

Finance and Procurement Department

Supply Chain Management

Request for Bids (RFB)

APPOINTMENT OF SERVICE PROVIDER FOR THE DEVELOPMENT OF sefa's PROJECTED CASH FLOW MODEL FOR TRANSACTION AFFORDABILITY.

Bid Information

Bid Number	sefa:81/CRD/2024
Bid Submission Date	23 February 2024 @ 11:00 am
Bid Duration	APPOINTMENT OF SERVICE PROVIDER FOR THE DEVELOPMENT OF sefa's PROJECTED CASH FLOW MODEL FOR TRANSACTION AFFORDABILITY.
Bid Validity Period from Date of Publication	120 DAYS
Address for Bid Submission	sefa Head Office Byls Bridge Office Park, Building 14, Block D, Cnr Jean Avenue and Oliventhoutbosch Highveld, Centurion
Bid Contact Person	Sebotse Mokgabudi on (012) 748-9725 sebotsem@sefa.org.za / procurement@sefa.org.za
Evaluation Method: Points System	80/20
Deadline for Responding to Clarifications for this bid	16 February 2024
Fraud Hotline <i>to report any wrongful or criminal deception or coercion intended to result in financial or personal gain by any sefa employee or person involved in this bidding process</i>	0800 000 663 (For anonymous reporting)
For complaints	procurement_complaints@sefa.org.za

SPECIAL CONDITIONS AND REQUIREMENTS OF CONTRACT

APPOINTMENT OF SERVICE PROVIDER FOR THE DEVELOPMENT OF **sefa**'s PROJECTED CASH FLOW MODEL FOR TRANSACTION AFFORDABILITY.

1. BACKGROUND

- 1.1. Following a Cabinet decision and the State of the Nation address of 2011, the Small Enterprise Finance Agency (SOC) Limited (**sefa**), was established on 01 April 2012 in terms of section 3 (d) of the Industrial Development Corporation Act, No. 22 of 1940 (IDC Act). **sefa** is a wholly owned subsidiary of the Industrial Development Corporation (IDC) and brings together the activities of the three previous structures (Khula, samaf and the IDC small business activities).
- 1.2. **sefa** operates as a Development Finance Institution (DFI) to foster the establishment, development and growth of Small, Micro and Medium Enterprises (SMMEs) and contributes towards poverty alleviation, job creation and economic growth. **sefa** provides products and services to qualifying SMMEs as defined in the National Small Business Act of 1996, as amended in 2004, through a hybrid of wholesale and direct lending channels.
- 1.3. As a Development Finance Institution, **sefa** faces a unique challenge of maintaining a sustainable balance between maximising development returns and minimising financial losses in its investment operations. As a result, the performance of **sefa** is to a large extent dependent on its ability to take Credit and Investment Risks proactively, responsibly and managing the resultant exposure effectively in line with set corporate objectives.
- 1.4. The financial viability of **sefa**'s credit and investment transactions has been identified as one of the key risks of the organisation in addition to the developmental mandate which requires it to take risks beyond what a commercial financier would take. Hence, the assessment of the financial viability and affordability of the lending transactions needs to be carefully considered whilst attaining the developmental impact achieved through its investing and lending activities.
- 1.5. **sefa** currently utilises several internally developed excel models to compute the financial viability and affordability of its lending and investment transactions. There is a need to expand these models into a dynamic tool which enables the determination and assessment of cashflows, assumptions, projections and key financial ratios for potential lending and investment transactions.
- 1.6. The Projected Cash Flow Model is expected to compute the projected cash inflows and outflows from the financed transaction, including the repayment of **sefa** funding from the investment

made. The model should enable deal makers to determine key metrics for a potential lending and investment transaction.

1.7. Based on a series of questions the tool is expected to tailor a financial model specific to the transaction parameters and sector of the proposed investment.

1.8. The desired tool is expected to allow users to insert the following quantitative inputs into the Cash Flow Model:

1.8.1. Transaction details including those of the potential investee and funding requirements.

1.8.2. Historical Financial Statements (Statement of Income and Statement of Financial Position).

1.8.3. Model assumptions for future cash flows from operating activities, financing activities and investing activities.

1.8.4. Terms and quantum of future funding to be injected into the business / transaction.

1.9. The desired tool is expected to produce the following quantitative output based on inputs and computations by users:

1.9.1. Projected Statement of Financial Position (Annual and Monthly).

1.9.2. Projected Statement of Income (Annual and Monthly).

1.9.3. Projected Statement of Cash Flows (Annual and Monthly).

1.9.4. Financial Ratios Calculation including solvency, liquidity and profitability ratios.

1.9.5. Lending specific ratios detailing affordability, gearing and financial leverage.

1.9.6. Growth and activity (sales growth and break-even analysis of the project).

1.9.7. Assessment Report for presentation to Credit Committees that includes the following:

1.9.7.1. Summary of the transaction / project terms (including applicant details).

1.9.7.2. Summary of the funding terms (application details).

1.9.7.3. Process details (internal.)

1.9.7.4. Summary of the results of the model (financial and qualitative).

1.10. In addition to the quantitative outputs provided, the model should allow for an assessment and grading of the following:

1.10.1. The strength and reliability of the historical financial information provided.

1.10.2. The financial viability including previous financial behaviour of the applicant.

1.10.3. Corporate governance and leadership of the potential investee company/applicant.

1.11. The desired tool should assign a weighted risk rating / grading and score of the proposed funding project based on the financial and qualitative assessments of the project. This should allow for benchmarking against other funded projects and clients.

- 1.12. The desired tool should allow for stress testing of the cash flows and assumptions used in the model to provide best case and worst-case scenarios of the proposed funding project.
- 1.13. The desired tool should include the ability to draw reports from the model, the ability to isolate products and specific revenue streams from the proposed funding project.
- 1.14. The tool should allow for the modelling of transactions and proposed funding projects for both **sefa's** lending channels, namely Direct Lending and Wholesale Lending.
- 1.15. Above all, the developed projected cashflow model should ensure the financial results produced comply with published IFRS requirements.

2. BID SUBMISSION REQUIREMENTS

- 2.1. Bids must be submitted in a **sealed envelope and marked** as follows:

ATTENTION: sefa SUPPLY CHAIN MANAGEMENT

Description of the Bid

Bid Number

Name of the Bidder

2.2. GENERAL BID REQUIREMENTS

- a. Bid documents **must** be initialled on every page.
- b. The number of sealed envelopes/files must compose of one (1) **ORIGINAL** and one (1) USB/CD electronic PDF **copy** of the original bid proposal document on a flash drive.
- c. The bid proposal should be written in English including the certificates.
- d. Submissions of the Bid responses **MUST** be made by depositing the Bid proposal into the Tender Box situated at **sefa** Head Office at the physical address below on or before the closing date as stated on page 1 of this Request for Bid document under Bid Information.
- e. The bidder will bear all expenses associated with the preparation and submission of this bid.

2.3. **sefa PHYSICAL ADDRESS**

11 Byls Bridge Office Park, Building 14, Block D

Cnr Jean Avenue and Oliventhoutbosch

Highveld, **Centurion**

0157

For more information, please visit the **sefa** website: www.sefa.org.za.

2.4. BID RESPONSES

2.4.1. Bid Format

2.4.2. Bidders shall submit their bid response in accordance with the requirements as outlined in the Bid Response Template provided in **Appendix 1**

2.4.3. Each Section must be clearly marked, and the documents must be bound.

2.4.4. The RFB comprises a number of sections and the bidder's proposal must include all the required information and documentation as outlined in this RFB.

2.4.5. GENERAL CONDITIONS OF CONTRACT

2.4.5.1. Completion of all Standard Bidding Documents (SBD), attached in **Annexures A**, and adhering to all other requirements as outlined on each form. The following SBD and other forms must be duly completed and signed, and returned as part of the Bid Proposal:

- a. **SBD 1:** Invitation to Bid.
- b. **SBD 4:** Declaration of Interest.
- c. **SBD 6.1:** Preference Points Claim Form.
- d. **GCC:** General Conditions of Contract (Initial each page)
- e. **SCC:** Special Conditions of Contract
- f. Valid **Tax Compliant Status PIN** issued by SARS.
- g. In bids where Consortium, Joint Ventures, and Sub-Contractors are involved; it is required that each party must submit separate proof of Tax Compliant *PIN* issued by SARS.
- h. Submission of a certified copy of a **valid B-BBEE certificate** issued through a SANAS Accredited Agency, except for Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs). These enterprises need to submit B-BBEE **sworn affidavits** as per the requirements of the Department of Trade and Industry (DTI) for qualifying enterprises except those who fall under the Construction Sector Charter Council (CSCC). Other sworn affidavits will not be accepted. The DTI and CSCC affidavit templates are available under **Annexure B**.
- i. National Treasury **Central Supplier Database (CSD) registration** (attached proof of registration).
- j. Submission of bidder **Companies & Intellectual Property Commission (CIPC) registration documents**, listing all Directors or Shareholders and certified copies of

the Identify Documents (ID) of Directors or Shareholders (not older than three months).

2.4.5.2. The successful bidder and its staff shall comply with all the laws of the Republic of South Africa and as it relates to this bid.

2.4.5.3. The bidder staff must be South African citizens and **sefa** reserves the right to validate citizenship.

2.4.6. **PRICE PROPOSAL**

a. Bidders are required to complete and sign their pricing proposals.

NB: Failure to complete and submit a pricing proposal, will lead to disqualification of the bid.

2.5. **LATE BIDS**

Bids submitted at the stated bid address, after the closing date & time, shall not be considered under any circumstances.

2.6. **COUNTER CONDITIONS**

The bidder's attention is drawn to the fact that amendments to any of the bid conditions or setting of counter conditions by the bidder shall render the bid invalid.

2.7. **BID DISTRIBUTION**

2.7.1. The distribution of this RFB outside the Republic of South Africa may be restricted or prohibited by the laws of other countries. Recipients of this RFB are advised to familiarize themselves with and comply with all such restrictions or prohibitions applicable in those jurisdictions, and neither **sefa**, nor any of their respective directors, officers, employees, agents, representatives or advisors, accepts liability to any person or company for any damages arising out of or in connection with the breach of any restriction or provision outside the Republic of South Africa. Persons contemplating submitting a Bid are advised to obtain legal advice as to the possible consequences thereof in terms of the law of the jurisdictions in which they are located.

2.7.2. Recipients of this RFB document may only distribute it to other parties whom they wish to involve as part of their bidder consortium in submitting a bid.

2.8. PRESENTATIONS

sefa reserves the right to require that any bidder provides a formal presentation of its bid proposal, at a date and time to be determined by **sefa**. All instructions and clarification regarding the Purpose and Scope of the presentation/demonstration shall be provided by **sefa**. The bidder shall bear all expenses associated with the preparation of such presentations/demonstrations.

2.9. EVALUATION PROCESS

Bids shall be evaluated by the process outlined below.

2.9.1. STAGE 1: SCM ADMINISTRATIVE COMPLIANCE

During this stage, bid responses will be reviewed for purposes of assessing compliance with the RFB requirements, including the General Conditions of Contract as outlined in this RFB, stated Special Conditions of Contract requirements as outline in **ANNEXURE A**.

The bidder must also submit a detailed comprehensive company profile with the following:

- a) Management Structure/Company Organogram;
- b) Ownership & years of service of the company;
- c) Services offered by the company; and
- d) CVs of personel to be assigned.

2.9.2. STAGE 3: FUNCTIONAL EVALUATION AND SCORING

- a. All bids will be evaluated independently by the evaluation panel members in terms of the defined evaluation criteria for functionality out of 100 points.
- b. All bids that score less than **70 out of 100 points** on technical functionality shall not be considered further and shall be regarded as having submitted a non-responsive bid; and shall be disqualified.
- c. Bids will be evaluated on Functionality as outlined in **ANNEXURE C**.

NB: Failure to comply with the requirements in Stage 3 shall lead to disqualification of the bid proposal.

2.9.3. STAGE 4: EVALUATION OF PROPOSAL ON APPLICABLE POINTS SYSTEM

- 2.9.3.1. Only bidders that have scored a minimum of **70/100** on functionality will be evaluated during stage 3 for pricing and specific goals.

- 2.9.3.2. In terms of Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and the amended regulations, responsive bids will be adjudicated by the State on the applicable point system.
- 2.9.3.3. The applicable preference point system for this tender is the 80/20 preference point system.
- 2.9.3.4. In terms of 80/20 points system, points are awarded to bidders on the basis of:

CRITERIA	POINTS
Price	80
Specific Goals	20
TOTAL	100 points

Specific Goals for this tender and points that may be claimed are indicated per table below:

CRITERIA	POINTS
	(80/20 System)
Enterprises Size of enterprise: Micro, Small, Medium enterprises and Large enterprises • Micro enterprises: maximum 8 points • Small enterprises: 5.6 points • Medium enterprises: 3.2 points • Large enterprises: 0.8 points	8
B-BBBEE (Black Ownership)	2
Youth Ownership	6
Spatial: Rural and Township and City- based enterprises	4
TOTAL POINTS	20

SUPPORTING DOCUMENT FOR CLAIMING OF SPECIFIC GOALS:

The bidder must submit proof of either a BBBEE Certificate accredited by SANAS or a Sworn Affidavit. Latest Audited Financial Statement of the bidder (Where applicable in terms of Company's Act) and/or independently reviewed financial statements and/or cashflow budget for the new entities with no financial records. The bidder must also indicate point claims on SBD 6.1.

Size of Enterprise: Micro, Small, Medium enterprises: 8/20- leave as is split is as follows:

- Micro enterprises: maximum 8 points or 100% for micro-enterprises
- Small enterprises: 5.6 points or 70% of the 8 points
- Medium enterprises: 3.2 Points or 40%
- Large enterprises: 0.8 Points or 10%

Verification Method: Statement of Financial Position of the bidder: Latest Audited Financial Statement of the bidder (Where applicable in terms of Company's Act) and/or independently reviewed financial statements and/or cashflow budget for the new entities with no financial records.

Enterprises are divided into the following categories:

Sectors	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Finance and Business Services	Medium	51-250	<85.0 million
	Small	11-50	<35.0 million
	Micro	0-10	<7.5 million

B-BBEE (BLACK OWNERSHIP): Maximum 2/20 points.

L1	L2	L3	L4	L5	L6	L7	L8	L0
2	1.75	1.5	1.25	1	0.75	0.50	0.25	0

Verification Method: BBBEE certificate and or Sworn Affidavit:

- To accommodate women; youth and persons with disabilities= 2 points for level 1

Youth = 6/20 points which will be allocated follows:

- Youth Less than 30% Youth Owned = Zero Point
- 30% to 49% Youth Owned = 1.8 Points
- 50% to 100% Youth Owned = 6 Points

Spatial: Rural and Township and City-based enterprises: 4/20 points

- Rural = maximum 4 points or 100%
- Township= 60% is 2.4
- City= 0.8 or 20%

Verification method: Copy of Utility Bill, Lease Agreement, Title Deed, outlining the physical address of the company and official letter with stamp from the local councilor.

2.9.3.5. A maximum of 80 points is allocated for price on the following basis:

80/20

$$P_s = 80 \left(1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

Where

P_s = Points scored for price of tender under consideration

P_t = Price of tender under consideration

P_{min} = Price of lowest acceptable tender

- 2.9.3.6. The points scored by a bidder in respect of Specific Goals will be added to the points scored for price.
- 2.9.3.7. Only bidders who have completed and signed the declaration part of the Specific Goal form and who have submitted the relevant supporting documents will be allocated points.
- 2.9.3.8. The points scored will be rounded off to the nearest 2 decimals.
- 2.9.3.9. Criteria for breaking deadlock in scoring
 - a. If two or more tenderers score an equal total number of points, the contract will be awarded to the tenderer that scored the highest points for Specific Goals.
 - b. If two or more tenderers score equal total points in all respects, the award will be decided by the drawing of lots.
- 2.9.3.10. A contract may, on reasonable and justifiable grounds, be awarded to a tender that did not score the highest number of points.
- 2.9.3.11. **sefa** reserves the right to enter into negotiations with the preferred bidder.
- 2.9.3.12. **sefa** reserves the right to provide policy relating to the handling of information (Protection of Personal Information Act).

3. POST AWARD CONDITIONS

- 3.1. Services will be rendered during working hours from Mondays to Fridays unless otherwise stated in the Scope of Work / Terms of Reference.
- 3.2. Equipment and/or productivity tools brought onto or used on site must comply with the Occupational Health & Safety Act and any regulations promulgated in terms of this Act.
- 3.3. The bidder shall be liable for insuring his/her staff members against any injury or death.
- 3.4. The successful bidder shall submit a monthly statement of all outstanding payments, credit notes issued, and payments made. Such statements shall also contain the order number, the details of the date of the transaction, the invoice number, remittance number, and credit note details.
- 3.5. **sefa** shall not be held responsible in any way for any damages, losses, theft of equipment or any valuables of the successful bidder, or injury of his/her employees whilst on-site or in the execution of their duties.
- 3.6. All procurement related to this service, as outlined in this RFB, shall be conducted by **sefa's** Supply Chain Management department only.

4. STAFF REQUIREMENTS

- 4.1. The successful bidder must ensure the following:

- a. That the staff working under this contract are in good health.
- b. That they are adequately trained prior to commencement of the contract.
- c. That replacement staff is available should the need arise. The bidder is obligated to inform **sefa** of any removal and replacement and the replacement of staff can only be done with the formal approval of **sefa**.
- d. Staff must be dressed appropriately and where required;
- e. The bidder's staff must be South African citizens and **sefa** reserves the right to validate citizenship.

5. RESOURCE REQUIREMENTS

The successful bidder must provide the following equipment, if required by the bidder's staff, in the execution of their duties:

- Laptop or similar device.
- Internet connectivity.
- Transportation and/or vehicle (if required) to deliver the service outlined in this bid.
- Cellphone and/or landline.

6. SERVICE LEVEL AGREEMENT

- 6.1. The successful bidder will be required to enter into a Service Level Agreement with **sefa**.
- 6.2. A performance measurement process will form an integral part of the Service Level Agreement to be signed after the successful bidder has been appointed.

7. SUPPLIER DUE DILIGENCE

- 7.1. **sefa** reserves the right to conduct bidder due diligence to short-listed bidders prior to final award or at any time during the contract period. This may include site visits if applicable.

8. BID CANCELLATION

- 8.1. In the case of the cancellation of this RFB, **sefa** shall endeavour to inform all bidders, through the same medium used for the communication of the RFB.

9. MATERIAL CHANGES

- 9.1. Any material changes in the control and/or composition of any bidder or any core member of a bidder after submission of a Bid shall require the prior written approval of **sefa**, and any failure to seek such approval from **sefa** shall result in **sefa** being entitled, in its sole discretion, to exclude the relevant bidder from any further participation in the bid process or

to cancel the engagement. This shall be interpreted to include post-appointment and subcontracting of work arising out of this bid to complete certain work.

- 9.2. **sefa** shall be the sole arbiter as to what constitutes a "material change in the control and/or composition of any bidder", and as to what constitutes a "core member of a bidder" for purposes of such approval. Any request for such approval shall be made to **sefa's** Supply Chain Management in writing and shall provide sufficient reasons and information to allow **sefa** to make such a decision. **sefa** reserves the right to accept or reject any such request for approval.

10. FRAUD ALERT

- 10.1. **sefa** takes a zero-tolerance approach to fraud, corruption and bribery.
- 10.2. **sefa** is committed to acting fairly, with integrity, in all its' relationships and business dealings both internally and externally (with its suppliers, contractors and other stakeholders).
- 10.3. Please note that under no circumstances will **sefa** ever require any payment to secure an award of an RFP or a tender. Individuals that claim that an upfront payment to an individual, third party or a **sefa** official, is a blatant attempt at defrauding bidders and such a scam must immediately be reported to the **sefa** Anti-Corruption line. **sefa** follows a fair, competitive and transparent procurement process in evaluating and awarding bids.
- 10.4. Should you or anyone wish to report any suspected fraud, corruption or bribery, you can BLOW the whistle by calling a free hotline on **0800 000 663**.

11. COMMUNICATION

- 11.1. **sefa** may communicate with bidders where clarity is sought after the closing date of the bid and prior to the award of the contract, or to extend the validity period of the bid, if necessary. Such communications will be done via the Supply Chain officials listed as the contact persons for this bid process.
- 11.2. All communication (enquiries/clarifications) relating to this bid shall take place between the bidder and the Supply Chain Management officials listed as the contact persons for this bid process. Such communication shall be done in writing only.
- 11.3. Communication between the closing date and the award of the bid, between the bidder and other **sefa** officials or persons acting in an advisory capacity for the State, in respect of this bid, is prohibited.

12. CONTACT DETAILS

12.1. Main Contact

Name : Sebotse Mokgabudi

Tel : (012) 748-9725

Email : sebotsem@sefa.org.za/procurement@sefa.org.za

NB: Communication outside this platform is **strictly prohibited** and should bidders be found to be in contact with any of **sefa's** staff members on matters relating to this bid, such bidders shall automatically be disqualified from this bid process.

13. SCOPE OF WORK / TERMS OF REFERENCE

The Scope of Work / Term of Reference is attached as **Annexure D.**

14. ANNEXURES

Annexure A	:	Standard Bidding Documents: SBD1 to SBD 6.1 Forms
Annexure B	:	Sworn Affidavit Templates for EMEs and QSEs
Annexure C	:	Functionality Evaluation Criteria
Annexure D	:	Scope of Work / Terms of Reference
Annexure E	:	Pricing Proposal
Appendix 1	:	Bid Proposal Template

ANNEXURE A

Standard Bidding Documents: SBD1 to SBD 6.1 Forms

DOCUMENT NAME	TEMPLATES
SBD 1	 SCM-Bid documents SBD 1 - 81 CRD 2024.
SBD 6.1	 SBD 6.1 IN TERMS OF PPR2022-Revised.pdf
SBD 4	 Standard Bidding Document (SDB) 4_An
GCC	 GCC

Sworn Affidavits for EMEs and QSEs

Department of Trade and Industry (DTI) Templates



BEE_Affidavit-EME-Gen.pdf



BEE
Affidavit-QSE-ICT.pdf

Also available from the DTI:

https://www.thedti.gov.za/economic_empowerment/docs/Affidavit-QSE-Gen.pdf

https://www.thedti.gov.za/economic_empowerment/docs/Affidavit-EME-Gen.pdf

FUNCTIONAL EVALUATION CRITERIA

FUNCTIONAL REQUIREMENTS:

The below scoring scale shall be used to evaluate technical proposals:

Score	Definition
0	Non-responsive
1	Does not meet the requirements
2	Partially meet the requirements
3	Fully meets the requirements
4	Exceeds the requirements
5	Significantly exceeds the requirements

NO	TECHNICAL CRITERIA	APPLICABLE SCORES	WEIGHTING
1.	BIDDER EXPERIENCE & REFERENCES - The bidder's company profile must demonstrate experience for SMMEs in the last three (03) years in: - Financial and economic modelling; - Development of projected cash flow models; and - Corporate valuations - Please refer to Table (a) of Section 3 of this document for the format in which the required information must be provided as per references submitted. - The bidder must submit three (03) or more signed contactable reference letters in the client's letterhead in the last three (03) years must be attached and failure to do so will forfeit points. The reference letter should contain the following information; - Description of service; - Duration of the contract; and - contact person and details. NB: sefa reserve the right to validate the reference letters submitted.	a) No information provided on experience = 0 b) Less than 1 year experience in financial modelling and development of projected cash flow models and corporate valuations = 1 c) 1-2 years' experience in financial modelling and development of projected cash flow models and corporate valuations = 2 d) 3 years' experience in financial modelling and development of projected cash flow models and corporate valuations = 3 e) 4-5 years' experience in financial modelling and development of projected cash flow models and corporate valuations = 4 f) Above 5 years' experience in financial modelling and development of projected cash flow models and corporate valuations = 5	35%

NO	TECHNICAL CRITERIA	APPLICABLE SCORES	WEIGHTING
2.	BIDDERS TEAM MEMBERS EXPERIENCE - Bidders' proposed personnel that will be allocated to the project must have minimum of three (03) years' experience in financial modelling, cash flow model development and corporate valuations. - The team should at least consist of a project lead, experts in financial modelling, cash flow model development, corporate valuations and experts in data collection and analysis techniques. - The project lead should have above 5 years' experience in financial modelling, cash flow model development and corporate valuations development and review. - Experts in financial modelling, cash flow model and corporate valuation model development: At least 2 members of the team should each have professional experience at a minimum of 2 years in the above-mentioned competencies. - Experts in data collection: At least 2 members of the team should have (each) professional experience of minimum 2 years in data collection and data analysis techniques. Evidence to be provided together with the tender. - NB: CVs including qualifications of personnel to be assigned must be submitted on the closing date of the RFB (certificates certified within three months).	a) No information provided = 0 b) Less than 1 year experience for the proposed personnel in financial modelling and corporate valuation model development and review. The team has no experience in data collection and analysis from at least two members = 1 c) 1-2 years' experience for the proposed personnel in financial modelling and corporate valuation methodology development and review; and the team includes one member with experience in data collection and analysis. = 2 d) 3 years' experience in financial modelling and corporate valuation model development and review for the proposed personnel and experience in data collection and analysis from at least two members clearly highlighted. Project Lead manager has 5 years' experience in financial modelling and corporate valuation development and review = 3 e) 4-5 years for the proposed personnel in financial modelling and corporate valuation model development and review, experience in data collection and analysis from at least two members clearly highlighted. Project Lead manager has 5 years' experience in financial modelling and corporate valuation model development and review = 4 f) Above 5 years for the proposed personnel in financial modelling and pricing model development and experience in data collection	35%

NO	TECHNICAL CRITERIA	APPLICABLE SCORES	WEIGHTING
	Please refer to Table (b) of Section 4 of this document for the format in which the required information must be provided.	and analysis from at least two members clearly highlighted. Project Lead manager has 5 years' experience = 5	
3.	METHODOLOGY AND PROJECT PLAN - The overall approach that will be followed to execute each task of the contract, how the work will be sequenced over time and what the deliverables will be. - The bidder should demonstrate a detailed methodology and approach, indicating how they will plan and execute activities and requirements stipulated herein. - The bidder should also demonstrate a clear methodology with the implementation of Cash Projections activities with project time frames and reporting to the Steering Committee in a timely manner. - How the work will be sequenced over time and what the deliverables will be.	a) No Information provided = 0 b) The Proposed implementation project plan submitted; however, it does not correlate with the required scope of work = 1 c) The proposed implementation project plan submitted with task dependencies =2 d) The proposed implementation project plan correlates with the scope of work. All-important activities are indicated in the activity schedule and their timing and sequence is appropriate and consistent with project objectives = 3 e) The proposed implementation plan has been provided in detail and aligns with the requirements of the project =4 f) A solid implementation plan with timelines has been provided, a clear methodology has been outlined = 5	30%
	TOTAL FUNCTIONALITY		100

SCOPE OF WORK / TERMS OF REFERENCE

1. BACKGROUND

- 1.1. **sefa** requires the services of a dedicated and experienced financial and economic modelling service provider to effectively develop a dynamic tool or model based on best practice modelling standards which can be used to model the financial viability and affordability of **sefa**'s credit and investment transactions.
- 1.2. The financial viability of **sefa**'s credit and investment transactions has been identified as one of the key risks of the organisation in addition to the developmental mandate which requires it to take risks beyond what a commercial financier would take. Hence, the assessment of the financial viability and affordability of the lending transactions needs to be carefully considered whilst attaining the developmental impact achieved through its investing and lending activities.
- 1.3. **sefa** currently utilises several internally developed excel models to compute the financial viability and affordability of its lending and investment transactions. There is a need to expand these models into a dynamic tool which enables the determination and assessment of cashflows, assumptions, projections and key financial ratios for potential lending and investment transactions.
- 1.4. The Financial model is a key component in the assessment of the viability of a credit and investment transaction of **sefa**. However, the current financial models do not cover all the quantitative and qualitative areas used to measure an entity's / project's creditworthiness.
- 1.5. Currently, **sefa** uses a different model for its direct and wholesale lending transactions. The adopted tool therefore needs to be adapted to allow for the output models to be tailored specifically for the lending channel (direct or wholesale), sector and transaction parameters applied. As such, the tool must cater distinguish between financial model for transactions where **sefa** provides financial support to financial intermediaries, who in turn provides access to finance to small, medium and micro enterprises (SMMEs) and a financial model where **sefa** provides funding directly to the SMMEs.

2. SCOPE OF WORK

The tool should also address:

- 2.1. **sefa's** need to finance financially viable transactions that yield positive financial returns in addition to developmental impact. Therefore, striking a balance between the transaction's financial sustainability and developmental impact.
- 2.2. The weighting between the transaction's financial model (quantitative factors) and the qualitative factors; and
- 2.3. The tool should allow multiple users across the Lending and Credit Divisions to utilise and review the outputs. Estimated at over 150 personnel located in head office and the regional offices.
- 2.4. We would also require the service provider to provide training to users, namely, day-to-day users (investment analysts, financial analysts and credit analysts) and the IT maintenance and support staff that will provide support for day-to-day users.

3. THE SERVICE PROVIDER WILL BE EXPECTED TO:

- 3.1. Develop a tool consisting of a financial model and a qualitative model to measure the creditworthiness of the entity and transaction under consideration.

4. THE DESIRED TOOL WILL BE EXPECTED TO:

4.1. Allow users to insert the following quantitative inputs into the Cash Flow Model:

- 4.1.1 Transaction details including those of the potential investee and funding requirements;
- 4.1.2 Historical Financial Statements (Statement of Income and Statement of Financial Position);
- 4.1.3 Model assumptions for future cash flows from operating activities, financing activities and investing activities; and
- 4.1.4 Terms and quantum of future funding to be injected into the business / transaction.

5. Produce the following quantitative output based on inputs by users and computations by the model:

- 5.1. Projected Statement of Financial Position (Annual and Monthly);
- 5.2. Projected Statement of Income (Annual and Monthly);
- 5.3. Projected Statement of Cash Flows (Annual and Monthly);
- 5.4. Financial Ratios Calculation including solvency, liquidity and profitability ratios;
- 5.5. Lending specific ratios detailing affordability, gearing and financial leverage; and

- 5.6. Growth and activity (sales growth and break-even analysis of the project).
- 5.7. An assessment Report for presentation to Credit Committees that includes the following:
- Summary of the transaction / project terms (including applicant details)
- a) Summary of the funding terms (application details).
 - b) Process details (internal).
 - c) Summary of the results of the model (financial and qualitative).
6. In addition to the quantitative outputs provided, the tool should allow for an assessment and grading of the following:
- a) The strength and reliability of the historical financial information provided.
 - b) The financial viability including previous financial behaviour of the applicant.
 - c) Corporate governance and leadership of the potential investee company/applicant.
7. The desired tool should assign a weighted risk rating / grading and score of the proposed funding project based on the financial and qualitative assessments of the project. This should allow for benchmarking against other funded projects and clients.
8. The desired tool should allow for stress testing of the cash flows and assumptions used in the model to provide best case and worst case scenarios of the proposed funding project.
9. The desired tool should include the ability to draw reports from the model, the ability to isolate products and specific revenue streams from the proposed funding project.
10. Above all, the developed projected cashflow model should ensure the financial results produced comply with published IFRS requirements.
11. As such, service provider will be expected to use the existing **sefa** financial models (if it is assessed to be feasible to do so) to develop an enhanced tool that will comprise of a financial model and qualitative model for lending to intermediaries, aswell as directly to SMMEs.
12. It is envisaged that the activities and related deliverables may be broadly outlined as follows:

NO	ACTIVITIES	EXPECTED DELIVERABLES
12.1	Planning of the assignment in conjunction with sefa Head of Credit Risk and representatives from the relevant sefa businesses, as well as the Board.	Finalised work plan and programme deadline: 31 March 2024.
12.2	Understanding and analysis of sefa 's Organisational processes, policies, lending practices. (The AS-IS processes have been documented in detail).	None
12.3	Assessment of the current model and make recommendations as to whether the current model can be modified to meet sefa 's updated specifications or if a new model will be required.	Assessment report with recommendations on the model options.
12.4	Review of the current financial models and outcomes and make recommendations thereof on innovative options, as enabled by legislative provisions, that the sefa may adopt in order to improve their assessment of the financial viability and creditworthiness of transactions.	- Model functionality updated to enable financial scenarios required. - Innovative options reported and explained in the form of reports and presentations.
12.5	Develop the functionality of the tool to be able to produce a financial model and quantitative model to be extracted from the tool.	Output model (excel based) showing historical financial statements, projected statement of comprehensive income, projected statement of financial position, projected statement of changes in equity and projected cash flow statement. Including the Assessment Report with the factors noted above in section 12.7.
12.6	Demonstrate the reporting capabilities of the tool and related models. (Must be able to isolate the financial model and related reports specific to the transaction parameters, and where possible specific revenue streams of the transaction).	Output from model showing various report examples noted in section 12.7.

12.7	Demonstrate the computation and reporting capabilities relating to the weighted risk rating / grading and score of the transaction based on the financial and qualitative assessments of the project.	• Output Assessment Report with weighted risk rating/grading for the specific transaction.
12.8	Run scenarios to inform pricing model for lending products to intermediaries.	• Report and presentation with scenario outcomes and recommendation for consultation with key stakeholders.
1.2.9	Refine and finalise the financial and qualitative models based on consultations with key stakeholders.	• Final report reflecting the tool, related models to be implemented and user manual for use by Business, Credit and related end-users.
12.10	Developing the implementation plan with specific timelines to achieve full scale implementation and use of the model throughout sefa's regions and head office.	• Project plan must demonstrate a sequence of planned outputs (Milestones) and proposed timeframes.

13. SERVICE LEVEL AGREEMENT (SLA)

The successful bidder will be required to enter into a Service Level Agreement with **sefa**. A performance measurement process will form an integral part of the Service Level Agreement to be signed after the successful bidder has been appointed.

14. BID PROPOSAL FORMAT

All bidders must return their proposals categorised and indexed under the following sections:

SECTION 1: LEGISLATIVE REQUIREMENTS

The bidder must supply the required documentation as outlined in this Request for the Bid document.

SECTION 2: FUNCTIONALITY REQUIREMENTS

The bidder must provide the information set out on functionality requirements stated in the bid document.

SECTION 3: EXPERIENCE & REFERENCES

The bidder must attach a detailed company's profile, clearly outlining the number of years in projected cash flow model development with a clear indication of experience in the industry. The

bidder must complete **Table (a) Annexure C** outlining the experience and previous and current references. Reference letters as outlined in the evaluation criteria must be submitted as part of this section.

SECTION 4: BIDDER TEAM QUALIFICATIONS AND EXPERIENCE

Details of the bidder's team qualifications and experience in projected cash flow model development. The bidder must complete **Table (b) Annexure C** outlining the experience and qualification. Proof of qualifications as outlined in the evaluation criteria must be submitted as part of this section.

SECTION 4: PRICING PROPOSAL

The bidder must submit a pricing proposal as outlined in **Annexure E**.

SECTION 5: ADDITIONAL INFORMATION

Any additional information pertinent to the proposal can be attached under this Section.

15. BID PROPOSAL TEMPLATE

- A template has been developed to assist both the bidder and the evaluation committee and is outlined in **Appendix 1**.
- An electronic editable copy of the Bid Proposal Template will be available on the **sefa** website: <http://www.sefa.org.za/publications/tenders>

COVER PAGE

APPOINTMENT OF SERVICE PROVIDER FOR THE DEVELOPMENT OF sefa's PROJECTED CASH FLOW MODEL FOR TRANSACTION AFFORDABILITY.

Bid Number	
Company name	
Bidder CSD Number	
Contact Person	
Telephone Number	
e-mail address	

SECTION 1: LEGISLATIVE REQUIREMENTS

Attach all required documentation behind this Section.

SECTION 2: FUNCTIONALITY REQUIREMENTS

The bidder must provide the information set out on functionality requirements stated in the bid document.

SECTION 3: EXPERIENCE AND REFERENCE

Note to the Bidder: The bidder must complete the information set out below in response to the requirements stated in the bid document. If the bidder requires more space than is provided below it must prepare a document in substantially the same format setting out all the information referred to below and return it with this Returnable Schedule]

The bidder must provide the following information:

Table (a) Details of the bidder's experience in development of projected cash flow model as per reference letters submitted.

(Please refer to Annexure C of the Special Condition of Contract):

Client' Name	Transaction Description	Transaction Value	Project period		Description of service performed and extent of Bidder's responsibilities	Name, title and telephone contact of client
			Start Date	End Date		

SECTION 4: BIDDER TEAM QUALIFICATIONS AND EXPERIENCE

Complete the table below and attach Curriculum Vitaes as part of this section.

Note to the Bidder: The bidder must complete the information set out below in response to the requirements stated in the bid document. If the bidder requires more space than is provided below it must prepare a document in substantially the same format setting out all the information referred to below and return it with this Returnable Schedule]

The bidder must provide the following information:

Table (b) Details of the bidder's team qualification and experience in development of projected cash flow model.

(Please refer to Annexure C of the Special Condition of Contract):

NAME & SURNAME OF TEAM/STAFF MEMBER	ROLE IN THE TEAM	QUALIFICATIONS	YEARS OF EXPERIENCE

SECTION 5: PRICING PROPOSALS (ANNEXURE E)

PRICING SCHEDULE

1. Please indicate your total bid price here: R.....
(VAT Incl.).
2. **NOTES: All prices must be VAT Inclusive and must be quoted in South African Rand (ZAR).**
3. Are the rates quoted firm for the full period of the contract? Yes/No.
4. All additional costs associated with the bidder's offer must be clearly specified and included in the Total Bid Price.

Detailed pricing must be provided and include line-item specifications in the following groupings:

Description	Amount (Excl. VAT)	VAT	Amount (Incl. VAT)
Quoted Price excluding Disbursements			
Disbursements			
Quoted Price including Disbursements			

SECTION 6: ADDITIONAL INFORMATION

Any additional information that is considered pertinent to the proposal can be attached under this section.