

**Request for Proposals (RFP):
Grant award to Host organization for the implementation of a Business
Incubator in Cambodia and an incubation program targeting women
entrepreneurship in the Mekong**

infoDev, a donor-funded agency hosted by the World Bank, invites suitable organizations to implement a business incubator in Cambodia and provide a business incubation program catering specifically to women entrepreneurship in the Mekong. As the implementing agency for the program, infoDev is looking to identify an organization, or a consortium of organizations, to:

- 1. Create a sustainable, locally operated, business incubator that accelerates the growth of early-stage small and medium-sized enterprises (SMEs);*
- 2. Create a targeted set of activities to support women entrepreneurship;*
- 3. Identify gaps and inefficiencies of initiatives supporting entrepreneurship and innovation at national level.*

Please respond to this RFP by email to jbrethenoux@worldbank.org with a copy to info@infodev.org, no later than 11.59 pm EST on October 15, 2010.

In case of any question – you can contact us during office hours at +1 202 473 7401.

1. Background:

*infoDev has entered into a Memorandum of Understanding with the Ministry of Foreign Affairs of the Government of Finland and Nokia to undertake a joint program on *Creating Sustainable Businesses for the Knowledge Economy*, worth some €13 million, that will run from 2010 – 2012. The program foresees three tracks – on mobile applications, on business incubation and technology entrepreneurship and on hosting of the Global Forum in 2011 – together with a supporting track of analytical work in the field of ICTs and Innovation Systems in Agriculture. The program will be implemented at the country level in Finland’s development partner countries; at the regional level in Africa, Asia and in Eastern Europe, Caucasus and Central Asia (ECA) as well as at the global level. More information is available at: <http://www.infodev.org/en/Topic.28.html>*

2. Selection process

The selection process is taking place during a sequence of phases:

- September 2010 (closing date October 1). The present **request for proposal** (RFP) is advertised on the *infoDev* (www.infodev.org) site and via networks in Cambodia to identify potential organizations.
- October 2010. **Up to 6 of the highest ranking proposals will be selected for evaluation** based on the following criteria:
 1. Respondent's qualification in the field of the assignment.
 2. Respondent's technical and managerial capabilities.
 3. Respondent's core business and years in business.
 4. Qualifications of the respondent's key staff that would work on this assignment specifically.
 5. Respondent's experience in supporting businesses, notably women entrepreneurs in developing countries, including Cambodia.
- **Notice will be sent to firms that are shortlisted** requesting further information in order to make the final decision to award the grant.
- **Up to one organization may be selected** from among the shortlisted organizations based on an evaluation against the criteria set forth in Section 4.
- *infoDev* intends to award **one grant, up to US\$ 430,000**, to the selected organization(s). Grant award will be subject to execution of a grant based on the *infoDev*'s standard form of grant and on terms and conditions acceptable to *infoDev*. *infoDev* reserves the right to modify the arrangements for the grant awards, depending on the outcome of the RFP process. The aim is to open the incubator in Cambodia in 2011.
- 2010 (Q4) – 2012. The grant is intended to cover:
 1. The immediate start-up and initial running costs of the business incubator. *In the period beyond 2012, when this project is due for completion, it is anticipated that **the business incubator should aim to become self-sustaining** from revenues raised through their operations and that additional funding for a few more years may well need to be organized by the selected organization. The submission by potential organizations of a business model that will achieve sustainability is an important criterion for success in the RFP process.*

2. The feasibility assessment, design of the business model and project implementation plan of the women's entrepreneurship business incubation program. *The **implementation will be discussed** with the government of Finland upon the completion of the feasibility assessment and the business model design in 2012.*

- 2010 - 2012. In parallel with the selection of organization(s) and the grant process, *infoDev* will provide technical assistance, training, advocacy and links to the *infoDev* global business incubation community, to assist the grantee.

3. Instructions to applicants

Applicants are invited to submit proposals on the basis of the following requirements:

- 3.1. It may be difficult for a single organization to meet all these objectives or to provide all of these functions alone. Therefore, potential host organizations are encouraged to seek partnerships, and form consortia, (a "cluster approach") when responding to this Request for proposal.
- 3.2. The successful applicant must be able to demonstrate **strong innovation and entrepreneurship experience working with early-stage growth companies**, such as links to business mentoring processes, to trade facilitation, to private sector development and to SME finance. For instance, a successful track record in bringing innovations to market, and/or in supporting innovators and entrepreneurs and/or in seed and later stage venture financing. In the event that the potential host organization cannot provide these services directly, an indication should be provided of how you will partner with other organizations specialized in this field. The successful applicant must understand the differences between supporting SMEs generally, most of whom do not grow, and supporting growth oriented firms through the stages of their growth, which is the proper focus of business incubation and its intensive support.
- 3.3. The successful applicant must be able to demonstrate **strong SME finance experience and linkages**, ranging from start up to growth and expansion and covering both debt and equity investing. Clients will need help to raise the right finance, at the right time in their growth cycle, and will rely upon the experience and linkages of the body implementing the incubator. As well as financing experience to help clients at the start and seed stages, strong linkages to later stage finance and venture capital is important to support firm growth post incubation.
- 3.4. This incubator should have a **national focus covering Cambodia**, with the potential to provide outreach services beyond Phnom Penh. None the less, the ability to be able to demonstrate existing links with other South East Asian countries would be an advantage.

- 3.5. Strong **leadership and governance, along with a private sector approach**, will be required to implement the incubator and support new and emerging firms. The incubator will need strong private sector leadership, complementing the work of other organizations by aligning with a range of stakeholder interests – including private sector, government, academic and grassroots/community groups – and bringing in skills from other stakeholders that are not available in-house. Where possible, especially in the RFP stage, potential host organizations should demonstrate the support of other stakeholders in their local market.
- 3.6. Finally, the successful applicant should be able to demonstrate **their own entrepreneurship and their ability to implement a sustainable business incubation model**. For instance, the ability to identify additional sources of funding and to implement a plan that will in the end see the business incubator financed through the success of its clients, by way of royalties on gross sales and/or equity, to pay for the incubation services, along with user charges. *infoDev* realizes that donor funding for only 2 to 3 years might not be entirely adequate to achieve financial self sufficiency and that additional funding for another 4 or 5 years might be needed. *infoDev* is interested in using its limited resources as a multiplier that will leverage other sources of funds.

4. Evaluation criteria

The evaluation committee will preliminary review all proposals and select up to 6 of the highest ranking proposals that they will evaluate in depth against the criteria stipulated in the table below:

Evaluation Criteria	Implementing an innovation and entrepreneurship program in Cambodia
Demonstrated experience fostering technology, service and agri-business innovation and entrepreneurship and supporting growth oriented enterprises	15
Capacity to enable women entrepreneurship	15
Quality, feasibility, scalability, and sustainability of the operational strategy	15
Demonstrated entrepreneurial experience	10
Demonstrated performance, capacity, leadership and management effectiveness with a private sector approach	15
Low risk for execution of the grant agreement	5
Proven capacity to lever external resources	5
Monitoring and knowledge dissemination methodology to be implemented throughout the project	5
Knowledge of the barriers, challenges and opportunities for current and future business incubation in the country	10
Feasibility of the sustainability plan	5
Maximum Points Possible	100

Minimum score to be considered is 80. *infoDev* reserves the right not to award any grants if none of the short-list are acceptable.

5. Objectives, partners and measurement of success

In today's knowledge economy, the competitiveness of enterprises – and nations – depends increasingly on how they leverage innovation and knowledge to grow, compete and gain access to new markets. Innovation and the entrepreneurial spirit exist everywhere, but the necessary conditions must be put in place to enable ideas to be translated into sustainable businesses. The Program will equip aspiring entrepreneurs and SME start-ups in the agribusiness and ICT sectors to use their innovation to launch and grow sustainable businesses in the knowledge economy.

The **three objectives** are:

1. to create a sustainable, locally operated, business incubator that accelerates the growth of early-stage SMEs in Cambodia;
2. to foster women's entrepreneurship in the Mekong;
3. to improve the business environment for innovative early-stage entrepreneurs through the engagement of key stakeholders in the innovation and entrepreneurship ecosystem to identify strengths and weaknesses of the policy framework, and to propose ways to improve them further.

This project will benefit from the experience of the program partners, notably:

- *infoDev's* experience in incubation of ICT enterprises, the regional Incubation Networks, the global ICT business incubation working group, and the agribusiness entrepreneurship working group. *infoDev* helps to animate a network of more than 300 business incubators in more than 80 economies around the globe (<http://www.idisc.net/en/index.html>).
- The Ministry of Foreign Affairs of the Government of Finland, which is thought-leader in the global development community, bringing specialist skills in the field of agricultural and rural development and forestry as well as in the application of mobile phone technology.
- Nokia, which is the leading mobile communications equipment vendor and supplier worldwide, and brings to the program its immense experience in the development of mobile content and applications.

One measure of success of the incubator is that it should aim to be supporting 10-15 resident and non-resident incubation clients by the end of 2012, well on the way to achieving a critical mass of 20 to 40 clients under incubation within 4 to 5 years. The program should also result in:

- Support for both resident (those who locate in the incubator's physical premises) and non-resident (those who are located elsewhere), anticipating accepting up to 10 new clients per annum to reach a critical mass of between 20 and 40 growth oriented clients at any one time within 4 years;
- Tangible support for growth oriented women entrepreneurs.

6. Services and functions of the incubator

A country's primary socioeconomic goal is to improve the quality of life of its citizens. Achieving this goal depends, in part, on the competitiveness of local firms, which depends increasingly on innovation and entrepreneurship. A central challenge for a nation's leaders, therefore, is to create the conditions for innovative companies and entrepreneurs to succeed. Policymakers and their development partners have invested in a range of initiatives to enable these conditions, including legal and regulatory reform, mechanisms to expand access to capital, and a variety of support services designed to improve the strategy and operations of local enterprises. Within this landscape of services fits business incubation, traditionally characterized by a focus on young, growth-oriented, technology firms and the delivery of services in shared facilities.

This definition has evolved in the last decade, particularly as developing economies have adapted the model to new challenges, opportunities and environments. Reflecting these changes, *infoDev* has proposed this definition:

***Business incubation** is a process which focuses on nurturing innovative early-stage enterprises that have high growth potential to become competitive businesses. The business incubation process provides a combination of:*

- 1) Shared facilities and equipment;*
- 2) Business development and market access services;*
- 3) Financial services; and*
- 4) Mentoring and networking.*

Business incubators in developing economies often defy clean categorization. They tend to share a mission to support firms with growth potential and to strengthen the often delicate foundation of skills, experiences and assets that entrepreneurs need to overcome challenges in the business environment and reach significant scale.

From this perspective, business incubation occupies the space between mechanisms such as Business Development Services (BDS), which target a wide range of small and medium-sized enterprises (SMEs), and Technology Parks and other platforms that help to accelerate the growth of emerging or established businesses. Business incubation is arguably most effective not only in environments where innovative entrepreneurs need targeted support, but also where conditions can sustain them post-incubation. These conditions include a regulatory environment designed to strengthen SMEs, a steady supply of risk capital and a culture that rewards entrepreneurial behavior.

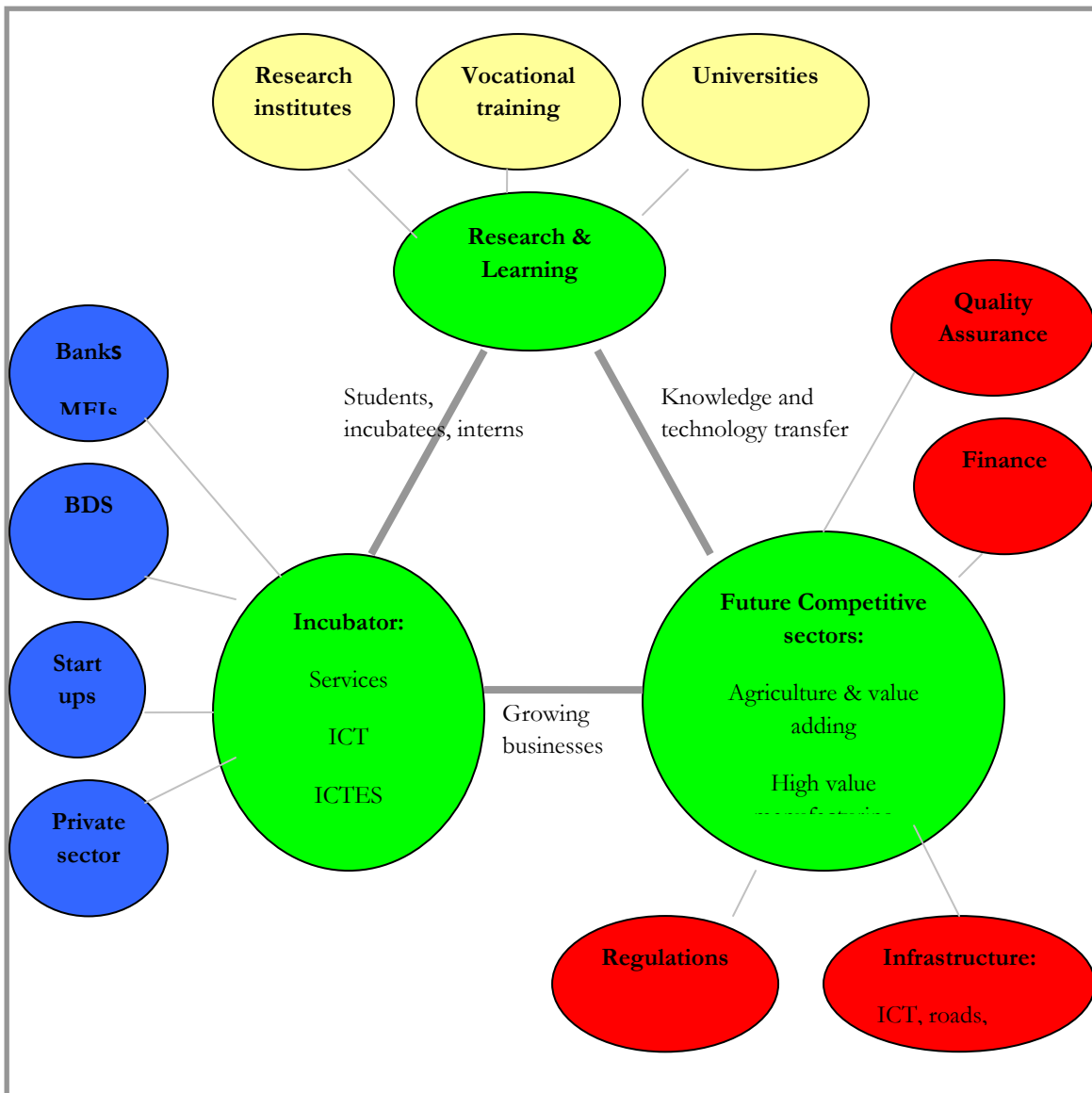
The services and functions of the incubator will evolve over time, but it is expected that the incubator will be implemented according to the service model below.

Service Model

Providing incubation services to on site and off site clients, in a wide range of service sectors, as well as firms in manufacturing and agro-processing, the incubator sits as an intermediary organization between sources of knowledge and learning and future competitive enterprises. By incubating business service companies the incubator will be supporting important inputs to agricultural and value adding enterprises, for which one of the impediments is a lack of good business support services.

The overall Phnom Penh incubator framework, below, provides the conceptual framework for the business incubator model.

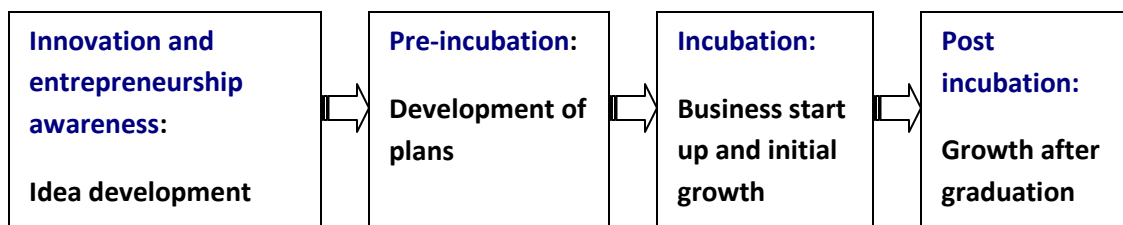
Conceptual Framework



The incubator can be seen as an intermediary between donors and government on the one hand and the private sector, trade facilitation, universities and research on the other hand.

Phases of business incubation

The model involves four phases of incubation:



1. **Technology Innovation and Opportunity Entrepreneurship Awareness:** Developing ideas, commitment and motivation, through a workshop and seminar program. Where possible the incubator will have other organizations such as universities deliver these programs or rely upon comparable programs run by these organizations.
2. **Pre-Incubation:** market research and preliminary business planning.
 - Pre-incubation workshop programs will help people to test the feasibility of their ideas and to develop a preliminary business plan. Pre-incubation targets students (postgraduate and undergraduate) from Universities, researchers, inventors and people working in government or corporate institutions.
 - The incubator will seek opportunities to promote and sponsor business plan competitions conducted by other organizations such as National University of Management's Annual Business Planning workshops and Royal University of law and Economics' Business management training.
3. **Business Incubation:** establishing the business, with intensive counseling, mentoring, financial and networking support.

Throughout incubation the incubator will assist entrepreneurs to execute their business growth strategy. This involves:

 - Developing a market focus and competitive advantage
 - Helping develop channels to market
 - Refining the business plan and business model
 - Where necessary, capital raising
 - Forming a strong management team
 - Developing management competencies
 - Where necessary helping protect the intellectual property.

4. Post-Incubation

Helping support future growth, for instance by way of help with expansion finance, internationalization or helping clients locate to Science and Technology Parks and industrial estates.

Sectoral focus: Mixed

With only a limited market and the need to develop a critical mass of 20-40 clients under incubation, the overall strategy should be to support technology innovation and entrepreneurship, with companies that have the potential to grow. Within this broad strategy ICT and ICT enabled entrepreneurship, business, tourism, transport and logistics services and services to agriculture, food processing and manufacturing should be focused upon, but not exclusively. It is important to note that service and process innovation are often more important to the success of competitive growth oriented technology and service firms than the technology itself.

With clients in Phnom Penh, in particular those that locate in the facility, ICT and ICT enabled service businesses are expected to predominate. From all accounts there is a strong sense of entrepreneurship in Cambodia most especially with the young educated middle class who are looking to establish new enterprises and strive for success. Virtual clients may be those located at home or alternative premises that require support, a professional front for their business and access to training and meeting rooms and the additional services the incubator can offer. These firms may still want an office on a permanent or a casual basis, or access to hot desk services in the Phnom Penh incubator facility. The incubator would focus on those entrepreneurs with the capacity for high growth.

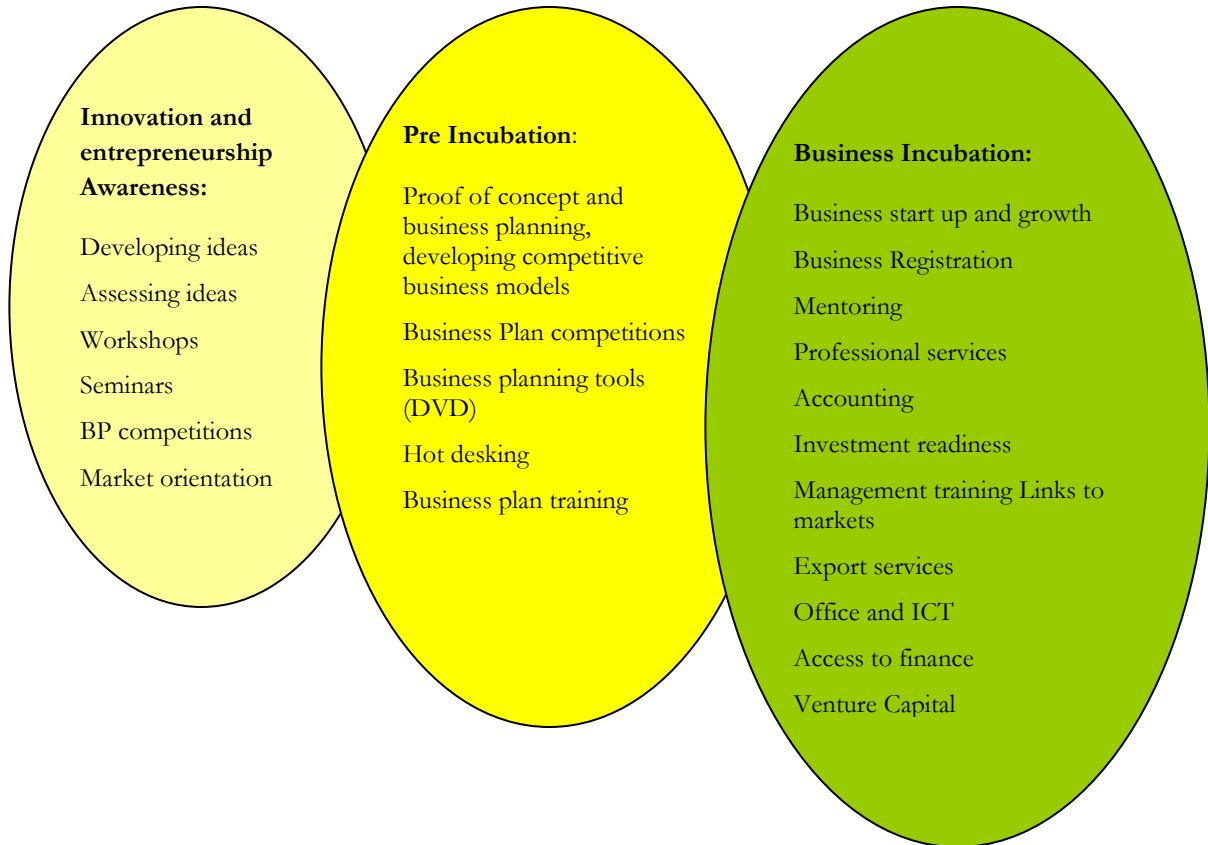
Physical and virtual incubation

To maximize the reach of incubation and to help develop the necessary critical mass of between 20 and 40 businesses under intensive operation, over time, both physical and virtual incubation should be supported, with a mixture of approximately resident clients in the facility in Phnom Penh and virtual clients (non-resident clients) located elsewhere.

Services

A comprehensive suit of tailored services, delivered in conjunction with other providers, ranging from helping generate ideas, through starting and growing businesses are required, as summarized below:

SERVICES



- Universities
- Professional business service providers
 - Accountants
 - Lawyers
 - Marketing specialists
- Other Business Development Service providers (public, private and NGO)
- Financiers
 - Banks
 - Micro Finance Institutions (MFIs)
 - Private equity and venture capital providers
- Donors
- Governments

In addition to the services listed above, *infoDev* seeks suggestions from bidders as to how they propose to address:

- The design of the incubator's model so that the organization is relevant to the Cambodian context.
- The main items of the incubator's business plan.
- Activities to foster women's entrepreneurship, as with business incubation focusing on growth oriented entrepreneurs. This could be directly integrated with the implementation of the business incubator although specific activities to foster women's entrepreneurship will need to be included.
- The identification of potential opportunities for strengthening the innovation and entrepreneurship ecosystem.

7. Who is eligible to respond?

The procurement process for the implementation of an entrepreneurship and innovation enabling program in Cambodia will proceed in phases, as shown in section 2 above.

Organizations are encouraged to respond to this request for proposal even if they do not offer a perfect match for all the requirements shown in sections 4 and 5 above, for instance by forming partnerships with other organizations, or indicating how they might seek to fill gaps in required experience. Nevertheless, there are some preconditions that are considered important. Specifically:

1. The business incubator should have a physical location, most likely in Phnom Penh, as well as the capacity to service clients in other locations.
2. The incubator could be hosted by an existing organization (e.g. a university, a research centre, a private firm etc), or a new organization could be created specifically for the business incubator. To minimize delays an optimum strategy could be to commence under the auspices of an existing organization, with a plan to create a new organization for the incubator over time.
3. Use of existing physical premises, either rented or accessed on a concessional basis, is encouraged, rather than building facilities from scratch on a green field site. This is considered important to get the incubator up and running quickly and to avoid additional costs on premises, noting a significant proportion of clients are likely to be located in their own premises or premises other than the business incubator.

4. The organization implementing the incubator, either on its own or in partnership/consortium with other organizations must be capable of developing the business incubator as a self sustaining business-like organization, after donor funding, and of providing intensive, practical business support to its clients. Even though the business incubator should not be seen as a source of private profit, a private sector approach is essential.
5. Proponents must be an organization legally established and in good standing with a physical presence in Cambodia.
6. Proponents must have in place accounting practice compliant with international accounting standards and acceptable to *infoDev*.
7. *infoDev* will reject a proposal for award if it determines that the proponent recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the grant in question; has been sanctioned by the Bank for engaging in fraud and corruption in Bank projects in a member country of the Bank, or for fraud and corruption in a Bank corporate contract; or has a conflict of interest with former or current Bank staff.¹
8. Proponents should demonstrate good reputation in the local market, strong level of business networking and strong stakeholder support from local organizations, investors, public and private institutions and from the business community.

8. Intellectual Property

Consistent with *infoDev*'s objectives to enhance and disseminate knowledge and encourage easy replication of successful projects, *infoDev* retains ownership of all project deliverables (including any intellectual property in such deliverables) funded by it, and may place such deliverables in the public domain. The host organization must recognize and agree with this objective of knowledge sharing and dissemination through *infoDev*.

To the extent that there is any intellectual property previously developed by the selected organization(s) or by third parties, such previously-developed intellectual property should be clearly identified when responding to the RFP.

¹ Please refer to Annex 4. Fraud and Corruption Guidelines

To respond to this RFP, please send your proposal by email to jbrethenoux@worldbank.org, with a copy to info@infodev.org no later than 11.59 pm EST on October 15 2010.

The following documents are enclosed as annexes as part of the current RFP for information:

- Annex 1. Standard Conditions of Grants
- Annex 2. Template Grant Agreement to be signed by the grantee
- Annex 3. Template Disbursement Letter
- Annex 4. Fraud and Corruption Guidelines