

UNITED NATIONS CAPITAL DEVELOPMENT FUND (UNCDF)
Request for Applications

Innovative digital solutions for the resilience of MSMEs under COVID 19 context in Ghana

1. SUMMARY

As per a coordinated effort from the United Nations to have a response towards the COVID-19 pandemic, UNCDF is supporting LDCs and other countries in need through its core mandate to build stable and resilient local economies and by leveraging a range of technical expertise and investment instruments to reduce and limit economic and social hardship for poor communities. For more information about UNCDF's action towards [COVID-19 click here](#).

In the COVID-19 context, and times of uncertainty about the duration and extent of confinement measures, UNCDF is looking forward to collaborating with private sector actors in Ghana, leveraging the power of digital technologies (applied to finance or not) to help MSMEs to:

- (i) streamline their existing distribution channels,
- (ii) optimize their stock management,
- (iii) build online and home delivery distribution channels,
- (iv) integrate digital payments, and
- (v) leverage other digital solutions and apps for better efficiency and revenue generation.

Those solutions will allow MSMEs to sustain lower levels of activity during the confinement period and prepare them to better exploit opportunities in the “post-COVID 19 digital economies”.

The non-exhaustive following list of solutions would fit the objective of this RFA:

- Online shops for MSMEs (transition to e-commerce)
- Home delivery pack services for MSMEs
- Digital platform to provide instant credit lines to DFS agents, super agents and merchants
- Home Cash-in/cash-out services
- Pre-sales e-vouchers for MSMEs
- Assistance to MSMEs to transit to e-money acceptance (transition to DFS merchants)
- Income protection mobile insurance for MSMEs
- Salary payments via electronic means

Submissions

- A webinar will be held on Monday 27 April, 2020 at 4 PM GMT time to answer to questions related to this RFA. Please connect to this URL for the webinar: <https://undp.zoom.us/j/98929679885>
- Submissions should be sent by email to uncdf.rfa@uncdf.org by copying (Cc) Sabine Mensah sabine.mensah@uncdf.org mentioning in the subject line: **“Innovative digital solutions for the resilience of MSMEs under COVID 19 context in Ghana” by April 30, 2020 23:59 GMT.**
- Submissions must contain the following documents:
 - ✓ Annex 1: Submission letter (PDF)
 - ✓ Annex 2: Submission template (Excel)
 - ✓ Most recent audited financial statements (PDF)
 - ✓ Legal documentation and registry of the applicant (PDF)
 - ✓ CVs of the Employees involved in the project (PDF)
 - ✓ Deck that illustrates the project in a complete way. (Max 15 slides) (PDF)

2. INTRODUCTION

The United Nations Capital Development Fund (UNCDF) expertise is in three primary areas of work: (1) **development and financing of inclusive digital economies** through a market development approach, largely driven by digital finance and innovation; (2) **local development finance** through fiscal decentralization (including local climate adaptation finance), municipal finance and structured project finance, to drive market transformation in local economic development; and (3) **investment finance**, to drive market transformation in the “missing middle”, including investment sourcing, due diligence, de-risking, deployment of loans and guarantees, and crowding in of investment capital from domestic and international investors. Women’s economic empowerment is specifically articulated across all UNCDF work in terms of objectives, approaches, theory of change, targets, and indicators.

UNCDF strategy ‘Leaving no one behind in the digital era’ is based on over a decade of experience in digital finance in Africa, Asia and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals (SDGs) aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the SDGs. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions.

<https://www.uncdf.org/article/4931/global-strategy-leaving-no-one-behind-in-the-digital-era>

UNCDF approach focuses on accelerating the development of digital economies at country and regional level, in close coordination with governments, the private sector and academia. Specific attention is given to the development of the right services to reduce the digital divide and to empower **key customer segments (Youth, women, migrants, refugees, and micro-small-and medium-sized enterprises)**. To achieve this objective, UNCDF focuses on understanding the intersection of **six categories of Digital Services (DS) (i) finance, (ii) agriculture, (iii) energy, (iv) education, (v) health and (vi) transport** across the five customer segments. The approach is organized in **four workstreams: Enabling Policy & Regulations, Open Digital Payment Ecosystem, Inclusive Innovation and Empowered Customers**.

The current Request for Application is framed under the workstream "inclusive innovation" and focuses on the six categories of digital services: (i) finance, (ii) agriculture, (iii) energy, (iv) education, (v) health and (vi) transport. Under this workstream, UNCDF will support local entrepreneurs and MSMEs to build inclusive digital services for the local economy, making sure that the value offered by digital services improves the livelihoods of those living within the market and is not spirited away by global platform providers

3. SCOPE OF WORK

Context:

Formal and informal MSMEs in Sub Saharan Africa are the most common type of enterprises. They create 80% of the continent's employment, compared to 50% in the European Union and 60% in the United States.

Globally, more and more evidence has been collected on the role that digital technologies can play in boosting the productivity of MSMEs. One of their main challenge is the access to finance. Digital technologies allow MSMEs to capture automatically their financial transactions, to build a track record of payment history that can be used by Financial institutions to assess their credit risk profile.

In parallel, the preeminent sector of digital financial services benefits from the transaction flows generated by companies. In 2019, globally, this sector has achieved a turning point where more value is now circulating (\$22 billion of P2P and merchant payments) within the mobile money system than exiting (\$18 billion of cash-outs). It is due, in part, to mobile money providers creating more compelling value propositions for MSMEs with business management tools like customer analytics and inventory management and offering credit lines to agents and merchants.

Problem statement:

The World Health Organization (WHO) official information shows that as of April 20, 2020, the confirmed COVID-19 Cases Over Time are over 2 million worldwide, with more than 160,000 deaths over time. While the figures of confirmed cases and deaths in the African continent is relatively low in comparison to other regions, these cases are growing (+ 15,000 cases and +700 deaths).

Governments all over Africa are taking confinement measures to prevent the progression of COVID-19. These measures will come with heavy economic costs. As an initial analysis, McKinsey estimates that COVID-19's economic impact, could cut Africa's GDP growth in 2020 by 3–8 percentage points.¹

Many businesses (formal and informal MSMEs) unable to operate remotely, face the daunting perspective of collapsing and losing their livelihoods. Their employees and customers are also vastly affected with the restriction of their movements, the probability to lose their jobs or most often the impossibility to earn a revenue from home/remote work.

The providers of Digital Financial Services and Central Banks have understood the role that digital services can play during this unique period in history. Throughout Sub-Saharan Africa, Central Banks and DFS providers have taken measures to alleviate the cost of doing mobile money transactions.

It is too early to predict the middle to long term consequences of the confinement period in Africa, but somehow new confinement consumptions habits are becoming norms that MSMEs need to adapt to.

Solution proposed:

UNCDF is looking forward to collaborating with private sector actors in **Ghana**, leveraging the power of digital technologies (applied to finance or not) to help MSMEs to:

- I. Streamline their existing distribution channels;
- II. Optimize their stock management;
- III. Build online and home delivery distribution channels;
- IV. Integrate digital payments, and
- V. Leverage other digital solutions and apps for better efficiency and revenue generation.

Those solutions will allow MSMEs to sustain lower levels of activity during the confinement period and prepare them to better exploit opportunities in the “post-COVID 19 digital economies”.

¹ McKinsey - Tackling COVID-19 in Africa – April 2020

The non-exhaustive following list of solutions would fit the objective of this RFA:

- Online shops for MSMEs (transition to e-commerce)
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UNCDF intends to select 1 to 3 solution providers that can prove their abilities to quickly scale-up their solutions to address a significant number of formal or informal MSMEs, achieve short term results, and document their achievements.

UNCDF will provide a combination of financial aid and technical expertise to the selected solution providers.

The financial aid will be up to 200.000 USD maximum and will be eligible for the following costs:

- Project management cost for a dedicated project Manager within the organization (mandatory)
- Communication/marketing to MSMEs selected for the project (mandatory)
- Additional operational costs to implement the project proposed

The need for technical expertise will be assessed in collaboration with solution providers during the selection process. Technical expertise will then be provided, if needed, on a case-by-case depending on the needs of the projects.

Expected Outcome

The engagement under this challenge is aimed at creating a catalytic affect in the digital ecosystems by showcasing viable solutions which are targeted to the needs of formal and informal MSMEs. The solutions developed would be tested in **Ghana** and, based on their potential, could be shared with other markets.

Key Performance Indicators

Project proposals should follow UNCDF's Standardized KPIs for activities developed in response to the COVID-19 pandemic²:

No.	Indicator	Disaggregation	Definition
1	Number of customers - registered	women	Customers registered to services introduced or improved by UNCDF support
2	Number of customers - active	women	This is a subset of the indicator above. Active = at least one transaction in the past 90 days (default definition). For some products/services this definition may be different, e.g. savings, insurance or credit products. In that case it is advised to align to partner monitoring.
3	Number of users - registered	women, by type	A user refers to anyone that uses a (digital) platform to offer a product or service, e.g. Disaggregated by type of users, if relevant (e.g. delivery drivers and restaurants)
4	Number of users - active	women, by type	This is a subset of the indicator above. Active = at least one transaction in the past 90 days.
5	Number of transactions	n/a	Number of transactions of the UNCDF-supported product or service conducted during the reporting period.
6	Value of transactions	n/a	Value of transactions (US\$) of the UNCDF-supported product or service conducted during the reporting period.
7	Number of people with improved knowledge, skills and awareness	women	This includes all people with improved knowledge, skills and awareness relevant in the response to the Covid-19 pandemic, for example through chatbots, educational applications and trainings.

² Note: Not all indicators apply to all projects. You may also add more levels of disaggregation (eg. Youth, refugees)

4. PARAMETERS OF THE AGREEMENT

4.1. *Duration*

The partner should sign a technical assistance agreement and / or a performance-based grant agreement with UNCDF. Applicants not familiar with the UNCDF agreements are invited to request a sample from uncdf.rfa@uncdf.org before submitting their application.

The maximum date for the full project completion is December 31st, 2020.

4.2. *Language*

The products to be delivered, as well as all related correspondence exchanged by the organization and UNCDF, must be written in English.

4.3. *Budget*

In accordance with the Investment Readiness Level of the proposed solutions, UNCDF could provide either a Grant or Technical Assistance services that will help applicants to roll out their business concept.

In addition, UNCDF could be able to further support the applicants for the mobilization of investment capital (loan or guarantee solutions).

The available budget can range from US\$ 10,000 to US\$ 200,000 depending on the maturity of the solutions, the innovativeness of the solution proposed, the potential impact on number of MSMEs improved, the capacity of the applicant to manage the grant and/or the technical assistance.

- UNCDF will provide a contribution between US\$ 10,000 to US\$ 30,000 in grant and/or technical assistance services to the selected applicants that have completed a Market Size/Competitive Analysis (Total Available Market, Serviceable Available Market, Serviceable Obtainable Market Study), have terminated the analysis of the problem statement and validated the potential solution through market researches, consumer test and low-fidelity minimum viable products.
- UNCDF will provide a contribution between US\$ 30,000 to US\$ 50,000 in grant and/or technical assistance services to the selected applicants that have already tested and validated the MVP and or services and they are validating their revenue models.
- UNCDF will provide a contribution between US\$ 30,000 to US\$ 200,000 in grant and/or technical assistance services to the selected applicants that have completed a Market

Size/Competitive Analysis (TAM, SAM, SOM Study), have prototyped High-Fidelity Minimum Viable Product, Validated Value Delivery (Left Side of Canvas), identify and Validate Metrics That Matter.

5. ELIGIBILITY CRITERIA AND APPLICATIONS

5.1. Eligibility criteria

- In accordance with the focus area of application, the applicant shall be properly constituted and registered in **Ghana**;
- The applicant must operate in **Ghana** for at least one year;
- The applicants must have at least a minimum viable product (MVP) or a full-fledged product in the market that addresses the problem statement;
- The candidate must have audited financial statements for at least the last year;
- Do not be in state of repair or have been the subject of a bankruptcy, liquidation, a legal settlement, a backup, a cessation of activity or any other similar situation arising a similar procedure;
- Do not be on the UN financial sanctions list, particularly in the fight against the financing of terrorism and against the threats to peace and international security;
- Having fulfilled obligations relating to the payment of social security contributions or obligations relating to the payment of taxes in accordance with legal provisions in force in **Ghana**;

5.2. *Application structure* :

- List of documents to be submitted:
 - Annex 1: Submission letter (PDF)
 - Annex 2: Submission template (Excel)
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5.3. Evaluation of proposals

Technical Proposal: 100 Points

Criteria	Maximum Points obtainable
1 The applicant has already customers in underserved segments (e.g. youth, women, migrants and refugees, MSMEs) and demonstrates its ability to quickly penetrate the market in the priority country of the selected focus area.	13
2 Based on the Investment Readiness Level (IRL) scale ³ , validation level achieved of the proposed solution. As the IRL scale presents 9 levels, 3 points per level will be awarded in accordance to the level of development of the solutions.	27
3 Technical and managerial skills of the team involved: evaluated in terms of curriculum training, skills and experience in the sector, team complementarity, knowledge of the identified segments.	10
4 Other resources deployed in the project in terms of financial resources, infrastructure, technology, brand recognition, geographic footprint, etc.	10
5 Contribution to UNCDF Strategy “Leaving No One Behind” and relevancy of the project in reference to the Workstream “Inclusive Innovation”	10
6 Level of innovation of the solution proposed: <ul style="list-style-type: none"> • innovation and originality of the proposal; • ability to respond more efficiently to the needs of the potential customer segment • innovation of the solutions compared to the solutions already in the market or • technologies used with respect to the state of the art and / or context conditions; • ability to identify new business models or to innovate existing ones. 	20
7 Clear evidence that the solution and its business model can be scalable and viable commercially.	10
Total	100

³ <https://www.designabetterbusiness.tools/tools/investment-readiness-level>