



## Partners for Rural Transformation

### Request for Proposals:

### Investment and Capitalization Strategy Consulting Partner

### Create Capital Model for \$1B Persistent Opportunity Fund for Six Community Development Financial Institutions working in Persistent Poverty Regions

**Responses due by: February 25, 2022**

### Background

Perhaps nowhere else in the United States is the structural exclusion by place and race more self-evident than in persistent poverty America. Of the 395 persistent poverty counties, 8 out of 10 persistent poverty counties are non-metro – home to nearly seven million people. Additionally, nearly all rural majority black, Latino and Native American counties are also persistently poor. Notably, significant overlap between persistent poverty and the nation's highest rates of county unemployment and unbanked households exists. Likewise, a strong relationship between persistent poverty and low health outcomes also occurs. In fact, 85% of the nation's persistent poverty counties rank in the bottom half of counties in health outcomes in each respective state as measured by the *County Health Rankings*.

Guided by a vision of a future where persistent poverty no longer exists, six Community Development Financial Institutions (CDFIs) located in and serving regions with a high prevalence of persistent poverty have been working together for a number of years to advance the vision through the Partners for Rural Transformation. Collectively, the Partners for Rural Transformation serve 75% of the nation's persistent poverty counties with a diverse set of development finance approaches informed by the voices and priorities of local people. Over the last 10 years, the partner CDFIs have deployed over \$2 billion and have changed the lives of millions of people.

### Purpose of Request for Proposals (RFP)

The purpose of this RFP is to identify a consulting partner(s) (herein "consultant") who will assist the Partners for Rural Transformation (PRT) in creating a \$1B Persistent Opportunity Fund. The consultant will conduct basic feasibility research with potential investors on proposed models, provide feedback surrounding potential legal structure of the fund, and create financial modeling to ultimately guide PRT to choose the appropriate investor capital to target. This work will ultimately help PRT refine their case statement, term sheet, and refine their investor prospect list.



## Fund Structure Development Consultation

Support PRT in developing a common platform—the \$1B Persistent Opportunity Fund—for delivering capital into places of persistent poverty. Development of a successful platform will include the following:

1. Researching how PRT's external presentation is perceived by investors and funding partners, as well legal and long-term funding ramifications of various fund structure.
2. Creating proformas and other financial analysis tools for creating a diversified and sustainable capital stack to support the capitalization of PRT's 6 CDFIs.
3. Providing regular feedback and support to the Development Working Group on case materials as they are developed.
4. Evaluating capacity of PRT's current operating structures in relationship to managing the Fund and providing meaningful feedback regarding the long-term operation of the Fund.
5. Assist PRT members in the development of one public-facing piece on asset-based narratives about “investment risk” in persistent poverty counties

## Deliverables:

- A written report detailing philanthropic and investor feedback on (1) PRT's existing case statement, (2) their perception of risk under various capital structure, (3) potential interest in partnering with the Fund in the future. This report should also map the capacity of our existing capacity for investment under PRT and how various legal structures for the Fund would affect that capacity over time.
- In-depth financial analysis that allows for the evaluation of proposed capital models, looking at long-term returns and fund sustainability with multiple variations (risk mitigants, debt/equity blends, terms, etc.) The underlying tool upon which this financial analysis is built must be easy to adapt and update over time.
- A strong case statement, white paper explaining fund operations, and term sheet associated with the fund.
- An asset-based narrative in the form of a white paper, policy brief or toolkit about “investment risk” in persistent poverty counties, developed in partnership with PRT members and for an external audience.

## **Proposals**

Respondents should propose a consulting plan, timeline, and budget. The proposal will also discuss the plan for collaborating with the CDFI partners, credibly addressing the challenges of working with a nationwide group of rurally located stakeholders. Each proposal should include the following sections:

- Cover letter;
- Proposed project design and timeline with proposed benchmarks and deliverables;



# PARTNERS FOR RURAL TRANSFORMATION

- Statement of qualifications of key individuals who will execute the project including:
  1. Background working with nonprofit organizations / CDFIs and in persistent poverty communities;
  2. Experience creating funds and other capital vehicles;
  3. Resume and / or C.V. of each member of the consulting team;
- Estimated budget (including fees and expenses);
- Samples (2) of similar, relevant work;
- References from two or three previous clients for similar relevant work.

Strong consideration will be given to diverse consulting teams based in / with experience working in rural communities and regions of persistent poverty. The budget allocated to this project is \$100,000.

**Project Period: April 1, 2022 – June 30, 2022**

**Timing:**

- *Proposals will be accepted beginning **February 4, 2022**,*
- *Closing date is **February 25, 2022**,*
- *Successful applicant will be notified before **March 25, 2022**.*

**Proposal Submission / Questions:**

Proposals should be submitted as single .pdf documents via email by close of business (5pm Eastern Time) on **February 25, 2022**. Fahe is an Equal Opportunity Employer. Please direct proposals or questions to Sara Morgan, Chief Investment Officer ([sara@fahe.org](mailto:sara@fahe.org)) with copy to Jose Quinonez, Director, Partners for Rural Transformation ([jose@pfrt.org](mailto:jose@pfrt.org))