation on the investment committee or on the Board of Directors of the Fund or Fund Manager.
5. fund life of 10 years extendable by an additional period of not more than 2 years;
6. targeted enterprises are early stage, scalable and investment-ready start-ups;
7. estimated ticket sizes of between USD $200,000 and USD $500,000 per eligible company as part of an initial deployment (the “Initial Investment”); the Fund must have a portfolio size of between 25 and 30 companies;
8. provide technical assistance to early stage, scalable and investment-ready start-ups to relieve capacity constraints; and
9. The Fund shall invest in the following industries: Manufacturing, agro-technology, mining, tourism, technology, retail, health, mobility, fintech, and/or base-of-pyramid services or any other industry that deems appropriate to DBJ. No industry allocations shall be made for purposes of building the Fund’s portfolio.

Additionally, the DBJ has capitalized a **US$1.5M Sidecar Fund (SF)** as its first direct investment vehicle to support high growth potential start-ups and further stimulate investment deal flow. This Fund will partner with angel investment groups and private angel investors, providing matching investments in stat-up companies selected by these Investors and that meet the Fund’s criteria. As part of this process, the DBJ has developed its Approved Angel Investor designation, recipients of which will have been screened and checked for AML compliance, etc. in order to reduce reputational and financial risk to the organisation. The Fund will accept online applications for this designation, along with joint investor/entrepreneur applications for investment.

They will be guided by the DBJ’s existing Venture Capital and Private Equity Policy (VCPEP) approved in 2015 and updated in 2018. The VCPEP defines the procedures by which the DBJ can participate as a Limited Partner (LP)[[1]](#footnote-2) anchor investor in a Venture Capital Fund, as well as risk management practices, investment constraints and monitoring and evaluation.

**II. Objective**

1. **This Terms of Reference (TOR) focus on supporting the DBJ** in selecting a well-qualified Fund Manager and providing advice to the DBJ as an investor in the VC Fund. The selection process for hiring the Fund Manager will have already been initiated and the Technical Advisor (TA), after on-boarding, shall provide support on the remaining steps of the selection process.

**III. The scope of responsibilities for the TA would include, inter alia:**

**1. Call for Proposal (CFP) – related support:**

1. The TA will support DBJ in marketing the Call for Proposal (CFP) widely to maximize the number of well-qualified Fund Managers submitting technical and financial proposals in response to the CFP.
2. The TA will support DBJ in defining the composition of the Technical Evaluation Committee (TEC), identifying individuals with the requisite skills, and securing their participation.
3. The TA will facilitate the technical evaluation by the TEC through the selection process, including preparing the Technical Evaluation Report
4. The TA will provide Technical Support for DBJ as an anchor investor, for the duration of the Fund life
5. The TA will provide technical advice to the DBJ to support DBJ’s role as an investor in the Fund through the formation and management of the Fund
6. This will include keeping track of Fund’s activities, reviewing all quarterly and annual reports; and participating on calls with the DBJ’s representative on the Advisory Committee of the Fund.
7. The TA will advise the DBJ on any technical issues that arise with the Fund or Fund Manager that could potentially affect the GOJ’s investment in the Fund.
8. The TA will also advise the DBJ on other issues such as governance and conflicts of interest.
9. The TA will support the DBJ in preparing reports on the Fund’s activities as needed for the GOJ/public disclosure.
10. The TA will liaise, as needed, with Stakeholders including the GOJ entities, start-ups and the selected Fund Manager on behalf of the DBJ.
11. Any other related task assigned by the DBJ.
12. **Travel Requirements**: The field-visits and tours may not be required; however, meetings via Microsoft Teams and Zooms etc. may be used as per the project requirements.

**IV. Expected Effort and Deliverables**

The Technical Advisor is expected to perform the above-mentioned tasks on an ongoing basis during the term of the assignment, to the satisfaction of the Technical Unit (TU), and PE/VC Project Manager. Quarterly Key Performance Indicators (KPIs) will be set against which deliverables will be measured during the course of the assignment.

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| --- | --- |
| **Deliverables** | **DATES** |
|  |  |
| **Deliverable 1.** Technical/Advisory services to the DBJ in finalizing the selection of a Fund Manager. Technical services include, but are not limited to:   * Supporting the DBJ in marketing the CFP * Supporting the DBJ in establishing the Technical Evaluation Committee and facilitating the Technical Evaluation. * Preparing the Technical Evaluation Report | 3 months of contract |
| **Deliverable 2**. Technical advice to the DBJ to support its role as an investor in the VC Fund throughout the formation and management of the Fund | 3- 6 months of contract |
| **Deliverable 3**. Support the DBJ in establishing a robust Monitoring and Evaluation (M&E) framework to monitor and track the Fund Manager and the performance of the Fund.  Review and provide inputs to the quarterly Reports. | 6 -9 months of contract |
| **Deliverable 4**. Advise to the DBJ on all Technical issues with the VC & Side-car Funds, and the Fund Manager. | 6-12 months of contract |

**V. Qualifications (The TA will need to have the following expertise):**

* Advanced qualification in Business, Finance or Law with at least 8 years of professional experience dealing with Private Equity/Venture Capital industry, including experience at an institutional Limited Partner making investments in Private Equity and Venture Capital Fund is required.
* Significant and demonstrated understanding and expertise in the PE/VC industry, including the gaps and challenges facing the industry in the Caribbean region/ Jamaica is required.
* Significant and demonstrated understanding and expertise in start-ups and Micro, Small and Medium Enterprise (MSME) financing, particularly risk capital for early stage, scalable and investment-ready start-ups is required.
* Significant experience working with Funds to deploy investments or with start-ups to secure PE/VC investment funds would be preferred.
* Previous experience, and skills relating to the performance of a Limited Partner in one or more Funds would be an asset.
* Excellent writing and communication skills in English is required.

**VI. Contract Duration and Reporting Procedures**

The contract duration will be for 12 months initially and may be extended beyond this term, subject to the DBJ’s and the Inter-American Development Bank’s satisfaction.

The TA will report to the Program Manager – BIGEE; and the Technical Coordinator - Intermediary Relationships; and will liaise with the Inter-American Development Bank’s staff assigned to the project.

**VII. Payment Schedule**

1. Deliverable 1 (25%)
2. Deliverable 2 (25%)
3. Deliverable 3 (25%)
4. Deliverable 4 (25%)

1. [↑](#footnote-ref-2)