



Unlocking Public and Private
Finance for the Poor

United Nations Capital Development Fund REQUEST FOR APPLICATION FOR

Zambia Inclusive Digital Financial Services Expansion for Women

SUMMARY

The United Nations Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 46 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.

In Zambia, the United Nations Development Fund supports the development of new use-cases, products or businesses models that could drive outcomes around inclusive digital economies and expansion of Digital Financial Services for segments currently left behind, such as women, youth and other vulnerable segments in the low-income groups.

For this RFA, UNCDF plans to invest up to a total of USD (US Dollars) 65,000 in the implementation either of:

1. Support the innovation, deployment or expansion of digital finance product for marginalized segment of women and youth;
2. Support the innovation/enhancement, deployment of an existing digital financial services to improve adoption and usage of digital financial services to women and youth;
3. Expand access and use of formal savings and credit in Zambia, with focus on women and youth;

UNCDF invites financial institutions registered in Zambia that have innovative digital financial products and services that encourage formal savings and credits to apply. Applicants may apply independently or in a consortium.

This will be national project, but special focus will be put on peri-urban and rural areas. Only applicants who will meet eligibility requirements for the submission as indication in section 3.1 of the RFA document will be evaluated. The successful applicant will be signing a Performance-Based Agreement (PBA) with UNCDF. Please refer to PBA sample available on this RFA website.



All applications must be submitted by 23:59 EDT on 8 September 2021 through UNCDF's Investment platform:

https://apply.uncdf.org/prog/zambia_inclusive_digital_financial_services_expansion_for_women

Enquiries to this request for applications may be submitted by email to Isaac.Holly@uncdf.org cc uncdf.rfa@uncdf.org

1. INTRODUCTION

About UNCDF

The UN Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs).

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.

UNCDF's financing models work through three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial ecosystems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

UNCDF in Zambia

UNCDF implements projects to improve digital financial inclusion in Zambia. Since 2015, UNCDF has a local presence in Zambia, focused on implementation of projects that address the needs of the over 40% population that is financially excluded. These projects have been grounded in digital solutions to improve financial inclusion, address energy and resource needs at household level, and improve accessibility to goods, services and markets that help them sustain their livelihoods or improve their lives.

Through these projects, UNCDF has provided a mix of grants and technical assistance to policymakers, financial service providers, civil society, and users of digital finance to



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expand access to and usage of services that contribute to achieving the Sustainable Development Goals.

UNCDF plans to partner with one financial service provider registered in Zambia that has an innovative digital finance product and services such as digital credit and savings that can drive financial inclusion especially among women and youth.



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2. SCOPE OF WORK

The objective of this RFA is to select partner(s) with the best digital solutions to increase usage and access of digital financial products and services of formal savings and credit targeting women, youth and vulnerable people in Zambia.

- Support the innovation, deployment or expansion of digital finance product for marginalized segment of women and youth;
- Support the innovation/enhancement, deployment of an existing digital financial services to improve adoption and usage of digital financial services to women and youth;
- Expand access and use of formal savings and credit in Zambia, with focus on women and youth;

2.1 Areas of intervention

For this request for applications (RFA), UNCDF invites applications from registered entities that can offer innovative and scalable solutions addressing one or more of the following challenges through three areas of intervention.

Areas of intervention		Challenges/ Problem statement and expected results
1	Inclusive Digital Financial Services	<p><i>Challenges: Limited digital financial products in Zambia</i></p> <p><i>Objectives:</i></p> <ul style="list-style-type: none"> • Increase the number of new women and youth customers onboarded • Increase the number of women and youth trained • Increase the number of women and youth actively using digital financial products and savings
2	Digital Credit & Savings	<p><i>Challenges: Inefficient digital financial services/delivery channels</i></p> <p><i>Objectives:</i></p> <ul style="list-style-type: none"> • Increase number of new women and youth customers who apply for a loan via digital platform • Increase number of new women and youth who receive loans via digital platform • Alternative credit scoring for women, youth, and other vulnerable segments in low-income groups



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3	Formal Savings and credit	<p><i>Challenges: Limited adoption and usage of digital savings and credit products</i></p> <p><i>Objectives:</i></p> <ul style="list-style-type: none"> • Increase number of new women and youth customers who save via digital platform • Increase number of women and youth customers who actively save using digital platform
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The examples of solutions in the identified areas of intervention are not exhaustive. The team at UNCDF is excited to hear what potential applicants have in mind outside these examples as long as your scale, commercial viability and impact objectives are aligned.

2.2 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' behaviours, needs, constraints and aspirations. This also includes providing transaction data analysis and training to the business teams.
- **Product design:** Providing human-centred 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 analysing the transaction data from a customer lens.
- **Provisioning:** Providing technical assistance to help design, pilot, deploy, and scale up solutions for impact. Technical assistance is provided by digital finance experts who are experienced in product design, business model development and go-to-market strategies in some of the most challenging markets in Africa and Asia.
- **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.
- **Policy and Advocacy:** Convening efforts to support an enabling environment and build policy and advocacy capacity for human-centred products and services to be piloted and potentially scaled.



In the RFA, applicants may identify and suggest areas where the technical support from UNCDF and its network of expertise is sought.

2.3 Expected results

All applications must include targets on the indicators in the table below. The targets must be disaggregated for the selected target groups. Applicants who are not able to report on one or multiple indicators or provide disaggregated data should include a note with the reason.

The targets will be considered in the evaluation of the applications. During the negotiation process of the performance-based agreement, selected applicants and UNCDF shall develop a monitoring framework. This may include additional indicators and targets, tailored to the scope of the proposed solution, activities and expected results.

Indicators	Definition	Disaggregation
Number new clients registered to the savings/loans product	<p>This includes all clients that are onboarded as part of the proposed project.</p> <p>Youth: 15-35 years</p>	Women; Youth
Number of new active clients of savings product	<p>This includes all clients that are onboarded as part of the proposed project that are active at time of reporting.</p> <p>Active = client made at least one deposit in the past 90 days AND/OR has a positive savings balance at time of reporting.</p>	Women; Youth
Number of unique clients that receive a loan	Includes all clients that receive a loan as part of the project. I.e. a client who receives multiple loans is counted once.	Women; Youth



3. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

Only applications that meet the eligibility requirements and minimum criteria for the submission will be scored.

3.1 Eligibility requirements

Entity registration

- The applicant/ lead applicant must be a registered entity in Zambia i.e., a bank, microfinance institutions, insurance company, money transfer operator, payment service provider, agent banking aggregator, mobile network operator, technology provider, fintech company.

Relevant operation licenses (when applicable)

- The lead applicant must be licensed to provide digital savings and credit solution

Country of operation

- Applicant(s) shall be duly incorporated and registered according to the rules of Zambia
- Applicants(s) should be operating in Zambia for at least two years

Consortiums (when applicable)

- Applicants may apply only once under this RFA, whether independently or in a consortium.
- Joint applications between market players are encouraged if the solution proposed will expand delivery networks and promote rural and/or other last-mile access to inclusive digital financial products and services such as digital credit and savings that can drive financial inclusion especially among women and youth.
- Applications from consortiums of organizations must show that the partnership was established prior to this call for applications.
- The lead applicant and their financial service provider partner must be registered entities with at least one year of operations and must have statutory accounts and audited financial statements for at least one operating year.

Solutions to be supported

- The proposed intervention shall target financially excluded women and youth especially in peri-urban and rural populations with special focus on women and youth. While grant funding will be applied to initiate the interventions, applicants should propose use cases for digital products, services or specific digital savings and credit that can be financially viable once established in 6-12months



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Project funding

- Applicants must contribute by funding costs related to technical infrastructure, resources and operations

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 lists,⁵ 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
 - 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
 - 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.

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/BE_RA_Partnerships_UNDP%20private%20sector%20due%20diligence%20policy%202013_FINAL.pdf&action=default



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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.

	Criteria	Max Score
1	<u>Organization profile and experience</u> <i>Score the applicant's profile, track record, reputation, experience in similar projects and in the country/region, also if the applicant has successfully implemented other projects with UNCDF.</i>	15
2	<u>Team</u> <i>Score if the applicant's proposed team structure and experience is suited for the purpose of the RFA (skills for management, technical know-how, on the field foot print, monitoring and RM capacities...)</i>	15
3	<u>Methodology</u> <i>Score the applicant's proposed methodology and approach: if it is suited for the purpose of the RFA, if the workplan is realistic, that the project strategy covers risk management, quality control, reporting and other project management good practices.</i>	15
4	<u>Additionality</u> <i>Score if UNCDF funding to the applicant will create:</i> <ul style="list-style-type: none"> - Financially additionality: <i>If the applicant cannot obtain funding from local or international private capital markets with similar terms or quantities without official support.</i> - Non-financial value: <i>Value that the private sector is not currently offering and which will lead to better outcomes e.g. by providing or catalyzing knowledge and expertise, promoting social or environmental standards or fostering good corporate governance...</i> - Impact: <i>Faster, larger or better development impacts than the applicant would be able to achieve working alone.</i> 	20
5	<u>Gender perspective</u> <i>Score if the applicant has foreseen a gender focus in the proposed intervention, to have women both external (users) and internal (staff) benefited equally than men.</i>	10
6	<u>Sustainability and business plan</u> <i>Score if the applicant's proposal has a sustainable financial perspective and business plan that could generate an investment pipeline for UNCDF.</i>	15
7	<u>Result Measurement</u> <i>Score if the applicant has provided coherent measurement plan and data management plans.</i>	10
TOTAL		100



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.
- 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. Training for the employees of the institution applying for the grant is also eligible as long as it has been demonstrated that it will link directly to the project output.
- Investment costs directly attributable to the project, relating to research and innovation, are allowable.



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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.

AGREEMENT PARAMETERS

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

4.1 Applicants

Eligible candidates can apply alone or as lead applicant in a consortium of firms, as long as they comply with the eligibility requirements set forth in section 3.1 in case of a consortium of entities applying to the RFA, the lead applicant shall comply with the eligibility requirements. The lead applicant will be responsible of:

- i. submitting the application on behalf of the consortium
- ii. ensuring that each partner is fully aware of the composition of the partnership and of the contents of the Application Form;
- iii. signing the Performance-based Agreement with UNCDF³;
- iv. fulfilling all obligations set out in the Performance-based Agreement;
- v. ensuring the allocation and the fulfilment of the funds amongst the partner in the consortium in compliance with the Performance-based Agreement;
- vi. ensuring the allocation and the fulfilment of the tasks amongst the partner in the consortium in compliance with the Performance-based Agreement

4.2 Target segment

UNCDF plans to partner with a financial service provider registered in Zambia that has an Innovative Digital Financial product or services such as digital credit and savings that can drive financial inclusion especially among women and youth

4.3 Geographical scope

Zambia, with focus on peri-urban and rural areas

³ Include a link with the agreement template where applicant can download the template



4.4 Project duration

Projects are expected to have a 6 months duration. Activities are expected to be terminated no later 28th February,2022. Final and assessment report will have to be submitted no later 31st March 2022.

4.5 Language

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

4.6 Budget

UNCDF will provide a grant to the selected applicant technically compliant in accordance with the Evaluation Criteria as set forth in section 3.2 UNCDF contributions will be up to USD 65,000.

Specific projects will be financed based on business needs. Depending on the maturity of the solutions and the success of the pilot, UNCDF would be able to continue its support for the mobilization of investment capital (loan and guarantee) and further technical assistance.

Applications will need to describe how applicants will deploy the Grant and if any technical assistance or mentorship services are being sought. Additional technical assistance services will be provided by UNCDF though a separate budget line.

APPLICATION REQUIREMENTS AND PROCESS

5.1 Structure of the application

- The applicant must submit a complete application form online
- Please be sure to have prepared the following documents
 - Technical submission form
 - Budget and workplan
 - CV form for team involved in the project
 - Certificate of incorporation
 - Latest 3 audited financial statements
 - Latest unaudited financial statements

All submissions must be completed in English

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



5.2 Application deadline

All applications must be submitted by 23:59 EDT on 8 September 2021 through UNCDF's Investment platform:

https://apply.uncdf.org/prog/zambia_inclusive_digital_financial_services_expansion_for_women

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 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
- 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 finalise the scope of the grant and finalise 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 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 Board / Investment Committee.



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5.4 Timeline

25-08-2021	Application window opens
01-09-2021	Deadline for questions
08-09-2021	Deadline for submission

5.5 Real-time assistance from UNCDF

For requests and queries, send an email to Isaac.Holly@uncdf.org cc uncdf.rfa@uncdf.org