Research on Small and Micro Merchants Payments Digitization in Africa

Merchants refer to business that sell or provide service delivery directly to the public either from a store or through the internet. Merchants undertake multiple financial transactions with various counterparties and hence are critical constituents in the payments digitization eco-system. For Governments, they facilitate social benefit transfers at the last mile and for corporates, they are conduits of reaching out to customers in various regions.

The growth of digital payments in emerging markets has continued to increase the usage of formal financial services. However, smaller businesses and individuals, who are at the base of the economic pyramid have largely remained excluded from digital payments due to barriers related to non-availability of identity documents, stringent eligibility criteria of payment service providers, smart devices affordability barriers, fraud risks, and fear of increased scrutiny by tax authorities. Several countries are moving towards the formalization micro/ small businesses and digitizing their payments is critical for that.

In Africa, consumer payments are expected to top [$2.1 trillion by 2025](https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/lions-still-on-the-move-growth-in-africas-consumer-sector) and only about 5% of these transactions are currently digitized. Digital payments have the potential of improving access to other financial services, like credit, which is often the topmost requirement of small merchants, especially during pandemic times. Financial service providers are building innovative solutions to capture this huge opportunity.

It is often seen that women manage small and micro enterprises in rural/ semi-urban areas, which are often owned by male family members. Women merchants face added challenges in the adoption of digital payments due to lower digital and financial literacy, fear of fraud, and general skepticism about mobile money.

The purpose of this research is to promote learnings consolidation and sharing of experiences from initiatives by the Alliance and its members, resource partners, and other select initiatives related to payments digitization of small and micro merchants in Africa, with a focus on women merchants. The research will build a strong case for the prioritization of small and micro women merchants across various countries and recommend ways of mainstreaming gender intentional approaches in merchant digitization approaches by various organizations/ governments.

The Better Than Cash Alliance is seeking applications from qualified technical partners (e.g., commercial for-profit consulting firms, non-for-profit organizations, social enterprises) with proven experience in conducting multi-stakeholder interviews and analysis for recommendations, as well as research on the adoption and usage of digital payments for small and micro merchants in Africa. The service provider needs to have experience working on access to financial services in various economic blocs of Africa, with a particular focus on the adoption of digital financial services by small and micro merchants in underserved regions, as well as an understanding of the retail digital payments eco-system. Experience in facilitating multi-stakeholder workshops, extracting key learnings from initiatives, and providing action-driven recommendations based on innovative approaches, is essential.

**The expected outputs are**:

1. Detailed research methodology and plan
2. Drafts of the report for feedback and consultation with Alliance Secretariat, Alliance members, and partner organizations
3. Final report in MS Word and Power Point versions/
4. Presentations of the report to Alliance Secretariat team, Alliance members and its partner organizations.

UNCDF will contribute a grant of up to USD 100,000 and will award one applicant pending on the investment readiness level and outreach potential of the solution proposed. The selected applicant who will be technically responsive to this Request for Application will sign a Performance-Based Agreement (PBA).

For requests and queries, send an email to [**prerna.saxena@uncdf.org**](mailto:prerna.saxena@uncdf.org), [**shruti.sharma@uncdf.org**](mailto:shruti.sharma@uncdf.org) and [**camilo.tellez@uncdf.org**](mailto:camilo.tellez@uncdf.org), not later than **14 August 2021** at 23:59 EST

All applications must be submitted online by Monday, 16 August 2021 (EST 11:59 PM, the New York time zone) on UNCDF online platform.

To ensure successful application to the RFA. Applicants shall consider the following notes:

* Click on “Save as a draft” and “Save and continue editing” while working online.
* Applicants can add collaborators to the application.
* For successful completion of the application, the applicant shall click on the button**"Complete and Submit”**of the application.
* Upon the successful submission, applicants will receive automated notification on the successful submission of their application.
* Guidance note on how to apply to the RFA is annexed to the RFA - [**Annex V (Guidance note on how to apply online using the E-investment Platform)**](https://apply.uncdf.org/protected/resource/eyJoZnJlIjogMTEzOTY4MDQ4LCAidnEiOiAxNzAyMjR9/)

**When applying to the application, applicants will require to complete the two stages:**

* **Stage 1 “Pre-screening Questions**”:

Applicants will need to fill in the online pre-screening questions and upload the required documents “where needed”. Note that once the “Mark as completed” button is clicked, you can no further introduce any change to this section.

* **Stage 2: “Main Application”**

Under this section, applicants will provide information on the:

1. Address and information of their organization
2. There is a hyperlink “**Technical Proposal Template**”. Applicants shall click the link to download the proposal template; fill in the information required; click on the button “Upload a file” to upload the proposal.
3. **CV template**. The applicant will download the templates, fill in the information and upload the filled-in CVs.
4. **Project Budget** template. Applicants can download the budget template, prepare the budget and upload it to the platform.
5. Sign-off the Declaration of Conformity
6. Click on “Mark as Completed”.
7. Submit

The application deadline is **16 August 2021**, **Time: 23:59 EST.**For more information about this RFA, visit UNCDF's website: [https://www.uncdf.org/article/7041/rfa-research-on-small-and-micro-merchants-payments-digitization-in-africa](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.uncdf.org%2Farticle%2F7041%2Frfa-research-on-small-and-micro-merchants-payments-digitization-in-africa&data=04%7C01%7Cmimo.he%40uncdf.org%7C8d9f9409e8be4583327a08d95878d6ff%7Cb3e5db5e2944483799f57488ace54319%7C0%7C0%7C637638098291064788%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=dvUjKv7zy3eTRwLw0j%2BbrzpWFRHZSNAgqcvXe1507p8%3D&reserved=0)