



Unlocking Public and Private
Finance for the Poor

An abstract graphic on the left side of the page consists of several concentric, slightly irregular white arcs. Small white circles and dots are scattered along these arcs, creating a sense of movement or data points. The overall shape is roughly circular but open on the right side.

REQUEST FOR APPLICATIONS

Leaving no one behind in the
Digital Era in Nepal:

*Inclusive Digital Innovations for
Women and Youth*

United Nations Capital Development Fund
Leaving no one behind in the Digital Era in Nepal
Inclusive Digital Innovations for women and youth

REQUEST FOR APPLICATION (RFA)

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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.

UNCDF is bringing its expertise in promoting access to finance through its Leaving No one Behind in the Digital Era Strategy in Nepal. The objective of our strategy is to accelerate economic recovery after COVID-19 and promote economies and societies more inclusive and resilient to external shocks through increasing digital payments, preparing MSMEs for digital transformation and developing a digital-ready workforce.

Through this RFA, UNCDF is looking for partners to develop/scale up human-centred digital innovations that accelerate the economic recovery after COVID-19 and support women and/or youth's economic empowerment, school to work transitions, and/or increase resilience from external shocks. Solutions to be supported may include development of digital financial services that go beyond digital payments (i.e., savings, insurance, credit, etc.), development of innovative digital tools that increase access to finance for youth and/or women (i.e. crowdfunding platforms) ensuring continuity of learning for youth, supporting digital innovations developed by youth and/or women entrepreneurs to contain the pandemic.

Selected applicants will be signing a Performance-Based Agreement¹ (PBA) with UNCDF. The foreseen budget assigned by UNCDF for each applicant will be between USD 50,000 and USD 100,000. Applicants are expected to fund at least 30 percent (30%) of the total project cost in cash (for costs such technical resources, staff, and operational expenses). The solution proposed must be implementable in 2021, with a project duration of 6 months and ending by December 2021.

All applications must be submitted by 23:59 (EST, the New York time zone) on 17th of May 2021 via APPLY.

In case of questions write at rfa.ide.asia@uncdf.org

¹ A performance-based grant agreement implies that no advance payments will be made. 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 grant. The Grantee will need to keep supporting documents related to these transactions to justify all actual costs incurred.

ABOUT THE RFA

UNCDF is inviting applications from entities registered in Nepal to co-fund the development/scale up of digital innovations that accelerate the economic recovery after COVID-19 and support women and/or youth's economic empowerment, school to work transitions, and/or increase resilience from external shocks. UNCDF will provide a performance-based grant to the selected entities who will be technically responsive to this RFA. UNCDF's contributions can range from USD 50,000 to USD 100,000, depending on the investment readiness level and outreach potential of the solution proposed, and cover a maximum of 70% of the overall project cost.

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 pursues innovative financing solutions through: (1) financial inclusion, which expands the opportunities for individuals, households, and small and medium-sized enterprises to participate in the local economy, while also providing differentiated products for women and men so they can climb out of poverty and manage their financial lives; (2) local development finance, which shows how fiscal decentralization, innovative municipal finance, and structured project finance can drive public and private funding that underpins local economic expansion, women's economic empowerment, climate adaptation, and sustainable development; and (3) a least developed countries investment platform that deploys a tailored set of financial instruments to a growing pipeline of impactful projects in the "missing middle".

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.

1. Introduction

The past two decades have seen a phenomenal change in the adoption of mobile and digital technology in Nepal. In 2013, when UNCDF started to implement its digital finance programme in Nepal, less than 10% of the population were active users of a Mobile Money account which situated the market at a “Nascent State”. According to the 2017 FinDex, the percentage of the adult population that is now using a Mobile Money account in the country is 30 percent which situates Nepal’s digital finance market on an “Start-up” phase. The country’s efforts to grow its digital economy are currently focused on strengthening an enabling regulatory environment, supporting the private sector to expand mass-market digital services and strengthening the necessary telecom and financial infrastructure. This will build the necessary foundations for the innovation sector to grow in the future.

UNCDF’s vision in Nepal is to promote inclusive digital economies that leave no one behind in the digital era. **The goal is to accelerate economic recovery after COVID-19 and promote an economy and a society more inclusive and resilient to external shocks through increasing digital payments, preparing MSMEs for digital transformation and developing a digital-ready workforce.** The strategy has four workstreams:

- Policy Workstream: UNCDF, vision is to promote inclusive digital economies that leave no one behind in the digital era. The goal is to equip millions of people to use innovative digital services in their daily lives that will empower them and contribute to achieving the Sustainable Development Goals.
- Open Digital Ecosystems: Building on our past work in digital finance, understanding the importance of digital payments as the basis for sustainable, economically impactful digital services.
- Inclusive Innovation: Supporting local entrepreneurs and MSMEs to build inclusive services for the local digital economy, making sure that the value offered by digital services improves the livelihoods of those living within the market and is not spirited away to global platform providers
- Empowered Customers: Recognizing from the start how users acquire the necessary skills (digital and financial) to adopt new digital services, and leveraging digital services to increase their soft and hard skills

2. Problem Statement

COVID-19 affects all segments of the population, with youth and women playing a key role in the management of this outbreak and the recovery following the outbreak. Though much is still unknown on how the disease affects women and youth, we know that they are already quite vulnerable as the pandemic has deepening pre-existing inequalities. Nepal is one of the most “youth-full” countries in Asia with over 48% of the population under 25 years of age and a pre-pandemic youth unemployment rate of 21%. COVID-19-related shocks to the labour market are likely to impact the quality of jobs for young people, be it in the form of zero-hour contracts, informal employment, etc. which are contracts that are markedly more common among women and youth.

Before the pandemic, only 29% of young women in Nepal below 25 years of age had some secondary education against 44 percent for young men. This situation has gotten worse for both young women and men due to the closure of educational institutions during the pandemic. The duration of these closures is highly uncertain. The situation can be expected to have severe consequences in terms of interrupting learning, compromising nutrition, and elevating drop-out rates. In particular, the closures are disproportionately impacting disadvantaged and underprivileged youth who have fewer educational opportunities outside of school, a lack of access to remote learning tools and the Internet and rely on free or discounted school meals for healthy nutrition. With protracted closures, it will become a challenge to ensure that students return to school once reopened.

The recent development and growth of the digital economy in Nepal is providing a timely opportunity to support women and youth address the challenges of the COVID-19 crisis.

3. Scope of Work

3.1 Areas of Intervention Focus

UNCDF is looking for partners to develop/scale up human-centred digital innovations that accelerate the economic recovery after COVID-19 and support women and/or youth's economic empowerment, school to work transitions, and/or increase resilience from external shocks. Below a non-exhaustive list of examples of solutions that may be selected through this RFA:

Digital financial services that go beyond digital payments and that build youth and/or women's resilience. Examples of this services are digital savings accounts, digital insurance etc.

Digital solutions that increase access to finance for women and/or young entrepreneurs. These could include crowdfunding solutions, crowd factoring solutions or digital credit.

Digital solutions that could support young people, in particular young women to continue receiving education in-spite of the lockdowns imposed by the government

Digital solutions that connect women and/or young entrepreneurs and agro-entrepreneurs to markets, networks, finance and other opportunities to start up or expand their businesses

3.2 Support Offered

UNCDF will provide a performance-based grant to the selected entities who will be technically responsive to this RFA. UNCDF grants can range from USD 50,000 to USD 100,000, depending on the investment readiness level and outreach potential of the solution proposed, and cover a maximum of 70% of the overall project cost. The selected partners are expected to co-finance 30% of the project costs. The solution proposed must be implementable in 2021, with a project duration of 6 months and ending by December 2021.

3.3 Expected Results

The commitment under this RFA challenge is aimed at creating a catalytic impact on women and/or youth showcasing viable digital solutions and sustainable business models that accelerate the economic recovery after COVID-19 and support women and/or youth's economic empowerment, school to work transitions, and/or increase resilience from external shocks. The solutions and business models presented must clearly show the outcome indicators disaggregated by sex and age. For the purpose of this RFA, UNCDF will use the youth definition of the UN which is 15 to 25 years old. However, selected partners will report on clients using the digital solutions according to the following age brackets: 15 to 17 years of age and 18 to 25 years of age. We expect that at least 60% of the clients of the solution are youth and/or women. If the solution is a youth-focused solution, then we expect that at least 50% of the clients are women and/or youth.

In the application form, candidates will have to provide set reliable and attainable targets according to the overall objective that the solution is trying to address. Below there is a list of suggested indicators which the partner is encouraged to take into consideration and/or adapt to the proposed solution:

	Indicators	Disaggregation
For all	Number of new active clients	Total: Women: Youth:
	Number of registered clients	Total: Women: Youth
For solutions supporting education outcomes	Number of clients participating in trainings/education	Total: Women: Youth
	Number of clients finishing the training/education	Total: Women: Youth
	Changes in knowledge, skills and attitudes	Total: Women: Youth
Solutions supporting economic empowerment	Amount mobilised in savings (from customers)	Total: Women: Youth
	Amount unlocked (through credit or other innovative financing solutions) for entrepreneurs	Total: Women: Youth
	Value of assets protected against risks	Total: Women: Youth
	Number of customers connected to new market opportunities	Total: Women:

		Youth
	Number of customers connected to networks	Total: Women: Youth
	Number of customers connected to training opportunities	Total: Women: Youth

Please note that during the negotiations process of the Performance based- grant Agreement, applicants shall be required to integrate the monitoring framework with additional KPIs. Please refer to the PBA sample available in this RFA website.

4. Eligibility for Application and Evaluation Criteria

4.1 Eligibility Requirements

1. The applicant/ lead applicant must be a registered entity and incorporated in Nepal.
2. The applicant should be operating in Nepal for at least 2 years.
3. The applicant should have audited financial statements for at least 2 years.
4. The solution proposed must be implementable in 2021, with a project ending by December 2021.
5. Applicants must contribute at least 30 per cent of the project's cash costs (costs may include technical infrastructure, resources, and operations).
6. Applicants accept the standard language of UNCDF's PBAs.
7. 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.
8. Applicants and any of their staff or member of their board of directors shall not be included in the United Nations financial sanctions lists,² particularly in the fight against the financing of terrorism and against attacks on international peace and security; and
9. Applicants must not be involved in any of the following activities:³ 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.

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

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

4.2 Evaluation Criteria

A - DESK REVIEW⁴

Firms will be evaluated based on the following methodology:

		Max Points
1	Overview of the institution	50
	Core operations, business model and revenue generation strategy	20
	Key Operational and Financial performance Indicators	20
	Ownership Structure	5
	Grants, Tas, concessional loans or other financial instruments received in the last 3 years	5
2	Proposed Project	50
	Solution Development Stage	2
	Problem the solution is solving	2
	Relevance of the Solution	2
	Expected Outcomes	3
	Key Performance Indicators and assumptions of targets	4
	UNCDF's Additionality	8
	Sustainability and Scalability	5
	Pricing	2
	Market Analysis	3
	Risk Management and Mitigation	3
	Gender and/or Youth Strategy	10
	Project Management Team	6
	TOTAL SCORE	100

B - DUE DILIGENCE OF SHORTLISTED CANDIDATES

Candidates receiving a score equal or above 70 in the desk review will be shortlisted and invited to work with UNCDF to conduct an in-depth due diligence exercise to determine the potential candidates' capacity to implement the project.

The due diligence exercise will be focused on the following assessment areas:

Evaluation Criteria	Score
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⁴ To assist in the examination, evaluation and comparison of applications, UNCDF may, at its discretion, ask any applicant for a clarification of its proposal. UNCDF's request for clarification and the response shall be in writing. Notwithstanding the written communication, no change in the prices or substance of the proposal shall be sought, offered, or permitted, except to provide clarification, and confirm the correction of any arithmetic errors discovered by UNCDF in the evaluation of the Proposals. Any unsolicited clarification submitted by an applicant in respect to its proposal, which is not a response to a request by UNCDF, shall not be considered during the review and evaluation of the proposals.

PRODUCT DEVELOPMENT STAGE – Is the product or service ready to go to market or in the market	20
RELEVANCE – To what extent does product or service address the SDGs/ Problem Statement/ market needs directly? What steps have been taken to validate the market/ segment?	15
SCALABILITY - How sustainable is the solution for long-term growth? To what extent can the solution be scaled? We will look at outreach targets as measured by # of end-users that use or are impacted by the product, and evaluate whether the proposed target is backed by sound logic (e.g. current user base, applicant's ability to deliver,)	20
TEAM-EXPERIENCE – What is the team composition? Size and roles? Relevant experience in the industry? - human resources, financial, infrastructure, technology, brand recognition, geographical footprint	15
RISK -PROFILE – The extent to which the product or service costs are relative to the expected results and impact	15
Financial Feasibility – The extent to which the proposed solution model has potential to become financially viable over time.	15
Total	100

The best candidate/s passing the due diligence screening with at least 70% of the total score may be invited to sign a Performance Based Agreement with UNCDF.

4.3 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.
- Marketing and communication activities are eligible as long as they represent no more than 10 per cent.
- Personnel and staff costs are eligible as long as they are no more than 25 per cent, and the staff personnel are directly involved and contributing to the project outcome.

4.4 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.

5. Agreement Parameters

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

5.1 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 4.1. In the case that a consortium of entities applies to the RFA, the lead applicant shall comply with the eligibility requirements. The lead applicant will be responsible for:

- Submitting the application form on behalf of the consortium;
- Ensuring that each partner is fully aware of the composition of the partnership and of the contents of the Application Form;
- Signing the Performance-based Agreement with UNCDF;
- Fulfilling all obligations set out in the Performance-based Agreement;
- Ensuring the allocation and the fulfilment of the funds amongst the partner in the consortium in compliance with the Performance-based Agreement;
- Ensuring the allocation and the fulfilment of the tasks amongst the partner in the consortium in compliance with the Performance-based Agreement.

5.2 Target Segment

The primary target benefits women and/or youth (15 to 25 years of age)

5.3 Geographical Scope

Nepal with a specific emphasis in the last mile (rural areas)

5.4 Project Duration

The project is expected to have a 6-month duration, starting in June 2021.

5.5 Language

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

5.6 Budget

UNCDF will provide a grant to the selected applicants which are technically compliant in accordance with the Evaluation Criteria as set forth in section 4.2. The contribution will be between USD 50,000 and USD 100,000 and cover a maximum of 70% of the overall project cost and will be targeted at solutions that are ready for pilot testing and scale up.

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

6. Application Requirements and Process

6.1 Structure of the Application

The applicant must submit a complete application form as per the online submission form available at this link: https://apply.uncdf.org/prog/nepal_inclusive_digital_innovations_for_women_and_youth

The online application form will entail the following documents:

- i. eligibility screening form that includes:
 - audited financial statements for the past two years, if available or financial statements submitted to the fiscal authorities for the past two years of the lead applicant
 - certificate of incorporation of the lead applicant (organization)
 - partnership agreement between the lead applicant and the other partner organization(s), member of the consortium
 - document certifying that the lead applicant has fulfilled all obligations relating to the payment of social security contributions or obligations relating to the payment of taxes per the legal provisions in its registration country.
- ii. Technical Proposal that includes:
 - company information
 - detailed approach and methodology
 - workplan
 - detailed budget. Applicants should provide budgets that separate the cost for each country assessment, indicating how they would allocate costs to produce high-quality country assessments with their technical approach
 - CVs of the team involved

All submissions must be completed in English.

UNCDF may request additional documentation to accept the reception of submissions.

6.2 Application Deadline

All applications must be submitted by 23:59 hours (EST, the New York time zone) on **17 May 2021 through the APPLY platform at this link:**

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

6.3 Selection Process

- Step 1: Eligibility screening – eligibility will be assessed by the applications Screening Team members according to the eligibility requirements as set forth in section 4.1.
- Step 2-Desk Review: Evaluation of eligible applications by the Evaluation Committee – the Evaluation Committee will evaluate the applications based on the evaluation criteria set out in section 4.2-A to create a shortlist of applications.
- Step 3-Due diligence: Due diligence of the shortlisted candidates will be conducted by the Evaluation Committee members on the shortlisted applications following the evaluation criteria set out in section 4.2-B.
- Step 4: Pre-Grant negotiation and Performance-based Agreement – this is the agreement of the results chain, including on indicators, for the proposed application, agreement of the milestones that will trigger Grant disbursements and agreement of amount of the Grant that will be released on achievement of each milestone.
- Step 5: Approval of the selected applications by the Board – applications selected by the Evaluation Committee will be reviewed, discussed and approved by the Board. Any further due diligence requirements, risk analysis or milestone recommendations from the Board will be followed in later steps.
- Step 6: Notification of applications - all applicants will be notified of the status of their applications after final approval from UNCDF Board.
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6.4 Timeline

- 26 April 2021 – Application window opens
- 4 May 2021-Informational Webinar at 2 pm Nepal time for 60 minutes Join Zoom Meeting
 - <https://undp.zoom.us/j/82164070347?pwd=dHR2RzE2MVBqQmw1M242TFVSL0dvdz09>
 - Meeting ID: 821 6407 0347
 - Passcode: 794241
- Questions to be submitted and responded by 12th of May at rfa.ide.asia@uncdf.org
- A FAQ document with the most common questions to be uploaded by 7th of May.
- 17 May 2021 23:59 (NY time) - Closing date for application submission

6.5 Application Assistance from UNCDF

For requests and queries, send an email to rfa.ide.asia@uncdf.org