

## QUESTIONS & ANSWERS

### REQUEST FOR APPLICATIONS (RFA)

#### *Impact Evaluation on Migrant Remittances and Financial Services*

5 February 2021

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## FREQUENTLY ASKED QUESTIONS

The FAQ document is based on queries received from potential applicants, and has been updated regularly. Please note that in some cases multiple queries were received which asked the same questions in different ways. Similar questions have thus been combined and in some cases edited for clarity. This is the final version of the FAQ, and no further updates are expected.

## QUESTIONS ABOUT ELIGIBILITY

### 1. Are there any restrictions on geographies or nationalities?

No. Qualified academic institutions from any United Nations member state will be considered for the 'Impact Evaluation on Migrant Remittances and Financial Services' provided the proposal reflects the required expertise.

### 2. Under Eligibility Criteria it is mentioned that applicants may apply independently or in a consortium, provided that the consortium has a pre-established partnership prior to the issuance of this request for applications. If we do submit the proposal in consortium with another organization, should we attach the consortium agreement and power of attorney? We generally provide a letter of association (LOA) for applications submitted in consortium modality. Hope this would suffice here also.

Yes, this would be sufficient. Please attach either a Letter of Association, partnership agreement, consortium agreement, power of attorney, memorandum of understanding, or a similar documentation substantiating the prior existence of the partnership.

### 3. What is a “pre-determined” partnership?

A partnership that is already in place through some form of agreement. UNCDF's intention is to contract with the lead partner.

### 4. In Annex 1 – Submission Letter: What is the Investment Committee and the Performance-based Agreement to be signed?

The performance based agreement, or PBA, is the name for the contract document which is issued to the winning applicant. The PBA pays out disbursements in tranches subject to certain deliverables. An overview of those main deliverables is shown on pp.19-20 of the RFA document. They include, for example, milestones such as the submission of the inception report and methodology, the survey design, the baseline completed, analysis report submitted, final report etc.

The Investment Committee oversees the approval of the PBA. Before awarding the contract, there will be a due diligence process during which the Investment Committee members may seek additional information from the finalists.

**5. In Annex 1 – Submission Letter, you mention the “Request for Application: MFI/SACCO onboarding to the Tanzania Instant Payment Systems (TIPS).” Should we consider this the first assignment? We interpret the RFA to mean that the specific innovations intended for evaluation and analysis will be defined in consultation with UNCDF at a later stage. Could you please clarify whether that is in fact the case, or whether the TIPS onboarding has already been identified as a subject for evaluation ?**

TIPS is not in any way related to this project. We have updated the online form now, as it should have been phrased: “Impact Evaluation on Migrant Remittances and Financial Services” and we regret the error. The remittance service partner indeed will be selected (from a long list of likely 8-10 candidate organizations) in close collaboration with the research organization selected under this RFA.

**6. Can the research team include a couple (1-2) of outside researchers whose expertise is particularly suited to the issues at hand?**

Yes, provided however that any such outside researchers are, for administrative purposes, subcontractors to the entity with whom UNCDF enters into the performance-based agreement. The intention behind this structure is to limit the number of contractual relationships UNCDF would have to manage.

**7. Is it possible to extend the deadline for the bid submission?**

UNCDF has extended the deadline to 28 February.

**8. What is UNCDF looking for by way of initial submission? What we can draft is an extended concept note that provides a research design for studying these issues and, based on previous experience, a ballpark budget. However, what we don't know is how closely we shall work with the digital platform provider(s) who are likely to be our partners. We believe that many of the details will need to be worked out with the partner's input.**

For this RFA proposal, what is required is an approach or prototype of the desired impact evaluation. UNCDF expects the intended impact evaluation approach or prototype to build in some flexibility and a broad outline for the steps with the remittance service providers (RSPs). Once the contract is awarded, we expect to devote the first five to six months to: finalizing the research set up; sampling; inception report; joint selection (between UNCDF and the selected applicant) of the RSPs; and innovation experiments. By design, there is time to further detail out the impact evaluation methodology, and the research organization would play a prominent role in shaping the project design and implementation. It will also be useful in your proposal submission in response to this RFA to highlight which type of innovations are preferred and/or which countries. It should also be noted that UNCDF has both research and local staff in each of the countries in place to support the efforts.

## QUESTIONS ABOUT THE NUMBER AND STRUCTURING OF IMPACT EVALUATION(S)

**9. The RFA calls for "one or two" impact evaluations. Can you clarify by whom, when, and on what basis the decision will be made as to whether it is one or two? Also, Is the proposed budget of USD 300,000 for each evaluation?**

For this RFA, one impact evaluation for one remittance service provider (RSP) in one country/corridor is sufficient in principle. However, if the research organization wants, for example, to do a comparative analysis between two comparable innovations by RSPs in two different corridors, UNCDF is happy to approve and monitor two such evaluations. The decision of whether to carry out one evaluation or two is up to the research organization, and is not a selection criterion in itself. Please note that USD 300,000 is the total proposed budget whether for one or for two evaluations. UNCDF will, however, look to the remittance service provider(s) for logistical support to facilitate the implementation of the evaluation(s). We would also be willing to seek additional funding for a second evaluation should that be deemed necessary or desirable. Research organizations responding to this RFA thus have the option of committing to deliver one impact evaluation and recommending the execution of a second subject to additional funding or other conditions as may be relevant.

**10. Is the thinking to execute several projects around the world?**

As noted above, this RFA is for a minimum of one impact evaluation for one project by one remittance service provider working in one specific corridor (country). Pages 12-14 of the RFA show the 5 example innovations of which we can select 1-2 for doing the impact evaluation(s).

**11. Out of the potential set of innovations, which criteria would be applied to select the final RSP(s) for the impact evaluation(s)?**

The innovation(s) to be evaluated will be selected from the UNCDF remittance portfolio, which currently counts ten leading remittance service providers (RSPs). They were selected through an innovation challenge in late 2020, and all have received contracts from UNCDF to start implementing their proposed innovation in Q2 2021 to Q1 2022. We believe there will be 5-7 RSPs that will be viable subjects for impact evaluation. The selection will require engagement from the research organization. The selection criteria for selecting the final RSPs would include:

- a) The RSP's willingness to commit time to the research project and to share transaction and customer data
- b) The likely clarity of the innovation's impact pathways on socio-economic outcomes
- c) The innovativeness and usefulness of the specific treatment to deliver insights and knowledge for the sector and wider academia.

**12. Will the in-country RSP have the capacity and willingness to study their innovations rigorously?**

Yes, the RSPs in our portfolio welcome rigorous impact evaluation of their innovation. For RSPs, it matters knowing whether their innovation works. There are private-sector friendly impact evaluations

outlined in the RFA, which is also a selection criterion (3) pp 18. Jointly UNCDF and the winning applicant would select and approach the RSP partners to ensure buy-in, their understanding of the approach, and ensure selection of the most committed and relevant RSP.

## QUESTIONS ABOUT THE COUNTRIES FOR IMPACT EVALUATION

**13. Page 8 of the RfA states "The exact innovation(s) and RSP(s) are still to be determined. They will be selected from ten UNCDF private sector partners spread across Europe, Middle East, Africa and Asia." Page 10 of the RfA highlights that "The potential pilot innovations are in five remittance-receiving countries: Bangladesh, Ethiopia, Myanmar, Nepal and Senegal." Will the evaluation be restricted to the remittance-receiving countries, or will the evaluation also be with respect to the remittance-sending countries, which are presumably across the Middle East and Europe? Among the receive-side countries, is the effort limited to those five, or is there any other country which might have potential pilot innovations that could be considered during the selection of the recipient households?**

The RSPs that form the pool for potential selection are active in the receiving countries of Bangladesh, Ethiopia, Myanmar, Nepal, or Senegal; no other receive-side country is contemplated. Also, there is a possibility to research the "sending" or "producing" countries which are the United Arab Emirates (corridor to Bangladesh), the United Kingdom and France (corridor to Senegal and West Africa), and/or Singapore (to Myanmar).

As noted above, only one impact evaluation in one specific corridor is required, and in any case, we do not expect to work in *all* these countries, just one or two.

**14. What are the potential initiatives in Francophone West Africa and Senegal?**

There are two remittances service partners in Francophone West Africa- one partner is a microfinance institution aiming to launch a remittance-linked credit and the other a fintech firm that is launching a remittance-linked credit guarantee product. Both these innovations will be piloted in Senegal as the receiving country and with the idea to replicate in neighboring West African countries. It could perhaps be interesting to compare what works the best, remittance-linked guarantees or remittance-linked credit.

**15. Would a comparison across countries/regions be possible? This might require working with more than one provider, depending on the regions where they plan to serve migrants. If it is acceptable, would the funds for which we are applying have to cover all partners?**

Yes, this is definitely possible and can add contextual, comparative or external validity. Please see Question 9 for detailed response to the cost question.

**16. It is possible to present a work proposal that involves three other countries (e.g., Peru, Colombia, and Chile)?**

No, UNCDF does not have any projects or private-sector collaborations in those countries. Other than the send-side markets of the UAE, UK, France, and Singapore, the main focus of the UNCDF remittance program is least-developed countries in Africa (Ethiopia, Senegal) and Asia (Bangladesh, Myanmar, and Nepal) ( see pp 12-14 of the RFA).

## QUESTIONS ON WHICH INNOVATIONS AND RSPs TO EVALUATE

### 17. Could we receive more information on the RSPs and their innovations?

Detailed information on the specific innovations may be found in the attached presentation deck.

As a reminder, UNCDF will select (in close coordination with the research organization) only one (or possibly two, see Question 9 above) from this pool. Pages 12-14 in the RFA detail the five specific examples of innovation types that we deem suitable for doing the impact evaluation.

### 18. Could we contact the financial institutions or remittance companies?

Unfortunately, it is not possible during the application process stage to do so. After execution of the contract/PBA, UNCDF will ensure that the research organization has the opportunity to with several target RSPs to ensure their full buy-in and to detail out the evaluation processes and implementation. For the purpose at hand of responding to this RFA, please feel free to describe what you would expect, and what you would need to know, from the RSPs.

### 19. How much time will there be to select the RSP(s) and what will be the process?

UNCDF imagines the ultimate selection taking between 5 to 6 months. (See also Question 8 above.) Once the contract for this RFA *Impact Evaluation on Migrant Remittances and Financial Services* is awarded, we expect the process to be: finalize the research set up; set up an inception report; finalize the joint selection of the RSPs; detail out the impact evaluation data and research collaboration; and refine the exact experiment, survey design etc. The research company/ university would play a prominent role in shaping project design and implementation.

## QUESTIONS ON THE TREATMENT/INNOVATIONS TO EVALUATE

### 20. What is the higher-ranking goal for UNCDF: the shift from cash to digital payments or the impact of innovations?

The impact of the innovations is what we would aim to evaluate. The key innovations we are launching with remittance service providers vary from testing new cash-vs-digital delivery channels to strengthening remittance use cases (e.g., commitment remittances for bill payments), remittance-linked financial services (e.g., savings, credit, payments), and digital financial literacy (see attached presentation deck for more details on specific innovations).

There will be an opportunity for the winning research organization to be part of the innovation selection process.

**21. Do any of the 5 pre-selected RSPs offer both cash and digital remittances?**

Yes, all 5 RSPs are doing a mixture of cash delivery, agent networks, and now through these innovations plan to launch or scale digital remittances channels. So it is possible to compare these different delivery channels.

## QUESTIONS ABOUT CUSTOMER AND TRANSACTION DATA

**22. What client profile (i.e., recipient individuals or families) data can we expect from the remittance service providers (RSPs)? Page 9 of the ToR speaks of "*readily available remittance transaction and customer data*" the access to which "*UNCDF can facilitate*"...**

Most RSPs and banks have the migrant sender and/or receiver customer data (e.g., sex, age, location of the sender/receiver, work activity, sometimes intended usage) and transaction data (amount sent/received, transaction frequency and dates, starting data, channels used such as specific cash/agent, corridor, digital terminations, and sometimes uptake of other financial services (e.g., payments, savings). All of this routinely gathered data helps give an understanding of customers' geographics, demographics and financial service usage. In addition, RSPs normally have access to phone numbers which can help in doing an additional survey and data collection.

This customer and transaction data can both help set the sampling and design for the impact evaluation and also serve as key performance indicators that can be used to track the impact of the innovation in (real) time.

UNCDF will facilitate collaboration between the research organization, the remittance service provider and ourselves, to guide the usage of transaction and customer data. This collaboration would be a precondition for the RSP to be part of this impact evaluation initiative. Not only is it good practice to use readily available transaction and customer data to successfully complete the impact evaluation, but it is also probably necessary given the COVID-19 situation.

Among the data which financial institutions generally lack but which are relevant to our purposes: household variables and indicators on remittance usage (education, health, productive versus consumptive); customer satisfaction; any other financial products (e.g., savings, credit) used by the household; financial resilience; income and employment status; and women's economic empowerment (e.g., control over financial decision making).

**23. Do the RSPs also collect data on potential customers (senders and recipients)?**

Probably not systematically, at least based on the financial institutions' datasets we have reviewed. Usually, RSPs start tracking customer information only upon acquisition.

**24. Would the RSPs use their existing platforms for the data collection on transactions and clients?**

Yes. See answer to Question 22 above. In addition, depending on the ability of the RSP to support such an effort, we could also look into additional survey data collection, for example, through the remittance apps.

**25. If data collection entails additional costs for the RSP, would the UNCDF grant cover this?**

For this RFA *Impact Evaluation on Migrant Remittances and Financial Services*, we advise the research organization to include a budget for data collection under the impact evaluation. Separately from this RFA, UNCDF also directly supports the remittance service providers with cost-coverage for implementation of their proposed innovations, as well as with technical support to help the product ideation and data collection and research.

**26. If the RSPs cannot carry out data collection, can other in-country organizations with research capabilities be engaged?**

Yes, this is definitely an option, and if the applicant itself doesn't have a preferred survey company, then UNCDF would be able to put them into contact with several companies.

**QUESTIONS ABOUT SAMPLING/SAMPLE SIZE**

**27. Our ideas involve some randomization, preferably on the back of a scaling-up or phasing-in strategy that the providers are already planning. Will this be possible?**

Yes, all innovations include scaling up or phasing-in innovations with a minimum viable product (early pilot) already in place. Note further that these innovations were not mandated by UNCDF, they were proposed by the RSPs themselves during an innovation challenge that was launched in 2020. Through a global competitive application process these 10 RSPs were selected to receive UNCDF matching grants to implement their innovation proposals. Each RSP has a full detailed implementation proposal for their innovation.

**28. What sample size is expected?**

A sample size sufficient to accurately measure impacts for a control-and-treatment-groups design through randomized controlled trials or quasi-experimental impact evaluations (e.g., minimum 500 per treatment and control groups). This is a function of the intensity of the treatment, the heterogeneity or number of (nested) treatments to evaluate, and the frequency of data collection (baseline, follow-up surveys). As often with these studies, a researcher should consider study design first and then choose the appropriate sample size calculation methods.

Note also that because the treatment concerns digital remittances (which have data footprints) and because the experiment could work with the (real-time) transaction and customer data of the RSP, the

proposed sample size could be larger, or at least with higher frequency. For additional data collection beyond basic customer and transaction profiles, the data could draw from phone surveys.

For the purpose of responding to the RFA, providing the *sampling approach or sample range estimate* would be sufficient (e.g., based on prototype studies). Once the RFA contract is awarded to the selected applicant, there will still be time to shape the exact sampling in the inception report and survey design to the specific innovation.

**29. Can you please clarify whether there is any minimum sample size and minimum number of countries to be covered as part of this impact evaluation?**

In terms of the minimum number of countries, in principle one (1) recipient and/or corresponding sending country would be sufficient.