



United Nations Capital Development Fund REQUEST FOR APPLICATION

Engagement of Private sector partner to pilot an Agri information service for Nepali smallholders in COVID-19 context

SUMMARY

UNCDF launched its Digital Finance interventions in Nepal in 2013 and focused on creating an inclusive environment for inception and scale up of digital financial services. UNCDF has been supporting the digital financial service providers, banks and other stakeholders in the country to develop an inclusive digital finance eco-system.

Within its new Global digital strategy and as part of its global efforts on on-going agriculture interventions in Nepal, UNCDF plans to implement a project as part of COVID-19 response to support smallholders gains access to timely and accurate information on Agri related aspects such as weather, technical inputs, commodity prices, etc. Our learnings highlight that data connectivity is critical challenges in implementing and scaling similar app-based services.

In this context, UNCDF invites applications from private sector organizations to design offer such a service on SMS/USSD based platforms. The project objective is to create learning on adoption and usage behavior of smallholders for such a service. These learning will help develop business case to drive similar interventions at large scale.

All applications must be submitted via email by November 4, 2020, 23:59 EST to uncdf.rfa@uncdf.org



1. INTRODUCTION

The United Nations Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

Leaving no one behind in the digital era

UNCDF has formulated its strategy 'Leaving no one behind in the digital era' 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 aligns with the vision of promoting and financing 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 Sustainable Development Goals.

UNCDF manages several initiatives in LDCs in Asia and Africa, to develop an inclusive digital finance eco-system that offers a wide range of financial services specially for low income vulnerable communities. Specifically, UNCDF provides a mix of policy, technical and financial support to a range of government and private sector actors in each country, as well as invests in research and other public goods that benefit all market actors. By supporting the development of digital finance eco-system in these countries, UNCDF aims to increase the financial security of low income and rural households through access to appropriate, affordable and secure means to receive, manage and save money.

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In 2017, Nepal Rastra Bank issued the Payment Service Provider (PSP) license to the first set of non-bank companies. This led to a growing number of registered customers using mobile wallets for a range of payment services. UNCDF worked with its partners IME Digital and Prabhu Pay to implement and scale last mile adoption of digital financial services.

Considering Nepal is an Agri based economy with more than 60% of population engaged in agriculture, UNCDF with its partners Prabhu Management, SunFarmer and Swift/IME Digital developed use cases around dairy value chain digitization, Pay-as-you-go for solar irrigation pumps, farm operations digitization and digital credit market place. These pilots provided in-depth learnings on linking digital with agriculture to drive adoption of digital services at the last mile. In 2018, Nepal Rasta Bank launched the Nepal Financial Inclusion Portal (NFIP) with technical support from UNCDF. NFIP is a data reporting and management tool that allows NRB to map level of financial inclusion in the country.

UNCDF's support in introducing innovative models to bring process efficiencies and access to finance in the sector have aided in driving adoption of digital financial services by smallholder farmers. In just the agriculture sector, more than 150,000 smallholder farmers now have access to digital wallets, whereas the combined results of UNCDF's interventions in Nepal have reached in the registration of 700,000 digital wallet customers nationwide, of which approximately 30% are women customers.



As part of its global efforts on on-going agriculture interventions in Nepal, UNCDF plans to implement a project as part of COVID-19 response to support smallholders gains access to timely and accurate information on Agri related aspects such as weather, technical inputs, commodity prices, etc. Our learnings highlight that data connectivity is critical challenges in implementing and scaling similar app based services.

In this context, UNCDF invites applications from private sector organizations to design offer such a service on SMS/USSD based platforms. The project objective is to create learning on adoption and usage behavior of smallholders for such a service. These learning will help develop business case to drive similar interventions at large scale

2. SCOPE OF WORK

Under scope of this project, the partner is expected to pilot SMS/USSD based two way messaging service for broadcasting Agri related messages and subsequent follow ups in form of addressing queries to its users and other types of interactions.

The potential partner is expected to have technical functionalities for managing such as services along with an updated information library on agriculture specific to Nepal's context. The partner will be responsible for the following activities:

1. Collate database of potential farmers through different sources;
2. Identify target area, types of messages (weather, price, tech inputs etc.), type of crop etc. in consultation with UNCDF team;
3. Create a library of messages, shared and approved by UNCDF;
4. Broadcast message and manage queries or inputs to ensure two way communication;
5. Share anonymize transaction data for behavior analysis .
6. Report to UNCDF on usage, responsiveness and other performance indicators for the pilot

1. How UNCDF works with partners

UNCDF takes a tailored approach to engagement with partners, working with each throughout to identify business and customer needs, and helping to design, pilot and scale up the solution along the way. Some examples of the ways in which UNCDF works with partners include:

- Product Research: Sharing market research and knowledge to deepen partners' understanding of customers' behaviors, needs, constraints and aspirations. This also includes providing transaction data analysis and training to the business teams.
- Product Design: Providing human-centered design expertise to better understand the customer journey – physical and financial – for better product design and use-case development tailored to the needs of low-income customers and their families. The efforts may also involve analyzing the transaction data from a customer lens.
- Partnerships: Facilitating strategic partnerships with stakeholders – including cross-border payment hubs, mobile network operators, financial institutions, and non-bank financial institutions – to enable partners to reach last-mile customers, and to grow sustainably. UNCDF is uniquely positioned to be a neutral broker of partnerships and has a record of building strong relationships with private and public organizations across



Africa, Asia, and Pacific.

2. Expected results

KPI	Target
# of farmers to be reached	15,000
# of SMS/Sessions	45,000

Please note that during the negotiations process of the PBA, applicants shall be required to integrate the monitoring framework with additional KPIs.

3. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

Only applications that meet the eligibility requirements and minimum criteria for the submission will be scored. Applicants can be individual entities or a consortium.

3.1. Eligibility requirements

- Applicant(s) shall be duly incorporated and registered according to the rules of Nepal;
- Applicant(s) should be operating in Nepal for at least 2 year;
- Applicant(s) should have audited financial statements for at least past 1 year;
- Applicant(s) should have a tested and market ready solution;
- Applicants must have documents ready to confirm they meet the eligibility criteria, including audited financial statements, certificate of registration, certificate of compliance with the tax authorities and any other documentary evidence that might be requested by UNCDF.

Exclusionary criteria:

- Applicants shall not have been the subject of bankruptcy, liquidation, judicial settlement, safeguarding, cessation of activity or any other similar situation resulting from a similar procedure.
- Applicants and any of their staff or member of their board of directors shall not be included in the United Nations financial sanctions lists⁵, particularly in the fight against the financing of terrorism and against attacks on international peace and security¹; and
- Applicants must not be involved in any of the following activities²:
 - Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons

¹ See: <https://www.un.org/securitycouncil/sanctions/information>

² See UNDP Policy on Due Diligence and Partnerships with the Private Sector (2013): https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/BER_A_Partnerships_UNDP%20private%20sector%20due%20diligence%20policy%202013_FINAL.pdf&action=default

- Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment
 - Replica weapons marketed to children
 - Manufacture, sale or distribution of tobacco or tobacco products and any illegal narcotics
 - Involvement in the manufacture, sale and distribution of pornography
 - Manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES
 - Gambling including casinos, betting etc. (excluding lotteries with charitable objectives)
 - Violation of human rights or complicity in human rights violations
 - Use or toleration of forced or compulsory labor
 - Use or toleration of child labor
- Applicants shall have fulfilled all the 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 the country of incorporation

UNCDF will conduct due diligence on selected applicants. Applicants must have documents ready for confirmation that they meet the eligibility criteria including certificate of compliance with the tax authorities and any other documentary evidence that might be requested by UNCDF besides the application form.

3.2. Evaluation criteria

The Evaluation Committee will score the applications according to the below evaluation criteria. Only applications that score at least [70 out of 100] will be considered successful and move to the due-diligence stage.

Expertise of the Firm/Ability to Implement		Max. Points obtainable
Current Partnership base	Applicant already has its own presence, or through partnership, in the perspective geographical scope or demonstrates ability to quickly penetrate the market directly or through partnerships	15
Current resources	Current resources (e.g. HR, financial, infrastructure, technology, brand recognition, geographical footprint) demonstrates ability to implement the project	15
Maximum score		30

Understanding of the RFA and proposed approach		Max. Points obtainable
Organizational capacity, commitment, & Implementation readiness	Applicant presents a clear implementation methodology, planning and team structure. The proposed business model demonstrates efficacy for achieving project goals and empowering underserved segments that are sustainable.	15
Customer knowledge & Impact	Demonstrates in-depth understanding of the stakeholders targeted by the booster team.	15
Degree of innovation and additionality	Level of innovation in the proposed approach; level of additional value brought to the project	15
Scalability and financial viability	Business model has potential to scale and become economically viable and scalable over time.	15
Learning Sharing	Partner Willingness to share learnings of project and transfer knowledge to UNCDF and other UNCDF Partners	10
Maximum score		70

3.3. Eligible costs

The criteria for eligible expenditure determine whether a cost qualifies for funding under UNCDF rules and procedures.

The general criteria for eligibility of costs under UNCDF funding include the following:

- Eligible costs must be incurred by the applicant during the project (after the signature of the Performance-based Agreement and up to the end of the Grant period).
- Eligible costs should be indicated in the estimated overall budget of the action attached to the Performance-based Agreement.
- Costs must be identifiable and verifiable, in particular being recorded in the accounting records of the applicant and determined according to the applicable accounting standards of the country where the lead applicant is established.
- Costs must comply with the requirements of applicable tax and social legislation.
- Costs must be reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.



- Consultancy costs – under studies, technical assistance and other advisory services under the programme carried out by international and national consultants – are eligible as follows. Professional and consultancy services are services rendered by people with a special skill, and who are not officers or employees of the organization applying for the grant. Consulting services must be justified, with information provided on their expertise, primary organizational affiliation, normal daily fee, and number of days of expected service. Consultants’ travel costs, including for subsistence, are to be shown as travel expenditure. The applicant may be required to justify the daily fee.
- Workshop costs are eligible, for the workshop venue, food and beverages, and publication material. Costs for online workshops or webinars are also eligible.
- Training expenditure (financial education, digital education, soft skills) for the project’s final beneficiaries is eligible. If applicable, this will include all related expenditure, such as the cost of the venue, participant travel, and so on.
- Investment costs directly attributable to the project, relating to research and innovation, are allowable.

3.4. Ineligible costs

The following costs are ineligible and not accepted:

- Returns on capital and dividends paid by a beneficiary;
- Debt and debt service charges;
- Provisions for losses or debts;
- Interest owed;
- Costs declared by the applicant in the framework of another action receiving a grant financed from another donor;
- Indirect costs, also called overheads.



4. AGREEMENT PARAMETERS

Potential applicants shall give evidence that their solutions are aligned to the following parameters.

4.1. Target segment

The primary segment of the project is smallholder farmers in Nepal.

4.2. Geographical scope

Project will be implemented across Nepal.

4.3. Project duration

The project is expected to have a three months duration. Final and assessment report will have to be submitted no later than two months after project completion.

4.4. Language

The deliverables and any correspondence between the applicant organization and UNCDF must be in English.

4.5. Budget

UNCDF will provide a grant to one selected applicant which is technically compliant and receive the highest score in accordance to the Evaluation Criteria as set forth in section 3.2 UNCDF.

Contribution will be up to USD 10,000. Applicants are encouraged to submit the best quality results and proposal within this envelope.

5. APPLICATION REQUIREMENTS AND PROCESS

5.1. Structure of the application

The applicant must submit a complete application form;

- ✓ Annex 1 (Submission Letter) - PDF
- ✓ Annex 2 (Technical Proposal) - PDF
- ✓ Annex 3 (Technical Budget) - Excel
- ✓ Audited financial statements for the past year, if available; - PDF
- ✓ Certificate of incorporation of the applicant; - PDF
- ✓ CVs of the employees involved in the project – consolidated in only one PDF
- ✓ Tax compliance certificate. - PDF

All submissions must be completed in English.

Only applications that follow the Submission Format and include all the necessary documentation will be considered.

5.2. Application deadline

All applications must be submitted via email by November 4, 2020, 23:59 EST to uncdf.rfa@uncdf.org

5.3. Selection process

- Step 1: Eligibility screening – eligibility will be assessed according to the eligibility requirements as set forth in section 3.1.
- Step 2: Evaluation of eligible applications – applications will be evaluated based on the evaluation criteria set out in section 3.2.
- Step 3: Due diligence – due diligence on the applications and their applicants will be conducted on applications that receive the minimum qualifying score (70/100).
- Step 4: Notification of applications – all applicants will be notified of the status of their applications.
- Step 5: Pre-Grant negotiation and Performance-based Agreement – the selected applicants will finalize the scope of the grant and finalize budgets, indicators and targets, workplan and disbursements of the Grant that will be released on achievement of each milestone.
- Step 6: Approval of the selected applications by the Investment Committee
 - applications selected by the Evaluation Committee will be reviewed, discussed and approved by the Investment Committee. Any further due diligence requirements, risk analysis or milestone recommendations from the Investment Committee will be followed in later steps.
- Step 7: Notification of applications - all applicants will be notified of the status of their applications after final approval from UNCDF.



5.4. Timeline

October 20, 2020	Application window opens
November 4, 2020, 23:59 EST	Deadline for submission

5.5. Real-time assistance from UNCDF

All applications must be submitted via email by November 4, 2020, 23:59 EST to uncdf.rfa@uncdf.org