



United Nations Capital Development Fund

REQUEST FOR APPLICATION FOR

Digital Ecosystem Agriculture Markets Initiative in Myanmar

230726 - MMR

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.

Myanmar's agriculture sector is one of the country's major economic drivers, contributing to an important percentage of the country's employment. Despite its potential, the sector has been experiencing low productivity, inequality, and high volatility, as a result of decades of insufficient investment in basic infrastructure and financial services. After Covid 19 pandemic and political crisis in 2021, Myanmar's agricultural sector is now at its most vulnerable point. Agri-productions have greatly decreased because of the arm conflicts, restriction of imported goods such as Agri-inputs, and increasing goods prices due to a shortage of foreign currency in the country. Many smallholder farmers are facing substantial constraints for their Agri-production and have limited access to timely and quality inputs, including seeds, fertilizers, pesticides, and post-harvest infrastructures. This is putting the country at risk of high food insecurity.

In terms of financial service and Agri-value chain supporting opportunities situation, most of the financial product designs are poorly aligned with the needs of the agricultural sector and there are still significant gaps in the availability of affordable credits, eligibility requirements for borrowings, and suit services in order to support the smallholder farmers and rural women.

The Digital Ecosystem and Agriculture Market (DEAM) initiative, part of the Expanding Financial Access (EFA) programme, is designed to support and improve the digital service platform for the agricultural sector and expand access to financial services and non-financial services related to good quality Agri-inputs, fair price, buyers/sellers linkage and grantee services for farmers and rural women groups.

Under this Initiative, UNCDF will provide a grant for the improvement and enhancement of a digital service platform that aims to focus on the Agri-value chain ecosystem development, and expanding Agri-related quality services and financial services to offer better customer experience and attract new customers. This project intends to collaborate with industrial key stakeholders, agri-businesses, and financial services providers to expand different types of digital services for low-income people, farmers, and rural women.



Under this initiative, UNCDF will support in improving the digital service platform(s) that drive the broadening and deepening of Agriculture Value Chain (AVC) system(s) – with a focus on farmers and women.

UNCDF would like to increase its support for the digital ecosystem and agriculture market (DEAM) initiative through the following interventions.

Area of Intervention

- **Improving and supporting the digital service platform for the agricultural value-chain(s) and expanding the partnership linkages between Agri-market stakeholders.**
- **Enhancing the digital system services for agricultural sector and reducing the digital gap for the rural areas and facilitating the growth of digital ecosystem for rural women and farmer groups.**

Geographic Focus

The Digital Ecosystem and Agriculture Market (DEAM) initiative is being implemented in Myanmar. Under this project, UNCDF is working with AgriTech providers, Agri-actors and FSPs (Financial Services Providers) to offer digital payment use cases for their clients, with a focus on clients living in rural areas. The geographic focus for this RFA remains Myanmar.

Contract Award

UNCDF will select one applicant to implement the project activities.

UNCDF will provide a performance-based grant to the most suitable applicant for the implementation of the DEAM initiative,

UNCDF will sign a Performance-Based Agreement¹ (PBA) with one select applicant. UNCDF's contribution will be up to USD 200,000. The final amount will depend on the investment readiness, the outreach potential of the proposed solution, and applicant's contribution.

Selected applicants are encouraged to contribute to part of the project's in-kind costs. (Costs may include technical infrastructure, resources, and operations).

Applicants may apply independently or in a consortium, provided that the consortium has a pre-established partnership prior to when this request for applications was issued, or for this RFA.

Inquiries to this request for applications may be submitted by email to uncdf.myanmar@uncdf.org cc uncdf.rfa@uncdf.org

¹ A performance-based grant implies that grant amounts that are contingent on the successful achievement of pre-determined milestones. Achieving a milestone will therefore trigger a grant payment. Grant payments will be reimbursements for funds spent by the grantees, according to the project implementation plan and pre-agreed milestones. The Grantee will be responsible of providing a comprehensive and compliant financial report reporting all the financial transactions relating to the grant. The Grantee will need to keep supporting documents related to these transactions to justify all actual costs incurred.



All applications must be submitted by **August 11, 2023, 23:59** (EST, the New York time zone) through the Apply platform.

However, please visit UNCDF's Apply platform to check if the deadline has been extended.

1. INTRODUCTION

As of June 2023, Myanmar is still a country graduating from the Least Developed Country (LDC) status. Despite improvements over the last decade, the country continues to experience high levels of poverty and remains economically vulnerable to natural and human-made disaster. On top of that, the military coup on the 1st of February 2021 has caused the country to experience a setback in development, resulting in civil unrest and economic depression.

The Agriculture Markets Sector Landscape in Myanmar

Despite the significant advancements in financial services, such as credit and remittances, in recent years, there remains a substantial opportunity to leverage digital technologies and create a thriving ecosystem in the agriculture markets sector. While progress has primarily focused on serving formal employment and higher-income individuals, there is untapped potential in supporting rural areas, smallholder farmers, and other key stakeholders in the agriculture value chain.

The digital transformation of agriculture markets has the potential to improve supply chain efficiency, revolutionize access to financial services and enhance market connectivity for agricultural producers. However, the ongoing challenges posted by the February 1st Coup, economic instability, and the impact of successive waves of COVID-19 have disrupted the progress in the digital transformation of agriculture markets in Myanmar.

Background

Myanmar's agricultural sector has been a significant contributor to the country's economy, providing employment to a significant portion of the population and contributing to the country's GDP. However, the sector faces several challenges such as low productivity, limited access to finance, and inadequate infrastructure.

The emergence of Agri-Tech and Agri value chain ecosystem has the potential to address some of these challenges and contribute to the growth of the agricultural sector in Myanmar. The digital ecosystem of Agri-Tech and Agri value chain was beginning to take shape in Myanmar before the subsequent political crisis and the third wave of COVID-19. Several startups were working on developing digital solutions for various stages of the agricultural value chain, from farm management to market access.

Currently, the digital ecosystem of Agri-Tech and Agri value chain in Myanmar is facing significant challenges. The sector requires urgent attention and support from the government and the private sector to recover from the setbacks caused by political instability and the pandemic. Despite the challenges, the potential of Agri-Tech and Agri value chain ecosystem to transform the agricultural sector in Myanmar remains significant, and it is critical to continue supporting and investing in the sector to ensure its growth and development. With the right policies, infrastructure, and investments, the Agri-Tech and Agri value chain ecosystem can help improve productivity, increase access to finance and markets, and ultimately contribute to the country's economic development. The current situation calls for collaboration between stakeholders to create a conducive environment for the growth of the Agri-Tech and Agri value chain ecosystem in Myanmar.

UNCDF would like to enable digitization and promote digital financial inclusion and support digital innovation in the agricultural sector. The initiative will help low-income clients (farmers and women living in rural areas) by leveraging digital technology.

2. SCOPE OF WORK

2.1 Areas of intervention

For this request for applications (RFA), UNCDF invites applications from registered entities to provide technical support in implementing the Digital Ecosystem Agriculture Markets (DEAM) initiative. The RFA also aims to support the specific recipient institutions in improving their work and performance, as a development outcome.

The target population of these solutions will be:

- **AgriTech providers, financial service providers, microfinance institutions and Agri-actors.**
- **The end-users will be township level farmer groups, especially rural women and people engaged in the farm-based activities.**

2.2 Challenges

The challenges outlined are significant obstacles to the growth and development of the agricultural sector in Myanmar.

- **Low productivity and efficiency** in the agricultural sector due to inadequate technology and knowledge can hinder the growth and development of the sector. The lack of technology knowledge sharing can limit the potential for innovation and efficiency gains.
- The **limited adoption of digital technology** in the agricultural sector can hinder the development of a digital ecosystem for agriculture. This can limit the potential for financial inclusion, access to markets, and transparency in the value chain.
- **Limited market access for farmers due to the lack of information and transparency in the agricultural value chain** can result in price inefficiencies, limiting the income potential for small-scale farmers. Greater transparency and information sharing can help farmers access better prices and improve their livelihoods.
- **Limited access to finance and credit for small-scale farmers and agribusiness** restricts their ability to invest in their operations, improve productivity, and expand their businesses. This can perpetuate poverty and limit the potential for economic growth in rural areas.
- **Inadequate infrastructure for the transportation and storage of agricultural products** can lead to post-harvest losses, reducing profitability of agriculture.

2.3 Problem statement

The problem statements listed highlight key obstacles faced by farmers and agribusinesses in Myanmar:

- The limited adoption of digital technology and knowledge in the agricultural sector hinders the development of a digital ecosystem for agriculture and reduces the productivity and efficiency of the sector. This can limit the potential for financial inclusion, access to markets and transparency in the value chain.
- The lack of transparency and information in the agricultural value chain results in price inefficiencies, poor data management and limits the market access of farmers.
- The lack of access to finance and credit limits the ability of smallholder farmers and agribusinesses to invest in improving their productivity and expanding their operations.

2.4 Objectives

The objectives outlined above describe specific goals that can help address the challenges and problem statements faced by the agricultural sector in Myanmar:

- The first objective is to develop or enhance an existing digital ecosystem for agriculture in Myanmar. This can involve the establishment or advancement of a digital platform that connects farmers with financial institutions, markets, and other Agri-actors in the value chain.
- The second objective is to promote transparency and information sharing in the agricultural value chain using digital platforms.
- The third objective is to improve access to finance and credit for farmers and agribusiness through digital service platform services.

2.5 Area of Intervention

The following are areas of intervention to expand digital access, the uptake of rural and agricultural financial services and to promote the adoption of digital technology for the Agri-value chain ecosystem:

- **Enhancing an existing digital service platform for the Agriculture Value Chain (AVC).** This aim is to improve the digital service platform's functionality, user experience, and overall performance to connect farmers to potential buyers, such as retailers or exporters. The platform could also provide access to information on market prices, weather forecasts, and other relevant data.
- **Establish partnership engagement with the industrial-wide Agri actors,** suppliers, and Financial Service Providers to improve access to inputs and financial services for farmers and rural women. By leveraging a digital service platform, these partnerships can be facilitated providing a convenient one-stop-shop for farmers to access necessary products and services.
- **Create the innovative digital services for Agri-sector and expand the financial and non-financial services for farmers and rural women.**



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 if your scale, commercial viability and impact objectives are aligned.

2.6 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.
- **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 the Pacific.
- **Policy and Advocacy:** Convening efforts to support an enabling environment and build policy and advocacy capacity for human-centered 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.

2.7 Expected results.

According to the projects and solutions presented, candidates must include in the proposal a complete list of results, outcome indicators and targets for monitoring the achievement of different results. Below is a non-exhaustive list of key performance indicators (KPIs) for the projects. Other indicators would be finalized based on the nature of the project and tracked to ensure its success.

Deliverables would be derived from key project milestones to be agreed mutually between UNCDF and the selected applicant in accordance with the identified milestones, outcomes, and targets of the KPIs, during the due-diligence and negotiation phase. For illustration, milestones can include market research conducted and go-to-market strategy finalized.

In the application form, candidates will have to provide a set of reliable and attainable targets for each of the Intervention Areas.

Indicators for Area of interventions	Disaggregation
Number of farmers onboarded onto the digital service platform	Total: Women:
The percentage of active users who actively access the digital service platform.	Total % Women: %
Number of collaborations established with FSPs (Financial Service Providers) and agribusiness partners	Total: FSP: Agri partners:
Number of participants trained in digital service platform.	Total: Women:
Number of clients who have access to Agri value chain ecosystem.	Total: Women: Rural:
Results and satisfaction survey and interviews with users	

Please note that during the negotiations process of the Performance based- Agreement, 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.

3.1 Eligibility requirements

Country of operation

- Applicant(s) must be a legal entity, either incorporated in Myanmar or abroad, but must have at least two years of operations in Myanmar.

Relevant operation licenses (when applicable)

- The lead applicant must be legally authorized in Myanmar to provide services required to perform the RFA activities.

Consortiums (when applicable)

- Applicants may apply only once under this RFA, whether independently or in a consortium.
- Joint applications between market players in the target country or countries are encouraged if the solution proposed expands delivery networks and promotes rural and/or other last-mile access to beneficiaries.
- Applications from consortiums of organizations must show that the partnership was established prior to submitting their application to this RFA or for this RFA.
- The lead applicant must be registered entities as per applicable laws and must have statutory accounts and audited financial statements for at least one operating year.

Solutions to be supported

- Applicants must have an existing solution that is either already on the market or have a tested solution or have proof of concept that is ready to go under testing by end of the year.

Project funding

- Applicants are encouraged to contribute to part of the project's in-kind costs. (Costs may include 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, particularly in the fight against the financing of terrorism and against attacks on international peace and security².

² See: <https://www.un.org/securitycouncil/sanctions/information>

- Applicants must not be involved in any of the following activities³
 - 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 may conduct due diligence analysis 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 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

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 footprint, 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

UNCDF will also assess the value for money of the submissions using the following formula:

Amount of grant requested (A)

Number of total end-clients with access to improved or new services (B)

Value for money A / B

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, 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.

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.

Applicant(s) must submit an all-inclusive budget, i.e., after factoring all necessary expenses that they might need to incur to deliver their proposed solution.

3. AGREEMENT PARAMETERS

Potential 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 (Request for Application), the lead applicant shall comply with the eligibility requirements. The lead applicant will be responsible of:

- i. submitting the application form 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 UNCDF;
- iv. fulfilling all obligations set out in the Performance-based Agreement;
- v. ensuring the allocation and the fulfillment of the funds amongst the partner in the consortium in compliance with the Performance-based Agreement;
- vi. ensuring the allocation and the fulfillment of the tasks amongst the partner in the consortium in compliance with the Performance-based Agreement

4.2 Target segment

The primary segment of the project are low-income households, women, and farmers. The secondary segment are current and future clients of AgriTech and FSPs, predominantly low-income, and living in rural areas.

4.3 Geographical scope

The project has a nationwide scope of delivery. Specialized solutions such as those concerning the digital service platform for agricultural value chains may be restricted to select value chains and locations. Ad-hoc pilots might be tested in certain geographical areas, depending on the needs and the interest of the Agritech and Agribusiness participants.

4.4 Project duration

The project activities are expected to be completed no later than 31st December 2023⁴. UNCDF requires two additional six-monthly follow-up reports after the project end date.

4.5 Language

The deliverables, reporting, 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 which is technically compliant in accordance with the Evaluation Criteria as set forth in section 3.2.

UNCDF contributions may be up to USD 200,000.

Applicants are encouraged to submit a budget that offers the best value within the limits mentioned above. The final grant budget will be adjusted based on the discussion relating the scope of product delivery, outcome targets, and applicant's co-contribution.

Depending on the maturity of the solutions and the project's success, UNCDF may offer support for the mobilization of additional development grants or commercial investment capital (loan and guarantee) and may offer additional technical assistance.

5. APPLICATION REQUIREMENTS AND PROCESS

5.1 Structure of the application

- The applicant must submit a complete application form online
- Please be sure to provide the following documents
 - 1) Certificate of incorporation
 - 2) Latest audited financial statements
 - 3) Latest management accounts/report

⁴ UNCDF is in the process of negotiating a no-cost extension of the project with the donor. If granted, we will proceed with the PBA signing once received confirmation from the donor that the timeline of the project will be extended beyond December 2023.



- 4) Official document confirming that the candidate is in order related to tax and social security payments
- 5) Technical submission form (using UNCDF's template)
- 6) Budget and workplan (using UNCDF's template)
- 7) CV form (using UNCDF's template)

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 by **August 11, 2023, 23:59** (EST, the New York time zone) through the Apply platform.

However, please visit UNCDF's Apply platform to check if the deadline has been extended.

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 (70/100).
- Step 4: Notification of applications – all applicants will be notified of their applications' status.
- 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 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.

5.4 Timeline

27 July 2023	Application window opens
11 August 2023	Questions will be answered until the closing date
11 August 2023 (23:59 EST, the New York time zone)	Deadline for submission

5.5 Real-time assistance from UNCDF

RFA technical content and the submission process related questions may be asked until the closing date. Kindly send an email to uncdf.myanmar@uncdf.org cc uncdf.rfa@uncdf.org