science & innovation

Department:
Science and Innovation
REPUBLIC OF SOUTH AFRICA

("The DSI")

TERMS OF REFERENCE

DEVELOPING THE INNOVATION FUND's FUND OF FUNDS (FoFs) GUIDELINES; GOVERNANCE INVESTMENT STRUCTURE AND THE EXPRESSION OF INTEREST (EoI) OPEN CALL

N.B. : ***By providing us with your Personal Information, you consent to the DSI processing your Personal Information, which the DSI undertakes to process strictly in accordance with the section 18 informed consent document.***

1. BACKGROUND

In 2020, the Department of Science and Innovation conceptualised the implementation of the Innovation Fund programme. The programme aims to de-risk early-stage SME creation to generate sustainable pipeline opportunities of viable investable innovative tech start-ups and enterprises for later-stage investments by the private equity sector.

In November 2020, EXCO approved a hybrid funding model, which involved providing funding (i) directly to qualifying initiatives and (ii) indirectly through the Fund of Funds' modality. The latter approach involved leveraging the expertise of Venture Capital and other investment institutions to drive the implementation of the IF imperatives.

On 21 October 2021, EXCO approved the close-call pilot implementation of the IF based on the two implementation models above. October 2024 will mark the three full years of the IF pilot phase and the DSI intends to launch a full open call approach for suitable intermediaries to partner with the Department to implement the FoFs model. Hence, a need to engage the services of a suitable service provider to assist with conceptualising and designing of FoFs open call investment approach drawing from the pilot phase learnings.

2. PURPOSE

The purpose of this document is to request proposals from suitably qualified service provider(s) to assist the DSI in to support the DSI in developing the Innovation Fund (IF)'s Fund of Funds (FoFs) guidelines, Governance Investment Structure, performance matrices, and the Expression of Interest (EoI) implementation Open Call.

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3. SPECIFICATION

The appointed service provider will be expected to carry out the condition assessment as follows: -

3.1 Conceptualise the IF FoFs thesis to align with best practices;
3.2 Construct FoFs Theory of Change framework;
3.3 Develop FoFs implementation guidelines based on the National Advisory Council on Innovation (NACI)'s Ministerial Advisory Note and the EXCO-approved IF concept note and other relevant and available documents;
3.4 Design FoFs governance investment structure(s) and the remuneration guidelines based on applicable government renumeration framework(s);
3.5 Fourmulate FoFs performance monitoring and evaluation metrics at output and impact levels in line with the best practices and the Logic framework (Logframe);
3.6 Design the FoFs Expression of Interest (EoI) open Call and evaluation criteria to screen and select IFpossible, investment Intermediaries to implement the FoFs model; and
3.7 Advise and draft a relevant and applicable high-level contracting Memorandum or Term Sheet (e.g. agreement, incorporation, collaboration etc.) between DSI-selected investment intermediaries;

4. INFORMATION TO BE FURNISHED BY RESPONDENTS IN THEIR PROPOSAL

4.1 All prices quoted must include VAT and should be linked with specific tasks to be undertaken.
4.2 A service provider should comply with the specification.
4.3 The service provider must ensure that the price is fixed for the entire project period.
4.4 The table below sets out the expected deliverables and milestones with associated payment tranches for the Professional Fee. The milestones will be informed by the draft Project Implementation Plan for the evaluation to be finalised between the

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successful service provider and the DSI. The service provider shall be expected to provide a quotation based on the table below for the six month period:

Table 1: The stages and deliverables of the design, implementation and outcomes evaluation

Evaluation Stages		**Deliverables**	**Proportion of total payment**
1	Impemenation plan	Approved impemenation plan	5%
2	Fund thesis refinement	Approved Fund thesis	10%
3	Fund Implementation guidelines	Approved Fund implementation guidelines	10%
4	Governance Investment structure	Approved Fund investment structures	15%
5	Performance reporting metrics	Approve Fund reporting metrics	15%
6	Expression of Interest Call	Approved Fund EoI call	10%
7	Applicable high-level agreement	Approved contracting agreement /term sheet	15 %
8	Documentation Pack	Approved final documentation pack (all physical/hard copies, electronic documentation including all annextures and supporting documentation that is / might be relevant to this project)	20%

Project - And Resource Plan

4.5 As part of the proposal the service provider must submit a project plan, showing activities, time frames and dependencies of the project etc.

5. BRIEFING SESSION or SITE BRIEFING

5.1 An information session will be held on **28 August 2024** on an online platform, from 10:00 – 12:00. Prospective providers are therefore required to attend the session to get clarity on department's specifications. Bidders interested in attending the proposed briefing session must notify DSI Supply Chain Management via e-mail to the SCM Practitioner who sourced and

6. EVALUATION OF PROPOSALS

6.1 The evaluation process will comprise of the following phases:

a) Screening for Compliance;
b) Functional Evaluation; and
c) Price and Specific Goals Evaluation.

6.2 Screening for Compliance

During this phase, a short list will be established, and the shortlisted service providers will be evaluated further. **Service providers must meet all the below requirements to proceed further to functional evaluation**; *failure to submit the following will result in disqualification:*

a. Proof of registration to the Central Supplier Database (CSD) held by National Treasury.
b. Compliant tax matters as per CSD or SARS e-filling.
c. Completed and signed SBD 1, SBD 4 and SBD 6.1.
d. Submit a certified B-BBEE certificate or Sworn Affidavit, failure to submit will not invalid your proposal.
e. **Latest Company registration documents (CIPC) with detailed particulars of ownership, failure to submit will not invalid your proposal but will score 0 points for strategic goals**.

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f. A bid that fails to meet any pre-qualifying criteria, specifications/scope of work, terms and conditions stipulated in the tender documents is an unacceptable tender and will be disqualified.

g. Detailed company profile, which clearly spells out the relevant experience, knowledge and accreditation of the company as well as directorship.

h. Attach proven experience by providing a list of current and past contracts which are relevant to the required service in the bid specifications, according to the template in **Part A**: Client Base. Only the relevant experience shall be considered for bid evaluation purposes. Reference screening will be undertaken to confirm the validity of referees provided.

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6.3 Functionality Evaluation

a) Service providers' responses will be evaluated for functionality in this stage, based on achieving a minimum score of fifty percent (60%).

b) The DSI panel members will individually evaluate the responses received against the following criteria as set out below:

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FUNCTIONALITY EVALUATION
Rating: 1 = Poor 2 = Average 3 = Good 4 = Very good 5 = Excellent

CRITERIA						WEIGHTS
1.	**Experience:** Number of years of experience of a project/team leader working in the innovation and tech ecosystem support and/or Venture capital industry, private equity, and/or investment sectors, and/or law. Commerce and/or related fields					30
	1	**2**	**3**	**4**	**5**	
	0-1 current or previous contract/project as evidenced by reference letter	2 current or previous contracts/projects as evidenced by reference letter/s	3 current or previous contracts/projects as evidenced by reference letter/s	4 current or previous contracts/projects as evidenced by reference letter/s	5 and above current or previous contracts/projects as evidenced by reference letter/s	
	1	**2**	**3**	**4**	**5**	
2.	**Qualifications** Level of qualification for the team including the project/team leader					30
	1	**2**	**3**	**4**	**5**	
	Short Competency Course/ Certificate in commerce, Law, investment, Venture Capital, private equity and economics	Tertiary qualification and Short Competency Course/ Certificate in commerce, Law, investment, Venture Capital, private equity and economics	Honours qualification and Short Competency Course/ Certificate in commerce, Law, investment, Venture Capital, private equity and economics	Master's qualification and Short Competency Course/ Certificate in commerce, Law, investment, Venture Capital, private equity and	PhD qualification Short Competency Course/ Certificate in commerce, Law, investment, Venture Capital, private equity and economics in M&E	

CRITERIA						WEIGHTS
				economics		
	1	2	3	4	5	
3.	**Quality of the Proposal in terms of addressing the expected deliverables** The proposal must resond to all the elements and specifications					40
	1	2	3	4	5	
	The project proposal is non-responsive to the scope in Table 1 section 4	The project proposal is responsive to some scope elements to the scope in Table 1 section 4	The proposal is responsive to all scope elements to the scope in Table 1 section 4	The proposal is responsive to all scope elements to the scope in Table 1 Section 4 and provides at least one best practice model or example framework for FoF implementation and management	proposal is responsive to all scope elements to the scope in Table 1 Section 4 and provides at least two best practice models or examples frameworks for FoF implementation and management	
	1	2	3	4	5	
TOTAL SCORE						**100**
MINIMUM THRESHOLD SCORE						**60**

c) Service Providers must take note that any proposal not meeting a minimum score of 60 percent on functional proposal will be disqualified and will not be considered for the next Phase.

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d) The following rating values for evaluation will be used:

i. Each panel member will rate each individual criterion on the score sheets as indicated for each phase, using the following scale:

Value	Description
5 – Excellent	Exceeds the functionality requirements
4 – Very Good	Above average compliance to the requirements
3 – Good	Satisfactory and meets the requirements
2 – Average	Partial compliance to the requirements
1 – Poor	Unacceptable, does not meet set criteria

ii. The value scored for each criterion will be multiplied with the specified weighting for the relevant criterion to obtain the marks scored for each criterion. These marks will be added and expressed as a fraction of the best possible score for all criteria.

iii. The scores will be converted to a percentage and **ONLY** service providers that have met or exceeded the minimum threshold for a phase will be evaluated in terms of the next phase.

iv. Service providers must, as part of their bid documents, submit supporting documentation for all technical requirements. The panel responsible for scoring the respective bids will evaluate and score all bids based on their submissions and the information provided.

v. Service providers will not rate themselves but need to ensure that all information is supplied as required. The DSI panel members will evaluate and score all responsive bids and will verify all documents submitted by the service providers.

6.4 Price and Specific Goals Evaluation

Price inclusive of VAT will be evaluated as indicated below.

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a) In terms of regulation 4 of the Preferential Procurement Regulations, 2022 pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), responsive bids will be adjudicated by the DSI on the 80/20 preference point system in terms of which points are awarded to service providers on the basis of:

- The bid price (maximum 80 points)
- Specific Goals mentioned below in Table1 (maximum 20 points)

Service providers can only claim specific goal credentials, by providing a detailed company ownership certificate.

b) The following formula will be used to calculate the points for price in respect of service providers with a rand value equal to or above R30 000.00 up to R50 000 000.00:

$$Ps = 80\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where

Ps = Points scored for price of tender under consideration;
Pt = Price of tender under consideration;
Pmin = Price of lowest acceptable tender.

c) A maximum of 20 points will be awarded to a tenderer for the specific goal (at least 51% ownership) specified for the tender, as per the table below:

Table 1 – Specific goals

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The specific goals allocated points in terms of this tender:	Number of points allocated (80/20 system)
EMEs and QSEs	10
Companies owned by black people	5
Companies owned by women	5
Companies owned by youth	
Companies owned by people with disabilities	

i. A bidder must submit proof of its Specific goals' status.

ii. Bidder to claim points if their specific goal(s) ownership is at least 51 %.

iii. A bidder failing to submit proof of Specific goals' status or failing to meet the Specific goals, may not be disqualified, but (a) may only score points out of 80 for price; and (b) score 0 points out of 20 for Specific goals.

iv. The points scored by a bidder for Specific goals in accordance with the preceding paragraphs 6.4(c) must be added to the points scored for price under paragraph 6.4(b).

v. The points scored must be rounded off to the nearest two decimal places.

vi. If the price offered by a tenderer scoring the highest points is not market-related, the Department may not award the bid to that tenderer.

- The Department may negotiate a market-related price with the tenderer scoring the highest points or cancel the tender.
- If the tenderer does not agree to a market-related price, the Department may negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender.
- If the tenderer scoring the second highest points does not agree to a market-related price, the Department may negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.

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- If a market-related price is not agreed in all the aforementioned respects, the Department must cancel the tender.

vii. In the event that two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals. (2) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

viii. A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.

NB: All costs that the service provider may incur due to the preparation of the project for the DSI shall be the sole responsibility of the service provider.

7. AWARDING OF THE BID

7.1 The successful service provider will work in close collaboration with the DSI team so as to ensure that the objectives of the Department are accommodated.

7.2 The successful service provider **may be** required to enter into a service-level agreement with the Department. or

7.3 The successful service provider will be required to enter into a formal contract with DSI for a period of six to 12 months.

8. SUBMISSION OF PROPOSALS

8.1 The deadline for the proposal is **13 September** at **12:00**.

8.2 The proposals should be sent to the relevant SCM Practitioner who sourced quotations using the details provided through the email used to source. It should be noted that no documents can be delivered to the DSI building.

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9. CONTACT PERSONS

Enquiries relating to this request should be addressed to the SCM Practitioner who sourced quotations.

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