

USAID Firms Project
REQUEST FOR APPLICATIONS (RFA) No. FIRMS-012
Business Upgradation Program – Knitted Garments Sector

Introduction

The objective of the USAID Firms Project is to improve government service delivery and develop dynamic, internationally competitive firms to accelerate sales, investment, and job growth to undercut the basis of extremism. The Project is committed to foster a sustainable and vibrant private sector in Pakistan. The project is being implemented in Pakistan by Chemonics International Inc.

Chemonics seeks to enter into a Business Upgradation Agreement (BUA) for the USAID Firms Project with small and medium enterprises (SME)¹ of knitted garment stitching units which are manufacturing t-shirts. These stitching units must be willing to participate in the Knitted Garments Business Upgradation Program based on a cost share model. The program aims to provide technical assistance to the selected businesses by delivering trainings in productivity enhancement and waste reduction, facilitation of international certifications, and business systems software upgradation to make the stitching units internationally competitive and their quality standards compliant. The program will start in May 2012 and will end in March 2013 with a trial shipment order at commercial rates from international buyer(s). The outline of the program is provided in Annex A.

This is an in-kind assistance program and no expenses or funds will be reimbursed or disbursed. All assistance provided by Chemonics will be on an 'in-kind' basis. The resources of Chemonics for the USAID Firms Project are derived from, and entirely dependent upon, funding from USAID, therefore, any commitments made by Chemonics under this RFA, including future amendments to this RFA, are subject to the availability of funding from USAID.

Program Overview

The Program will be initiated from the demand side, by getting in touch with mid-tier international buyers. The program will develop and promote the 20 competitive and progressive businesses which are manufacturing knitted garments.

After the completion of this program each beneficiary will be equipped with;

- A skilled labor force*
- An increased supply of knitted garments meeting international standards*
- Improved technologies and management practices*

1. Training and Workforce Development

¹ The Small and Medium Enterprise (SME) definition according to State Bank of Pakistan is any enterprise having not more than 250 employees and annual turnover/sales of not more than Rs. 300 million.

For this initiative, the project will be initially working through training service providers to enhance the skills of the workforce, specifically the middle and top management of the selected businesses. The trainings conducted will include line management, layout efficiency and planning, time and motion study, production planning and management, material resource planning, and export and trade marketing.

2. Accredited Certifications

The project will assist the selected businesses to acquire quality, workplace safety, social compliance certification by establishing globally accepted systems which will increase the scope, reliability, traceability, and acceptability of their products on the international market.

3. Software Upgradation

The project will assist the selected businesses to acquire business development software tools as needed, such as Enterprise Resource Planning Modules (e.g. human resources, payroll, accounting, procurement and inventory management, etc.) as well as e-commerce websites.

Eligibility

Applicant must meet the following criteria:

- The business must be located within the geographical boundaries of Karachi, Sindh.
- The business must be able/willing to cover 50 percent of the cost of all of the designed interventions except trainings.
- The business should be an SME as per the definition of State Bank of Pakistan (see footnote).
- The business must have a self-owned, self-controlled facility with ongoing business operations.
- The business must be able to provide proof of business ownership and demonstrate financial capability with financial records for the last three years documenting sales and exports figures.
- The business must also demonstrate land holding and ability to bear facility improvement costs of the proposed services.

Evaluation Criteria

A total of 20 progressive businesses will be selected for this program. All applications which meet the above criteria will be evaluated on the following basis:

1. Production capacity (total points = 15)

The business should provide verifiable supporting documents/records showing total stitched products, time to stitch one garment, average wastage per garment with detailed information on permanent and contractual workers.

2. Financial capacity (total points = 15)

The business will provide financial statements for the last three years, asset valuation, total investments, working capital and machinery details along with financial value to show the financial reliability required for a project beneficiary.

3. Existing exports and sales (total points = 15)

The business will demonstrate the last three years' export/sales volumes and value with a breakdown by country importing the product(s).

4. Existing employment (total points = 15)

The business will submit a document (preferably attendance register/payroll sheets) showing permanent and contractual labor working at the facility.

5. Female employment within the company (total points = 15)

The business will submit a document showing permanent and contractual female employees working at the facility.

6. Proposed approach and methodology for exports/business enhancement (total points = 25)

The business will submit its application form along with its proposed approach for enhancing knitted garments exports and expanding business. The objective would be to understand the business's plans for improving business, enhancing exports, and creating job opportunities.

Distribution of points outlined below:

Existing Production Capacity (15 Points)	Pieces	Points
The applicant will be scored according to the total production annually	310,000 or more	15
	240,000 – 309,999	10
	200,000 – 239,999	5

Existing Financial Capacity (15 Points)	Level	Points
The scores of this criteria will be given according to the financial strength as per <ul style="list-style-type: none"> • investment • working capital • business assets value • tax history • last three years sales • last three years exports • average export price/t-shirt 	High	15
	Medium	10
	Low	5

Existing Exports (15 Points)	USD	Points
Existing exports volume and value per annum	470,000 or more	15
	360,000 – 469,999	10
	300,000 – 359,999	5

Existing Employment (15 Points)	Employees	Points
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Existing permanent or contractual employees (15 points)	More than 150	15
	150	10

Female Employment (15 Points)	Percentage of Total	Points
Existing permanent or contractual employees (10 points)	37% or more	15
	30%	10
	25%	5

Technical Approach and Methodology (25 Points)	Category	Points
To score this criteria, the approach and methodology will be evaluated and classified into one of the three categories (Excellent, Good, or Average)	Excellent	25
	Good	20
	Average	15

The 20 progressive businesses with the highest total scores will be selected for participating in the program.

Other Requirements

Chemonics shall have the right to perform monitoring and evaluation, by itself or through its subcontractor(s), periodically or randomly as the situation warrants determining the ongoing progress and impact of enhancements to the business. In order to qualify for the assistance from Chemonics, the beneficiary must complete a monitoring and evaluation baseline assessment and meet monthly and/or quarterly reporting requirements. The selected businesses are expected to report data on sales, jobs, productivity enhancement, and waste reduction, and shared costs for the duration of the agreement.

The beneficiary shall meet these reporting requirements along with all necessary supporting documents to ascertain the following²:

- Receipt of the inputs provided by the Chemonics.
- Use of the inputs provided by Chemonics.
- Complete details (e.g. name, gender, CNIC number, contact details, etc.) of the staff of the business developed through training or capacity building activities provided under this agreement.
- Overall impact of Chemonics support in terms of increased efficiency and effectiveness.
- Increase in the production capacity of the stitching unit.
- Increase in the sales revenue as results of the Chemonics support.
- Number of new full time equivalent jobs created as result of the Chemonics support.
- Value of private sector investment mobilized.

In the case of withdrawal from the program, businesses will be responsible for all outstanding charges, fees, and costs associated with their cost-share portion of the certifications and software which have been incurred at the time of program withdrawal.

² The monthly and/or quarterly reporting templates will be shared separately after the BUA has been signed.

Instructions to applicants

Applications must be submitted in English. The applicants must complete and submit the application form along with all documents listed in that form by close of business April 6, 2012. All electronic applications must be submitted by email to rfp-subcon@epfirms.com and hard copy submissions must be delivered to the Procurement and Subcontracts Department, 44-C-1, Gulberg III, Lahore in a sealed package labeled 'RFA for Knitted Garments Sector – BUA.'

The deadline for the submission of applications is close of business April 6, 2012.

Note: Applications will be reviewed against specific evaluation criteria listed in this RFA and also the beneficiary's willingness and approach to expand its business. Applicants will be informed about whether they have met the criteria or not. Chemonics will not be answerable to any beneficiary about the reason behind their application rejection.

Application Form

INSTRUCTIONS

- Please attach all supporting documents listed below and provide complete information. It is important that you provide us with correct information to ensure quick processing.
- Your business should not be receiving financial assistance from a government, semi-government or any other agency for the activities for which you are applying for this USAID-funded assistance.
- This application form should be signed by the authorized representative of the enterprise.
- If you need any clarification or explanation, please contact the USAID Value Chain Department (VCD) representative and/or any other person assigned this responsibility
- Upon approval, you are requested to allocate and make available the required liquidity (finances) and dedicated personnel for the implementation of program activities on time.

Name of Beneficiary	
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Please fill out the following questions to check eligibility before completing the application:

Please check your eligibility before completing the form.	Yes	No	
a. Is the number of your employees MORE than 250 ?	<input type="checkbox"/>	<input type="checkbox"/>	If you have answered YES TO ANY of the questions, please STOP and contact the USAID Firms Project. Otherwise continue to the next question.
b. Is your Annual Turnover/Sales MORE than Rs. 300 million ? (including holding/subsidiary company & associated companies)	<input type="checkbox"/>	<input type="checkbox"/>	
c. Are you a not-for-profit company or NGO ?	<input type="checkbox"/>	<input type="checkbox"/>	
d. Are you currently in bankruptcy process ?	<input type="checkbox"/>	<input type="checkbox"/>	
e. Have you ever defaulted on a bank loan ?	<input type="checkbox"/>	<input type="checkbox"/>	
Definitions: a. Holding/Subsidiary Company: A company holding 50 percent or more shares of another company shall be considered to be holding company. The other company shall be considered as its subsidiary. b. Associated Company: If a person holds 20 percent (or more) shares each in two companies or more or the companies are under common management & control, then they are regarded as associated companies.			

Please Submit Following Supporting Documents (if applicable) with the Application

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| <ol style="list-style-type: none"> 1. NTN certificate 2. Sales Tax Certificate (if applicable) 3. Certification of legal business entity 4. CNIC copy (All directors, or owners, or partners) 5. Company brochure, and/or product literature (if available) | <ol style="list-style-type: none"> 6. Audited financial statements (if available), otherwise signed income statements on company letter head 7. Tax Returns/Assessment Order |
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A. OWNERSHIP AND LEGAL DETAILS			
Name of Business			
Date Business started			
Existing Shareholders	Name of Shareholders		% Share
	1.		
	2.		
	3.		
	4.		
Associate Companies or share holding in any other company(if any)		<input type="checkbox"/> No <input type="checkbox"/> Yes, If yes please provide names of those companies, details of % of share holding & revenue.	
		1.	2.
			3.
Holding/Subsidiary Company (if any)		<input type="checkbox"/> No <input type="checkbox"/> Yes, If yes please provide name of the holding or subsidiary companies, details of %age shareholding & revenue	
Type of Enterprise			
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Unregistered Partnership	<input type="checkbox"/> Registered Partnership	<input type="checkbox"/> Private Limited Company
Please provide the following registration details			
National Tax Number (NTN)	If applicable, Sales Tax Registration No.	Company Registration Number/ Partnership Registration Number	
If you do not have an NTN, please contact USAID Firms Project Procurement representative			

B. CONTACT DETAILS			
Correspondence Address (If more than one, include addresses in the Additional Information box)			
Postal Address			
Tel		Mobile	
Fax		Email	
Contact Person		Designation	
Website (if any)			

C. BUSINESS BRIEF	
Please provide a brief description of your business and your products	

D. FINANCIAL DETAILS			
Please provide the following actual and forecasted financial information (in Rs)?			
	2008-9	2009-10	2010-11
Revenues			
Exports			
Net Profit			
Assets			

E. EMPLOYEE DETAILS		
How many permanent employees do you have?	Male:	Female:
How many contractual employees do you have?	Male:	Female:
E. BUSINESS DETAILS		
Are you currently working as a CMT?(Cut, Make and Trim)	YES:	NO:
Which certifications do you have?		
Are you currently using any software in your factory which is mentioned here	<input type="checkbox"/> Enterprise Resource Planning: o If yes, which module(s) _____ <input type="checkbox"/> HR Software <input type="checkbox"/> Payroll Software <input type="checkbox"/> Any other: Please Specify _____	
Do you have a website?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Do you have a marketing department?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
How do you make marker of pattern pieces currently?	<input type="checkbox"/> Computer <input type="checkbox"/> Manually	
Where do you sell your product(s) currently?		
How do you sell your product(s) currently?	<input type="checkbox"/>	

G. SALES				
	Names of Company	Country	Estimated Average Price/pc	No. of years of doing business
Your top 3 customers (International Buyers)	1.			
	2.			
	3.			
Your top 3 customers (local market)	1.			
	2.			
	3.			

H. PRODUCTION					
	Per Month	Per Year	2009	2010	2011
Production Quantity (Number of Tees)					

I. PROJECT SUMMARY	
Please provide Project Summary brief	

Please provide a Proposed Approach & Methodology for Exports/Business Enhancement	
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J. ADDITIONAL INFORMATION	

K. DECLARATION & AGREEMENT	
<p>I/We certify that the information provided in this application form is correct to the best of our knowledge. I/We agree to the Chemonics/USAID Firms Project terms and conditions as outlined in the instructions to applicants and the draft agreement. I/We understand that all information contained in this application will be treated confidentially by Chemonics/the USAID Project (only for internal use) and we agree that Chemonics/the USAID Firms Project can have access to the original documentation as required. We certify that total sales of the company do not exceed Rs. 300 Million and their total number of permanent employees does not exceed 250.</p> <p>I/We also confirm that we have funding available to pay for our part of any planned activities, and that we intend to fully implement the activities described in the attached project proposal if approved to do so by Chemonics/the USAID Firms Project.</p>	

<i>Signature</i>		<i>Company Seal</i>
Name		
Job Title		
CNIC		
Date		

Annex – A

Training for Workforce

- *Productivity enhancement through time and motion study and SMV*
- *Productivity enhancement through line management & lay out efficiency and planning*
- *Productivity enhancement through 5 'S*
- *Efficient marker making*

Training for Top and Middle Management

- *Productivity enhancement through 5 'S*
- *Production planning and management*
- *Material Resource Planning*
- *Export & Trade Marketing*
- *Enterprise Resource Planning (ERP) Implementation*

Certifications

- *Social Compliance Systems or Quality Systems*
- *WRAP or Work place health and safety Systems*

Software

- *E- Selling Website*
- *ERP Modules (e.g. HR Pay Roll, Accounts, Procurement and Inventory Management, Cost and Sales and Production) (as per demand) with required Hardware*
- *Workplace safety and security systems as required by certifications*