

# Request for Proposals

## Research Consultancy: A Comparative Analysis of Funding and Financing Models for National Digital Transformation

27 July 2021



## Contents

<b>About DIAL</b> .....	<b>3</b>
<b>Project Description and Background</b> .....	<b>3</b>
Research Question .....	4
Sub-Questions .....	4
<b>Scope of Work</b> .....	<b>5</b>
Objectives .....	5
Activities .....	5
Phase 1 – Discovery phase .....	5
Phase 2 – Data collection .....	6
Phase 3 – Data analysis and final report.....	6
<b>Deliverables</b> .....	<b>7</b>
<b>Outcomes</b> .....	<b>7</b>
<b>Project Period of Performance</b> .....	<b>7</b>
<b>Proposal Submission Requirements</b> .....	<b>8</b>
Submission Format.....	9
Submission Timeline.....	9
Questions and Answers .....	9
<b>Evaluation Process</b> .....	<b>10</b>
<b>Intent and Disclaimer</b> .....	<b>11</b>
<b>Contract Terms</b> .....	<b>11</b>
<b>Release</b> .....	<b>11</b>
<b>Intellectual Property (IP) Considerations</b> .....	<b>12</b>

## About DIAL

The Digital Impact Alliance (DIAL) is a “think, do, replicate” tank that investigates digital transformation best practice at the national, regional, and global levels. We combine practical research with evidence-based advocacy to identify which digital efforts work, package them as re-usable solutions, and encourage their use.

DIAL is funded through a collaboration among the Bill & Melinda Gates Foundation, the United Kingdom’s Foreign, Commonwealth & Development Office (FCDO) and the Swedish International Development Cooperation Agency (SIDA), and hosted within the UN Foundation in Washington, D.C.

For more information on DIAL’s work, please consult our 2021-2026 [Digital Beacons Strategy](#).

## Project Description and Background

As part of our strategy, DIAL seeks to leverage its neutral role to mobilize high-level political leadership around the need for digital cooperation and aligned financing for digital transformation<sup>1</sup>. To achieve this goal, DIAL has been building an evidence base for new and existing funding and financing<sup>2</sup> mechanisms<sup>3</sup> for digital global goods and related impact of such mechanisms.

A national digital transformation benchmarking study published last year by DIAL and Smart Africa identified limited funding and financing options as one of the biggest challenges countries face in realizing their vision for a digital government. Specifically, insufficient donor and public funding, insufficient private sector investments, and siloed sectoral investments were identified as key challenges<sup>4</sup>.

Our work on procurement of digital technology<sup>5</sup> has shown that financing is a determinative issue for governments in their ability to appropriately resource and sustainably implement their national digital transformation agenda<sup>6</sup>, yet lack of evidence and insufficient data on different funding and financing models and related outcomes in low and lower middle-income countries (LLMICs) means that the options are not fully understood<sup>7</sup>.

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<sup>1</sup> DIAL 2021-2025 Strategic Plan: Beacons of Hope. Retrieved from: [https://digitalimpactalliance.org/wp-content/uploads/2020/07/DIAL-2.0-Strategic-Plan\\_external\\_final.pdf](https://digitalimpactalliance.org/wp-content/uploads/2020/07/DIAL-2.0-Strategic-Plan_external_final.pdf)

<sup>2</sup> While used interchangeably – funding and financing mean different things. Funding provides a project with money that does not need to be repaid. This can be done through grants, taxes, or fees. Financing provides a project with money that will need to be paid back (typically with interest if done through debt or via ownership if done through equity). Source: <https://digitalimpactalliance.org/what-makes-funding-and-financing-digital-technology-so-difficult/>

<sup>3</sup> For example, see: DIAL (2018). Financing Digital Markets. What Vaccines Can Tells Us About Scaling Digital Technologies in LMICs. Accessed at: [https://digitalimpactalliance.org/wp-content/uploads/2018/12/DIAL\\_Financing\\_Digital\\_Markets\\_final.pdf](https://digitalimpactalliance.org/wp-content/uploads/2018/12/DIAL_Financing_Digital_Markets_final.pdf)

<sup>4</sup> DIAL, Smart Africa, (2020). Unlocking the Digital Economy in Africa: Benchmarking the digital transformation journey. p.36. Retrieved from: [https://digitalimpactalliance.org/wp-content/uploads/2020/10/SmartAfrica-DIAL\\_DigitalEconomyInAfrica2020-v7\\_ENG.pdf](https://digitalimpactalliance.org/wp-content/uploads/2020/10/SmartAfrica-DIAL_DigitalEconomyInAfrica2020-v7_ENG.pdf)

<sup>5</sup> Angela Kastner. (2020). Procurement of Digital: Can We Simplify Complexity. Retrieved from: <https://digitalimpactalliance.org/procurement-of-digital-can-we-simplify-complexity/>

<sup>6</sup> The National Digital transformation Agenda represents the documented and explicit vision, mandate, goals, agenda, priorities, strategies, and plans for how digital transformation will be realized at the national level, as well as the actors, process, and outcomes involved. For more information see: DIAL, (2020). Accelerating National Digital Transformation, Leadership Brief Series #1 Retrieved from: [https://digitalimpactalliance.org/wp-content/uploads/2021/06/DIAL\\_LeadershipBrief1-DX\\_v4.pdf](https://digitalimpactalliance.org/wp-content/uploads/2021/06/DIAL_LeadershipBrief1-DX_v4.pdf)

<sup>7</sup> Angela Kastner, Danielle Dillon. (2020). What We Learned About Financing Digital Technology. Retrieved from: <https://digitalimpactalliance.org/what-we-learned-about-financing-digital-technology/>

This study will seek to fill this evidence gap by:

- documenting different funding and financing models that are available for low- and lower middle-income countries (LLMICs),
- providing case examples of where they have been applied to resource digital transformation initiatives, and
- developing a typology or an evaluation framework and related recommendations for governments in LLMICs.

The consultant will work in collaboration with DIAL and a stakeholder reference group to develop an evaluation framework which will help answer the research question and sub-questions and group different sources of funding and financing models in useful categories of analysis such as comparing communal public funds (e.g., Universal Access Funds) vs. Other tax-based public funding models, Official Development Assistance (ODA) vs. Funding from philanthropic institutions (including impact financing), foreign vs. domestic private sector investment models, pooled or multi-donor trust funds vs. blended financing models (e.g., Public Private Partnerships), and equity vs. debt financing models.

Furthermore, this study will explore the policies and underlying environment which enable sustainable returns for each funding and financing model. In this regard, the consultant will build on documented use cases and existing research to examine the role of enabling policies, fiscal measures, and other incentives in driving different funding and financing models<sup>8</sup> and explore how countries are transitioning, from seeking aid for national digital transformation initiatives to creating an environment where private sector financing and other sources of investment flourish.

## Research Question

What are the different types of funding and financing models for resourcing and implementing national digital transformation<sup>9</sup> and what are the ramifications of those models for national digital transformation?

## Sub-Questions

1. How are national digital transformation initiatives being funded by governments today (e.g., ODA, PPP, loans, taxation)?
2. What are the ramifications of different approaches available to governments in LLMICs and how should they balance the benefits and trade-offs when considering using different models?
3. What lessons can we draw from case examples and the enabling environment of different funding and financing options?
4. What are the changes (ranked from easy to hard) that might be made to adapt current funding and financing models?

In answering these questions, the consultant should leverage existing literature and landscaping resources, including literature review and the indicator library<sup>10</sup> developed by DIAL, to assess whether certain funding and financing models are more appropriate for specific 'focus areas' or 'categories' of national digital transformation, such as infrastructure, skills development, etc.

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<sup>8</sup> For example and reference of related work, see: Digital Pathways & Oxford University. (2021). Fiscal Regimes and Digital Transformation in Sub-Saharan Africa. Accessed at: <https://www.bsg.ox.ac.uk/research/publications/digital-and-fiscal-systems-how-tax-innovation>

<sup>9</sup> For a definition of national digital transformation, see: DIAL, (2020). Accelerating National Digital Transformation, Leadership Brief Series #1 Retrieved from: [https://digitalimpactalliance.org/wp-content/uploads/2021/06/DIAL\\_LeadershipBrief1-DX\\_v4.pdf](https://digitalimpactalliance.org/wp-content/uploads/2021/06/DIAL_LeadershipBrief1-DX_v4.pdf)

<sup>10</sup> See Indicator Library: 'Focus Area' and 'Category' under [Indicator list tab](#)

# Scope of Work

## Objectives

The objectives of this study are:

- Documenting different types funding and financing models for resourcing and implementing national digital transformation in LLMICs and the ramifications of those models.
- Improving evidence around funding and financing options for LLMICs.
- Drawing recommendations for sustainable funding and financing of national digital transformation agendas in LLMICs

The primary audience for this work is governments in LLMICs, specifically public officials in charge of implementing the national digital transformation agenda and resource mobilization. The secondary audience is digital development actors, including donors, multilateral and regional institutions working on digital transformation, as well as private sector funders and NGOs. The consultant will ensure that representatives from both primary and secondary audiences are part of a multi-stakeholder reference group which will help shape this study.

For this audience, we envision a 40 - 60 page final report that will allow an informed and technical audience to understand the details of resulting insights.

## Activities

The project will be delivered through a phased approach as listed below.

### Phase 1 – Discovery phase

**Purpose:** In this phase, the consultant will conduct review of existing literature, stakeholder mapping, and mapping of existing funding and financing models for national digital transformation in Low- and Lower Middle-Income Countries (LLMICs). In addition, the consultant will develop an evaluation framework to assess efficacy and sustainability of each funding and financing model and identify case examples to help inform this study and related analysis.

#### Illustrative Activities:

- Work with DIAL to finalize scope of work through an inception report, including research questions and data collection methodology.
- Conduct literature review to better-understand what research, information and publications already exist and what knowledge gaps there are on funding and financing models for national digital transformation in LLMICs.
- Identify a list of funding and financing models for national digital transformation initiatives which have been used by LLMICs.
- Develop a typology or evaluation framework for national digital transformation funding and financing models.
- Work with DIAL to organize a workshop convening representatives from primary and secondary audiences to provide input into the scope of this study, to validate identified types of funding and financing models, and provide ideas on relevant resources and contacts.

- Map out at least two case examples (in LLMICs) per each type of funding or financing model to inform primary data collection and analysis.
- Identify key informants and stakeholders responsible for financing and/or funding identified digital transformation initiatives or who are otherwise knowledgeable on the subject.

#### **Deliverables:**

- Inception report
- Stakeholder reference group workshop
- Evaluation framework for funding and financing models
- List of funding and financing models and at least 2 LLMIC case examples for each model

### **Phase 2 – Data collection**

**Purpose:** This phase will focus on documenting different funding and financing models for national digital transformation through primary data collection. The consultant is expected to make necessary arrangements to ensure study respondents are representative of either side of the funding process as necessary (e.g., both donor and country recipients’ perspectives, both lender and borrower perspectives).

#### **Illustrative Activities:**

- Develop an interview guide with questions and data collection instruments.
- Finalize a list of key research informants based on scope and objectives of the study, as well as identified case examples.
- Conduct key informants’ interviews and primary data collection.
- Synthesize findings into a preliminary report to DIAL.
- Prepare at least one draft report for review by DIAL’s policy and research team.
- Incorporate feedback from DIAL and prepare interim draft report.

#### **Deliverable:**

- Interim draft report

Interim draft report should include literature review, evaluation framework and typology of funding and financing models for national digital transformation in LLMICs, case examples, analysis and recommendations.

### **Phase 3 – Data analysis and final report**

**Purpose:** This phase will be focused on finalizing the report, copy editing, and formatting. In addition, the consultant will share the interim draft report with key informants interviewed in the study and members of the reference group (over email) for them to review preliminary findings and get a chance to provide additional feedback before publication.

#### **Illustrative Activities:**

- Submit interim draft report for external review by key informants and reference group.
- Incorporate feedback from external reviewers.
- Finalize report .

- Copy editing and formatting.
- Report is published.
- Joint (DIAL-Consultant) dissemination event.

#### Deliverables:

- Final report published
- Joint dissemination event.

The consultant is expected to work with DIAL and leverage own network to support dissemination of the final report, by cross posting the final report publication on both DIAL and consultant's website and by hosting a joint dissemination event.

## Deliverables

#	Deliverables	Estimated Completion Date
1.	Inception report	October 22, 2021
2.	Stakeholder workshop	November 4, 2021
3.	List of funding models and case examples	November 5, 2021
4.	Evaluation framework for funding and financing models.	November 5, 2021
5.	Interim draft report	December 6, 2021
6.	Joint dissemination event	January 19, 2022
7.	Final report published	January 28, 2022

## Outcomes

#### Desired Long-Term Outcome(s)

- Global Development Actors unite around a shared vision and roadmap for national Digital Transformation and Responsible Data Use.

#### Desired Short-Term Outcome(s)

- Encouraging cooperation in digital financing through advocacy and production of guidance.
- Improved evidence on efficacy of different funding and financing models for national digital transformation.

## Project Period of Performance

Work will start on or around **October 11, 2021**, and we're requesting that it be completed by **January 31, 2022**. During this time, we anticipate a close working relationship with the chosen vendor.

## Proposal Submission Requirements

Proposal submissions must be created in Microsoft Word in 12-point font. Submissions should not exceed 12 pages with up to 20 pages for Annexes. Proposal submissions must include the following components. (Respondents may include additional elements as needed.)

- **Proposed Approach**
  - Demonstrate understanding of the project objectives.
  - Describe approach, proposed evaluation framework, and data collection methodology.
  - Describe project management approach, including a timeline and any recommended updates to timeline provided above, including timing and level of effort on the part of the DIAL team, e.g., to participate in scoping and requirements workshops, iteration junctures, etc.
- **Staff and Team Structure**
  - Identify the team structure, including roles, responsibilities, and level of effort of staff and any subcontracted resources. DIAL prefers a single point of contact who manages the deliverables.
  - Provide rationale and background on any sub-contracted firms or individuals.
  - Sub-contractors must be identified and the work they will perform must be defined.
    - DIAL will not refuse a proposal based upon the use of subcontractors; however, we reserve the right to refuse the subcontractors you have selected.
  - Please include a description of how the team will work virtually with DIAL staff across different time zones
- **Relevant Experience**
  - Demonstrate firm and key participants' experience relative to the scope of work through submission of CVs/resumes
  - Provide at least three examples of resources produced and/or similar research
  - Demonstrate experience working with government institutions (please specify which institutions)
- **Budget**
  - Provide a detailed budget, including assumptions and costs and level of effort for staff and subcontractors.
  - Provide professional fees budget, including cost and level of effort per staff member
  - Provide separate line items for any sub-contractors.
  - Provide expenses budget by type of expenses, e.g., travel, research, etc. Travel estimates should indicate the anticipated destination and duration of each trip.
  - The price you quote should be inclusive. If your process excludes certain fees or charges, you must provide a detailed list of excluded fees with a complete explanation of the nature of those fees.
- **References**
  - Provide names and email addresses of at least two prior clients willing to discuss their experiences working with you.

## Submission Format

1. All submissions must be delivered electronically with the subject line “Comparative Analysis – Company Name.”
2. Please send all proposal submissions to [RFP@digitalimpactalliance.org](mailto:RFP@digitalimpactalliance.org)
3. In case respondents encounter a problem submitting, please contact Nicki Ashcroft at [NAshcroft@digitalimpactalliance.org](mailto:NAshcroft@digitalimpactalliance.org)

## Submission Timeline

1. All submissions are due on **Monday August 30, 2021, by 5:00PM ET.**
2. Questions and clarifications will be communicated to respondents on a rolling basis until **Friday August 13, 2021, by 5:00PM ET.**
3. The selected respondent will be notified on **Friday September 17, 2021, by 5:00PM ET.**

## Questions and Answers

Please forward any questions to [RFP@digitalimpactalliance.org](mailto:RFP@digitalimpactalliance.org) by **Friday August 13, 2021**. DIAL will make every effort to respond to questions within 48 hours.

## Evaluation Process

DIAL will review all written proposals and may request a phone or in-person interview and/or updated submission to address questions or provide clarification. The evaluation committee will use the following criteria to evaluate candidates' response.

The selection decision will be based on the following criteria:

Criteria (Total Percentage Score)	
<b>1. Approach (30%)</b>	
Proposed approach and methodology to answer research questions	
Proposed evaluation framework and typology of funding and financing models	
Vendor's understanding of DIAL's work	
<b>2. Subject Matter Expertise (20%)</b>	
Solid understanding of the key dynamics and trends in the relevant substantive areas	
Precedent developing related research and/or evaluating different funding and financing models.	
Experience working with emerging markets, LLMICs, and the field of global Development	
<b>3. Project Management (20%)</b>	
Demonstrated understanding of proposed scope of work	
Achievable action plan that will deliver the project on time and on budget	
Effective staffing and/or team structure	
Thoughtful risk identification and mitigation strategies	
<b>4. Capabilities and Experience (15%)</b>	
Demonstrated firm experience with similar projects	
Team members with demonstrated skills and experience with similar projects and activities	
High-quality subcontractors and external advisors, if relevant	
Appropriate access to relevant resources and knowledge centers	
Preference for in market and/or women-owned or led businesses	
<b>5. Value (15%)</b>	
The proposed pricing demonstrates a competitive price and good value for the money	
Cost reasonableness, including demonstration of researched costs	

## Intent and Disclaimer

This RFP is made with the intent to identify a consultant to deliver results as described in this RFP. Issuance of this RFP does not obligate DIAL to award a resulting contract and any costs incurred in preparation of a proposal is the sole responsibility of the respondent.

In submitting a proposal, the respondent certifies that information contained therein is truthful and accurate to the best of the respondent's ability. Should any information later be found to not be in-line with this certification, DIAL reserves the right to terminate any resulting contract(s) and/or select an alternative contractor. DIAL assumes it can be confident in the Consultant's ability to deliver the product(s) and/or service(s) proposed in response to this RFP.

If DIAL amends the RFP, copies of any such amendments will be sent to all respondents.

DIAL is partially funded by SIDA with a commitment to women and non-US owned organizations, DIAL will consider all proposals in consideration of the selection criteria but will give preference to women and non-US owned businesses.

## Contract Terms

The UN Foundation will negotiate contract terms upon selection. A copy of the contract terms and conditions will be provided upon pre-selection. All contracts are subject to review by UN Foundation's Business Services Budget Reporting (BSBR) team. Once a draft contract is reviewed by BSBR, DIAL's Program Manager will contact the Vendor. The project will start upon the execution of the contract. The contract will outline terms and conditions, scope, budget, and applicable flow-down terms proscribed by the funding partners and the UN Foundation.

## Release

Consultant understands that DIAL has chosen to solicit an RFP for consulting services, and that Consultant's response does not guarantee that DIAL will enter into a new contract with Consultant or continue any current contract(s) with Consultant.

Consultant agrees that DIAL may, in its sole discretion:

- Amend or cancel the RFP, in whole or in part, at any time
- Extend the deadline for submitting responses
- Determine whether a response does or does not substantially comply with the requirements of the RFP
- Waive any minor irregularity, informality or nonconformance with the provisions or procedures of the RFP
- Negotiate with all consultants UNF deems acceptable
- Issue multiple awards
- Copy the responses

This RFP is not an offer to contract. DIAL assumes no responsibility for Consultant's cost to respond to this RFP. All responses become the property of DIAL.

The Consultant, by submitting a response to this RFP, waives all right to protest or seek any legal remedies whatsoever regarding any aspect of this RFP.

Consultant represents that it has responded to the RFP with complete honesty and accuracy. If facts provided in Consultant's response change, Consultant agrees to supplement its response in writing with any deletions, additions, or changes within ten (10) days of the changes. Consultant will do this, as necessary, throughout the selection process. Consultant understands that any material misrepresentation, including omissions, may disqualify it from consideration for a contract award.

Consultant understands it may receive proprietary and confidential information from DIAL during the RFP process ("Confidential Information"). Consultant agrees to not use Confidential Information for any purpose other than its participation in the RFP process and to not reveal Confidential Information directly or indirectly to any other person, entity, or organization without the prior written consent of DIAL. Consultant further agrees to exercise all reasonable precautions to maintain the proprietary and confidential nature of Confidential Information where it can best demonstrate its value and capacity to delivery ecosystem-wide, meaningful value.

## Intellectual Property (IP) Considerations

DIAL's mission is to create public goods that enable a more efficient digital economy for everyone's common benefit. To serve this goal in partnership with other organizations and individuals, DIAL funds the development of important hardware and software, databases, computer protocols, research and useful industry standards.

Intellectual property ("IP") is at the heart of all things creative and inventive. DIAL's IP policy is shaped by our key funders' i.e. Bill & Melinda Gates Foundation (BMGF), the United Kingdom's Foreign & Commonwealth Office (FCDO) and the Swedish International Development Cooperation Agency (SIDA) policies. DIAL's work products thus must comply with BMGF's "Open Access" policy. Further, any IP DIAL funds should be licensed for free use worldwide. This is accomplished through open source and Creative Commons licensing and by open standards, unencumbered by restrictive copyrights and patents.

The scope of work for this project and deliverables will, as such, abide by DIAL's intellectual property (IP) policy and its donor' compliance requirements. If special considerations are required, DIAL will negotiate those on a case by case basis with selected vendors.

As required by its donors, DIAL is committed to "Global Access". As such, DIAL will ensure that knowledge and information gained from any project and any deliverable produced will be promptly and broadly disseminated under a creative commons license, and any funded developments will be made available at an affordable price to:

- a) People most in need within developing countries and /or
- b) In support of the U.S. educational system and public libraries, as applicable

DIAL will take into consideration consultants' intellectual property issues as part of the selection process.