



REQUEST FOR PROPOSALS (“RFP”) FOR

**A STUDY ASSESSING INVESTMENT CAPACITY AND
OPPORTUNITIES FOR APPALACHIAN COMMUNITY CAPITAL
AND ITS MEMBERS**

Release Date: July 8 , 2020

Proposal Due Date: July 16, 2020 - 5pmEDT

Selection Date: July 17, 2020

Contract Period: July 20, 2020 – December 31, 2020

Request for Proposals:

Overview of Request for Proposals

A STUDY ASSESSING INVESTMENT CAPACITY AND OPPORTUNITIES FOR APPALACHIAN COMMUNITY CAPITAL AND ITS MEMBERS

Appalachian Community Capital (ACC) seeks contractual support to assess the investment capacity and opportunities for ACC and its members.

The Contractor will report to the CEO, Appalachian Community Capital. The requested Scope of Services is noted on page 4 and will involve:

- Assessing ACC's and its members' capacities and resilience in the face of the current COVID-19 pandemic.
- Evaluating the impact of the economic crisis caused by COVID-19 on small business owners in the region, including minority and women-owned businesses.
- Determining regional CDFIs' capital demand in the current environment and comparing it with market demand and CDFIs' ability to deploy additional capital, as well as their investment readiness and other growth constraints.
- Generating a list of impact investors interested in making investments in CDFI loan funds,
- Producing a report containing research and analytical results that will be used by ACC and its members to promote their work, summarize the region's small business needs, and recommend ways in which investors can fill identified gaps.

I. Background

About the Appalachian Region

The Appalachian Region, as defined in ARC's authorizing legislation, is a 205,000 square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Forty-two percent of the Region's population is rural, compared with 20 percent of the national population.

The Appalachian Region's economy, which was once highly dependent on extractive industries, has become more diversified in recent times and now includes larger shares of manufacturing and professional services, among other industries. Appalachia has made significant progress over the past five decades: its poverty rate, which was 31 percent in 1960, had fallen to 16.3 percent over the 2013– 2017 period. The number of high-poverty counties in the Region (those with poverty rates more than 1.5 times the U.S. average) declined from

295 in 1960 to 98 over the 2013–2017 period.

These gains have transformed the Region from one of widespread poverty to one of economic contrasts: some communities have successfully diversified their economies, while others still require basic infrastructure such as roads, clinics, and water and wastewater systems. The contrasts are not surprising considering the Region's size and diversity—the Region extends more than 1,000 miles from southern New York to northeastern Mississippi, and it is home to more than 25 million people.

About Appalachian Community Capital

ACC was incorporated in March 2013 as a wholesale community development finance intermediary (CDFI), ACC's structure was based on a financing model designed to increase community economic development lending to businesses operating within chronically underserved areas throughout the Appalachian Region.

ACC's mission is to increase small business lending by providing member institutions that serve underserved people and communities with new sources of capital. By meeting the capital and capacity-building needs of its member/borrowers, ACC will enable these CDFIs to increase their lending to small businesses, particularly those enterprises that create and retain jobs among low-income individuals. ACC members also focus on minority- and women-owned businesses that face distinct challenges in accessing affordable financing through the conventional capital markets.

ACC's 22 member CDFIs and their affiliates manage over \$1 billion in assets supporting economic development in Appalachia.

COVID-19 and Its Impact on Small Business Lending in Appalachia

As the Appalachian Region begins to feel the impacts of COVID-19, small businesses and the non-profit community are among the first casualties, mainly stemming from the loss of revenue and resulting cash-flow shortages. As a result, many of the region's community development finance organizations--such as Community Development Financial Institutions (CDFIs) that provide an essential source of capital for the region's small businesses—have suspended loan repayments by their borrowers. Consequently, these lenders' operating budgets are under stress as they experience the loss of their income from their borrowers.

Twenty-two CDFIs and other mission-based organizations make up ACC's membership. These members and their affiliates manage over \$1 billion in assets supporting economic development in Appalachia.

ACC and its members implement strategies to help address the needs of some of the most vulnerable populations in the region, conditions that have been exacerbated by the pandemic. They have assessed borrowers' financial conditions, launched emergency relief programs, approved loans under the SBA's Paycheck Protection Program, provided much-needed technical assistance and other services. Within their own organizations, they are conducting stress tests, financial projections, and other analyses regularly to better determine steps they'll need to take to ensure sustainability and growth

How is COVID-19 affecting ACC, its members, and regional small business owners, including minority-owned businesses? Are the steps being taken to ensure financial health for these organizations and small business customers effective? As the country begins to move to a recovery phase, how can the focus on CDFIs amid the current health and economic crisis be used to support the longer-term growth of ACC and its members and benefit the populations they serve?

ACC is seeking to hire a contractor who will manage a project that focuses on the questions noted above. Upon completion of the project, ACC expects the following:

Outputs

- A document that addresses a) lending activities and performance of ACC and its members, b) impact of COVID-19 on ACC members and their small business customers, c) where challenges remain in attracting investments and in devising and implementing growth strategies, and d) how investors can fill identified gaps.

Outcomes:

- Detailed analysis that ACC can use to attract \$15 million in investments.

II. Project Timeline

It is anticipated that the Contractor will be selected by July 17, 2020 for an estimated contract start date of July 20, 2020 through December 31, 2020.

III. Scope of Work

A. Assessment of ACC, ACC members, and peers in the Appalachian Region

The Contractor will gather relevant information of ACC, its members, and selected peers in the region (other CDFIs and/or mission-based organizations) to determine a) COVID-19 relief efforts b) market demand, c) demand for new capital, and d) investment readiness and other growth barriers.

B. Identification of capital and impact investors interested in investing in the region

The Contractor will identify a broad list of investors interested in pursuing investment opportunities (e.g., debt capital, equity, and other options) in CDFIs.

C. Creation of a narrative on the impact of capital investments on economic mobility

The Contractor will develop a narrative that describes the impact that capital investments will have on ACC members. Racial, and gender equity as well as other lenses, will be used to support the impact case of ACC members.

D. Production of report

The Contractor will produce a report that includes both assessment results and

actionable next steps that should lead to transactions and capital investments to ACC and its members.

IV. Instructions to Submit a Proposal

Contractors seeking to provide these services should submit the following:

- Scope of Work (max 3 pages) describing proposed activities to be undertaken as requested.
- Budget that defines deliverables, rates and proposed payment schedule including indirect costs. **A Not to Exceed cost for the full engagement must be provided. Costs not to exceed \$75,000.**
- Timeline for Scope of Work, with deliverable milestones.
- Biography/resume.
- References from current or prior clients, including name, title, organization, contact information, and a brief description of the relevant work performed.

Please submit responses via email by Proposal Due Date to Donna Gambrell at: dgambrell@acc1.org

V. Proposal Evaluation

ACC will select contractors through a competitive process based on the following criteria.

- Qualifications, expertise, track record, and bios/resumes.
- Scope of Work and Timeline
- Budget

ACC's Commitment to Diversity, Equity, and Inclusion

ACC is deeply committed to promoting diversity, equity, and inclusion through its products, services, and operations to the benefit of ACC's customers, clients, staff, and communities. ACC promotes diversity, equity, and inclusion in many ways including, but not limited to:

- Loan product design and delivery
- Financial development service design and delivery
- Operational policy design
- Hiring
- Contracting
- Investments
- Procurements
- Organizational culture

We will regularly measure our progress in these areas so that we can hold ourselves accountable and improve our efforts to meet the mission and vision of a CDFI and the goals of the people and communities we serve.