

**Terms of Reference:
Consulting Firm to Implement a Crowdfunding Pilot for the
Kenya Climate Innovation Center**

BACKGROUND

infoDev (www.infodev.org) is a global partnership program within the World Bank Group which works at the intersection of innovation, technology, and entrepreneurship to create opportunities for inclusive growth and job creation. *infoDev* is a thought leader in venture acceleration and incubation, assisting governments and growth-oriented small and medium sized enterprises (SMEs) to improve capacity and skills, increase access to finance and ensure appropriate enabling policy to enhance the innovation ecosystem. *infoDev* works in partnership with other development programs, with World Bank/IFC colleagues, and with stakeholders from the public, private and civil society sectors in the developing world.

infoDev's incubation network includes specialized new venture enablers, such as mobile labs and hubs, climate innovation centers and agribusiness innovation centers. This network is a vibrant global community that is a rich source of data and knowledge on the realities of entrepreneurship in over 93 countries. It is an important conduit for enterprises to internationalize their businesses, for the exchange of knowledge, for peer-learning opportunities, and for convening—and building trust and collaboration among—all innovation ecosystem stakeholders.



infoDev's Climate Technology Program (CTP) is steadily expanding a network of Climate Innovation Centers (CICs) in a number of countries (see map above). CICs encompass a holistic and country-driven approach to supporting green growth and industrial competitiveness through enabling innovation in climate technologies. The CICs' offerings provide support that goes beyond traditional incubation including seed financing facilities, specialized policy interventions and network linkages as well as technical facilities and business training. These support mechanisms build upon infoDev's robust analytical products, including the latest report, *Crowdfunding's Potential for the Developing World*.

infoDev's Climate Technology Program (CTP) empowers developing countries to proactively and profitably adapt, develop and deploy climate smart (clean tech) technologies and business models. The CTP is creating a global network of Climate Innovation Centers (CICs) that provide a country-driven approach to climate change and allow countries to achieve their green growth objectives. It targets the early stages of innovation, including the key role of entrepreneurs and growth-oriented startups. CICs are currently being developed in eight countries: Kenya, Ethiopia, India, South Africa, Vietnam, Morocco, the Caribbean and Ghana.

Each CIC provides domestic enterprises with a holistic range of services:

- Firms can receive financing through proof-of-concept grants (up to USD 50K) and seed investments (USD 50K-1M), as well as investment facilitation at more advanced stages.
- The CICs offer business advisory and training through mentorship, networking, seminars, and other services that build professional expertise.
- To improve the competitiveness of local firms, the CICs provide local technology information, market intelligence and access to business/technical facilities.
- By aggregating firm and industry insights, the CICs conduct policy advocacy through hosting dialogues with government, researching trends and documenting best practices for SME and climate technology regulation.

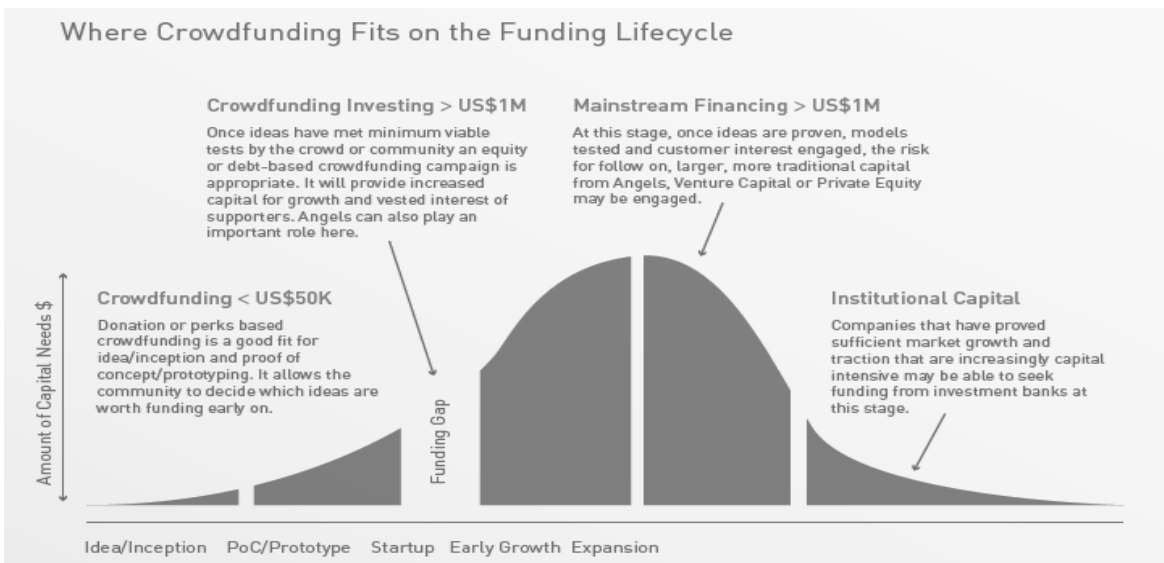
Kenya CIC

Since its launch in 2012, the Kenya CIC (KCIC) continues to be the “go to” institution to network and cluster Kenyan activity for emerging climate solutions that bring economic development and green growth. The KCIC offers financing and other business development services to high-potential, growth-oriented, early-stage businesses that address local climate challenges and create sustainable jobs, especially in Kenya's high priority sectors: renewable energy, water

management and agribusiness. In addition to providing direct services to the more than 60 Kenyan firms it has signed with, the CIC also provides broader training sessions, including one on accessing carbon finance and one on intellectual property rights (IPR) done in partnership with the World Intellectual Property Organization (WIPO).

Increasing Access to Capital for KCIC Companies by Crowdfunding

infoDev’s experience with developing world entrepreneurs, including those hosted by the KCIC, has consistently verified a gap in financing between USD 50,000 and 1 million. Below 50,000, entrepreneurs often tap friends and family or concessional financing schemes, such as the KCIC Proof of Concept Grant. For needs above \$1 million, innovative start-ups can often gain traction with Venture Capital firms (VC), Private Equity (PE) firms and banks, especially once a revenue stream has been established. But for those companies caught in the middle, it is often impossible to transcend the “Valley of Death” funding gap.



Companies involved with climate and clean energy technologies share business fundamentals with any technology enterprise. These businesses need access to capital, pursue a standard business planning process, and iterate from idea to prototype on their way to market. The development of innovative models to fund companies working to solve climate and energy challenges is a core component of the KCIC. Crowdfunding may help the CICs provide an additional, flexible investment mechanism that also builds local and regional collaboration between entrepreneurs, investors, and the community. In addition, crowdfunding platforms may increase consumer awareness and increase demand for products and services, which could help ensure the viability of KCIC companies.

The latest report by *infoDev, Crowdfunding's Potential for the Developing World*, finds that crowdfunding can serve as an enabling mechanism for new venture formation, job creation and inclusive economic growth. *infoDev* estimates that the nascent global crowdfunding market, and inclusive economic growth. *infoDev* estimates the nascent global crowdfunding market, including all models of crowdfunding, could reach between \$90-96 billion dollars by 2025, which represents 1.8 times the global VC industry today.

SCOPE OF WORK

infoDev is seeking a consulting firm (The Firm) to undertake a pilot crowdfunding project funded by *infoDev's* Global Climate Technology Program. The main objective of the project is to test the viability of crowdfunding as a mode to address the funding needs of beneficiary companies of the KCIC. The Firm will source, train, and support a small group of 5 eligible entrepreneurs in their crowdfunding efforts. The Firm will codify learnings through crowdfunding training materials and entrepreneur case studies.

The pilot will test crowdfunding as one innovative model among others (venture, angel, debt, etc.) to fund climate (clean) technology companies. Crowdfunding may help the CICs provide an additional, flexible investment mechanism that also builds local and regional collaboration between entrepreneurs, investors, and the community. In addition, crowdfunding platforms may increase consumer awareness and increase demand for products and services, which could help ensure the viability of KCIC companies.

The firm will be responsible for four major deliverables:

1. *Informational Workshop*- The selected Firm will be tasked with convening and conducting the informational workshops that kickoff the KCIC pilot.
2. *Administration of KCIC Pilot*- The Firm will be responsible for the execution of 5 crowdfunding campaigns, including all industry research, training materials, technical support and monitoring and evaluation required therein.
3. *Reporting & Knowledge Product*- The Firm will leverage deliverables 1 & 2 to produce a knowledge product that meets World Bank publications standards and includes the following sections: Industry Overview, Business Support Professional training module, Entrepreneur Training Module, Case Studies, as outlined above. This knowledge product may be in the form of a report, new media (such as video) or a combination thereof. Upon

selection, a detailed inception report will be produced which outlines each knowledge product element in detail, including a schedule of completion.

4. *Korea Crowdfunding Symposium*- The industry expert within the Firm will play an active role in one or more panel sessions during a Crowdfunding Symposium, hosted by the Korea Legislative Research Institute, in Sejong, South Korea, in May, 2014. The expert will be accompanied by infoDev personnel.

In pursuit of the first three deliverables, the selected Firm should closely adhere to the following order of operations:

1. *Crowdfunding Informational Workshop*: The Firm will convene Crowdfund Informational Workshop at the KCIC. The purpose of the workshop is to provide an overview of the crowdfunding industry and familiarize participants with the opportunities, challenges and risks associated with raising capital online. The industry expert will be solely responsible for the content of the workshop). The intended audience will be a broad-base of entrepreneurs, policymakers, business service providers (including KCIC staff), academics, and other private sector partners. This workshop will serve as a sourcing mechanism for the 5 entrepreneurs who will partake in pilot phases 2-6 below.
2. *Selection of pilot entrepreneurs*: Following the informational workshop, the KCIC staff and the Firm will jointly select 5 beneficiary entrepreneurs to participate in the pilot. This selection will be based on the formulation of criteria to ensure the 5 beneficiaries are fairly chosen. The industry experts should concurrently identify all possible crowdfund financing options for Kenyan entrepreneurs, including angel, equity, debt, presale or donation-based platforms. Efforts to access equity or debt platforms, which may be considered most challenging, should be driven by the needs of each pilot entrepreneur with risks, legal and regulatory issues taken into consideration.
3. *Campaign Preparation*: The Firm, in partnership with the KCIC staff, will work with each entrepreneur one-on-one to prepare their campaign strategy. Depending on the financial and business needs of each enterprise, a funding platform will be selected to which their “pitch” will be tailored. During this stage, the entrepreneurs will finalize their campaign script and storyline. The Firm will directly involve KCIC staff, to increase their capacity to conduct similar campaign preparations in the future. It is recommended that should any additional expertise or sub-contract arrangements be required, that the Firm identify local Kenyan individuals and companies to ensure capabilities remain in-country after the pilot ends.

4. *Campaign Construction:* The Firm will subcontract a local videographer and graphic designer to film and edit a single campaign video, including graphics and/or animation for each pilot entrepreneur. The video pitches should be on par with international best practice. The quality of the completed videos will be approved by KCIC management representatives and infoDev staff.
5. *Campaign Execution:* The entrepreneur will launch their campaigns and conduct extensive outreach to their personal, professional, and online social networks in coordination with promotional efforts by the KCIC and the Firm. The working group will monitor the analytics of the campaign to understand challenges and bottlenecks in real time, and provide assistance as needed. Support for entrepreneurs provided by the Firm will be monitored by KCIC Management and infoDev staff. The World Bank brand will not be included in such promotional efforts to remove potential biases.
6. *Training Materials and Case Studies:* The final output of the KCIC Crowdfunding Pilot will be a scalable knowledge product that codifies training methodologies and profiles the crowdfunding experiences of each entrepreneur. The Firm will be responsible for the following:

Training Materials:

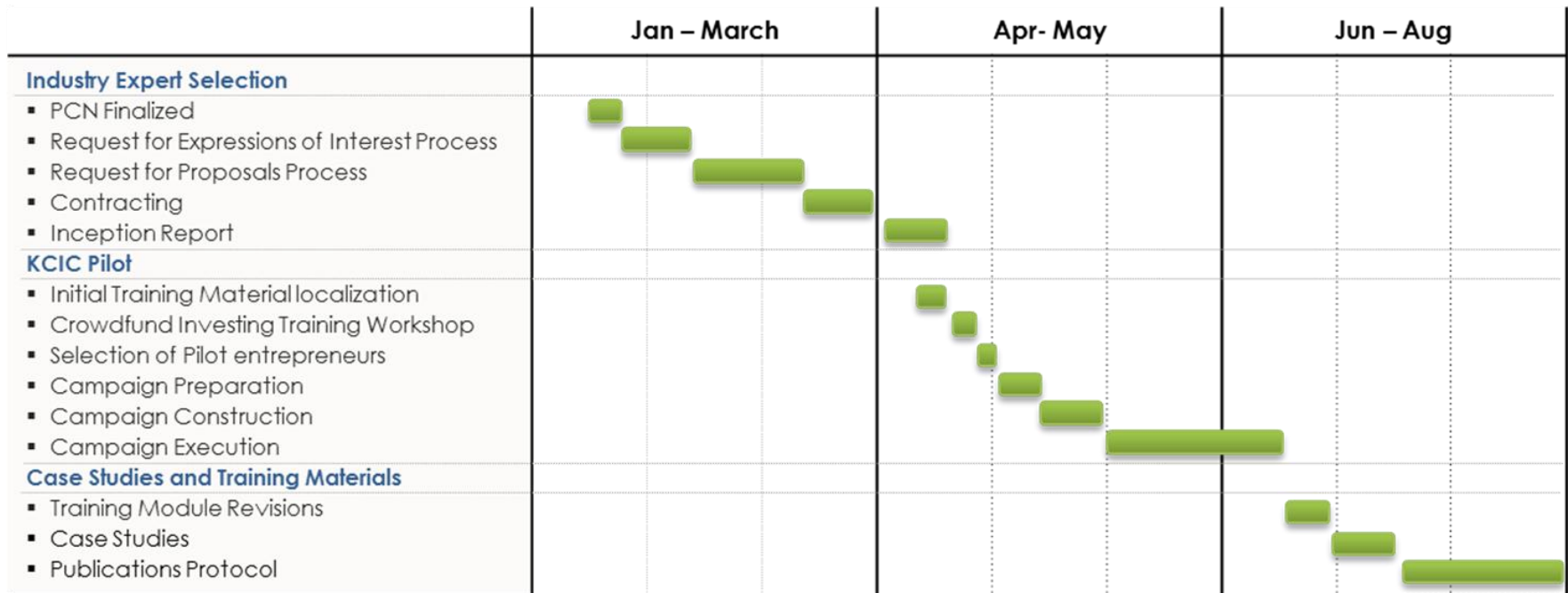
- The ideal Firm will likely use existing training materials for the initial work with the pilot entrepreneurs, however, these materials will be augmented and repurposed, given the learnings of the pilot, to account for common challenges and helpful considerations by Kenyan and other emerging market entrepreneurs.
- The primary audience of the training materials will be entrepreneurs in clean technology sectors in emerging markets, but should state explicitly the applicability of lessons, best practices and processes for entrepreneurs in other sectors. This module should be packaged in a way to allow for its use by both entrepreneurs and business support professionals (e.g. KCIC staff), especially other CICs and business accelerator management.
- The volume and medium of the training modules will be subject to the contract negotiations with the selected Firm, although ideal candidates will propose in their Expressions of Interest a mixed media approach that incorporates both video and written training materials.

Case Studies:

- The purpose of each case study should be to familiarize a reader with the unique decision making processes, challenges, solutions, outcomes and post-campaign reflections of the pilot entrepreneurs, and how these may relate to general issues of others seeking crowdfunded capital. Relevant data should be captured during the campaign execution phase to be presented in the case studies.
- This content will chronicle the experience of each KCIC company during their participation in the KCIC Crowdfunding Pilot Program. Case studies should range from between 3-5 pages per entrepreneur.
- The intended audience of each case study is emerging market entrepreneurs who are considering raising capital for their growth-oriented enterprise or project. This includes issues around choosing an appropriate platform, effectively presenting a strong business case, legal and regulatory considerations, and strategies for engaging their social network, leveraging social media, and bridging to the diaspora, or other issues. Other audiences will be the international development community and governments who are interested in understanding how to effectively leverage crowdfunding for economic development goals.

The Firm will be responsible for the cost of editing, copy editing and video production costs.

IMPLEMENTATION TIMELINE



EXPECTED EFFORT

Task	Description	Estimated Number of Days Required
Inception Report	Delivery and approval of inception report	5
Informational Workshops	Travel, content, logistics and delivery	25
KCIC Pilot	Selection, preparation, construction, execution	50
Reporting & Knowledge Product	Training materials & case studies	70
TOTAL		150

QUALIFICATIONS

The ideal firm will possess the following:

- Experience conducting cutting-edge informational workshops on crowdfunding for entrepreneurs;
- Robust catalogue of crowdfunding training materials for entrepreneurs, ideally focusing on developing world contexts (e.g. Africa or Kenya), that focuses on both entrepreneurs and business service providers, such as incubator managers, accelerator managers, or private consultants.
- Deep knowledge and network connections with industry leading crowdfunding platforms which serve Kenya, East Africa, Africa and relevant international investors, especially those in Kenya diaspora communities.
- Strong ability to gather quantitative and qualitative data on the crowdfunding efforts of entrepreneurs
- Excellent project management capacities in execution of the technical assistance to companies and KCIC staff as well as the data-gathering, drafting, editing and publications process management of the knowledge product.
- Evidence of World Bank-class knowledge products with insightful and concise analytical analysis and clear writing style.
- Superior project management skills with evidence of product delivery within specified timeframes and budgets.
- First-hand experience with World Bank technical assistance projects, specifically trust fund process and with implementation of trust-funded activities is highly desirable.
- Working knowledge of clean and climate technology businesses and green growth sectors, policies and institutions, especially in emerging markets, Africa and or Kenya, is highly desirable.