Unlocking Public and Private Finance for the Poor

UNITED NATIONS CAPITAL DEVELOPMENT FUND (UNCDF)
Better Than Cash Alliance

REQUEST FOR APPLICATIONS FOR
Responsible & Inclusive Merchant Digitization Action Research in Pakistan

Deadline for submission: December 7th 2021 at 23:59 EST

1. PURPOSE OF THE REQUEST FOR APPLICATION

1.1 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.

Hosted by UNCDF, the Better Than Cash Alliance's mission is to catalyze a global movement from cash to digital payments to help achieve the Sustainable Development Goals. Specific benefits include efficiency, transparency, women's economic participation and financial inclusion, helping build economies that are digital and inclusive.

The Alliance has 75 members, including national governments from Africa, Asia-Pacific and Latin America, companies and international organizations which have committed to digitizing payments.
The Secretariat works with the Alliance members on their journey to digitize payments by:

- Providing advisory services based on member priorities.
- Sharing action-oriented research and fostering peer learning.
- Conducting advocacy at national, regional and global level.

Billions of dollars in cash payments and transfers are made daily in emerging and developing economies, including payment of salaries, social welfare and relief, payments to suppliers, remittances. The problems with these cash payments include a lack of transparency, accountability and security, as well as inefficiency. Individuals who receive cash payments are often part of the 1.7 billion excluded from the formal financial sector, the majority of whom are women. This means they are excluded from access to a range of appropriate and affordable financial services to help them save safely take advantage of economic opportunities and reduce their vulnerability to risk.

Shifting these payments from cash to digital has the potential to improve the lives of low-income people, particularly women, while giving governments, the development community and the private sector a more transparent, time and cost efficient, and often-safer means of disbursing payments.
The Better Than Cash Alliance Team's Core Values are the following:

- Achieving together
- Striving for excellence
- Service oriented
- Results oriented

1.2 Summary for the purpose of the intervention including expected deliverables and timelines:
The Better Than Cash Alliance is working in partnership with the Government of Pakistan to identify opportunities to promote inclusive growth, boost productivity, and improve the livelihoods of small and midsized, informal and formal business owners and specifically, women entrepreneurs, through the adoption of digital payments and commerce in the merchant value chain in Pakistan.

This project will endeavour to catalyse and scale ongoing merchant digitization and financial inclusion initiatives in the Pakistan whilst supporting the alignment of these initiatives with the UN Responsible Digital Payment Principles.

In line, with the Alliance's call to reach financial equality of women, the purpose of this request for applications (RFA) is to support the partnership between the Government of Pakistan and the Better Than Cash Alliance, to understand how digitizing women-led, small and medium sized business merchant payments can enable increased efficiency and improved economic outcomes, through a digital payments readiness & market needs assessment.

This analysis and assessment will document and explore:

- the current payments ecosystem landscape for micro, small and medium merchants, with a focus on women entrepreneurs/business-owners, including the use cases and the associated costs of receiving and making digital payments (see ITU: Enabling Merchant Payments Acceptance in the Digital Financial Ecosystems, IFC: Merchant Payments & Digital Financial Services)
- the near-future payments landscape for micro, small and medium merchants, in light of new technology and policy developments in Pakistan.
- the infrastructural and economic challenges that have thus far prevented wider economic participation and financial inclusion of women in Pakistan relative to similar regional markets (see: GPFI Advancing Women's Digital Financial Inclusion)
- the state of financial literacy of women entrepreneurs
- the quality, efficacy & design of incentives for women merchants and other marginalized value chain actors for the adoption of digital payments (see FIGI Electronic Payments Acceptance Incentives)
- the role of the public and private sector stakeholders, their motivations, aspirations and hygiene requirements to contribute towards successful women merchant digitization efforts.
- the regulatory landscape and policy measures taken by federal and provincial regulatory stakeholders including but not limited to the FBR, SBP, SRB, PRA, KPRA & TDAP to drive the economic and financial inclusion of women.
- the efforts of the private sector, with a particular focus on the emerging FinTech companies, in their potential role as a catalyst for driving the economic inclusion of women.
- the role of women in the delivery of financial services as a potential accelerant to financial inclusion of women, women merchants and small and medium sized businesses.
- the current and forward business case for investments in, and the prioritization, of financial inclusion of women entrepreneurs.

- the approximated incremental GDP growth opportunity that can be unlocked through the whole sale adoption of digital payments and platforms by women-led, small and medium sized businesses.

The assessment and recommendations will be supported by consultation with key stakeholders in the private sector, regional business associations, government agencies, and the digital financial services industry.

This entire scope of work will be delivered by a consulting firm in close partnership with and under the supervision of the Better Than Cash Alliance.

This work is a key element of the Better Than Cash Alliance's country strategy, which will be facilitating relationships and discussions with key stakeholders within the industry, including government agencies, ministries, regulators and industry members, as needed by the project.

1.3 Grant parameters

For this request for applications (RFA), UNCDF invites applications from registered entities with proven experience in conducting primary and secondary data collection including field research, multi-stakeholder interviews, and strong analytical expertise in reviewing information. They need to have experience of facilitating multi-stakeholder workshops and providing action-driven recommendations based on innovative approaches.

The selected applicant who will be technically responsive to this Request for Application will be signing a Performance-Based Agreement[1] (PBA). The PBA template can be found in **Annex IV**. UNCDF will contribute a grant for up to USD 60,000 and will award one applicant pending on the investment readiness level and outreach potential of the solution proposed.

The response to the RFA should be in English. If the financial statements are in any other language, they should be included along with a non-official translation into English. Deliverables, as well as any related correspondence exchanged between the organization and UNCDF, shall be written in English. Final deliverables shall be provided in English.

1.4 Grant and application details:

Summary of key steps in the RFA process	Tentative timeline
Call for Request for Applications	November 18th, 2021
Deadline for questions about the RFA	November 30th, 2021
Deadline for submission of applications	December 7th, 2021
Evaluation of proposals and award	December 20th, 2021
Start implementation	January 6th, 2022

[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 for 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.

Draft assessment report	February, 15th 2022
Full completion of deliverables	23rd April, 2021

All applications must be submitted by **7th December, 2021 at 23:59 Eastern Standard Time (GMT -5) using UNCDF online platform:**
https://apply.uncdf.org/prog/btca_rfa_pakistanresponsible_and_inclusive_merchant_digitization_action_research_in_pakistan/
Guidance note on how to apply to the Grant can be found in **Annex V**.

1.4 Consultation

- ✓ For requests and queries, send an email to raza.matin@uncdf.org and camilo.tellez@uncdf.org, ccmomenat.al-khateeb@uncdf.org . The deadline to submit questions is November 30th, 2021.
- ✓ A document answering frequently asked questions will be continually updated and uploaded at https://www.uncdf.org/calls-for-tenders under the RPA with subject "**Responsible & Inclusive Women Merchant Digitization Action Research in Pakistan"**
- ✓ For further details on this RFA as well as on the required eligibility criteria, please revert to UNCDF website (https://www.uncdf.org/calls-for-tenders) for the RFA with subject "**Responsible & Inclusive Women Merchant Digitization Action Research in Pakistan"**

2. ORGANIZATION CONTEXT AND BACKGROUND INFORMATION

2.1 Organizational Context

From a corporate perspective, payments completed in the value chain of businesses represent some of the most significant payment flows of national economies. As highlighted in the Alliance's recent report on "The Future of Supply Chains: Why Companies are Digitizing Payments," companies in different business sectors have benefited from digital payments in their supply chains and play an important role in building an inclusive digital payments ecosystem. As part of catalysing the global movement from cash to digital with the private sector, the Better Than Cash Alliance is committed to supporting digitization of public and private sector payment flows in different business sectors across the economy.

2.2 Background Information

It is projected that widespread use of digital payments in the $36B+ retail sector and others, the Pakistan economy can realize a 7% boost to the gross domestic product (GDP) whilst creating an additional four million jobs, mobilizing over $250 billion in deposits and formalizing large parts of the cash economy.[2]

To that end, in 2018, following the election of Prime Minister Imran Khan, the Government of Pakistan launched the

[2] *McKinsey Global Institute Report*

updated National Financial Inclusion Strategy that aims to build the payments ecosystem and infrastructure to enhance usage of digital payments through the growth of digital transaction accounts to 65 million by 2023.

To strengthen the use cases and demand for digital accounts, the Government has developed a particular focus on bolstering the adoption of digital transactions by two segments of the economy that, despite efforts, continue to lag behind, yet hold great promise to strengthen and modernize the Pakistan economy: *women* & *small-medium enterprises.*

SME Merchant Digitization

Small and medium businesses are the backbone of the Pakistan economy, comprising over 99% of the 3.2 million businesses, employing 78% of the non-agricultural labor force, contributing to 25% of manufacturing exports and more than 30% of the GDP.

Despite many efforts, the overwhelming majority of SMEs in Pakistan have not meaningfully digitized and taken advantage of the promise digital adoption offers. The key challenge has been weaning SME businesses from the use of cash. The Government has implemented policy changes to encourage adoption including loosening of reporting requirements, tax incentives, whilst simultaneously tightening rules around the use of cash in formal transactions. However, perplexingly, the use of cash in the Pakistan economy, shows no sign of abatement, and instead continues to grow.

Pakistan today, sees less than 1% of merchants across Pakistan transacting via digital methods of payments from end customers, contributing to an acceptance gap that has a knock-on effect that drives the continued use of cash throughout the supply chain.

Merchant digitization efforts in Pakistan likely suffers from many of the same infrastructural and value proposition challenges as in other emerging markets; where the current acceptance networks are not ubiquitous, simply not as "good as cash" or do not address the interconnection challenges with a highly cash-based supply chain.[3] These shared challenges do not adequately explain why Pakistan continues to lag behind regional counterparts who are posting significant gains in digital payments adoption

To solve for scalable merchant digitization a holistic exploration is required that covers the nuances around tax avoidance, cultural issues, merchant readiness, technical capacity, merchant literacy, the onboarding experience, settlement, recourse, & reliability issues. Each dimension that must be considered, quantified and explored as obstacles to merchant digitization within the local context[4], and addressed in an overarching National Merchant Digitization Strategy that supports the larger National Financial Inclusion Strategy goals.

Women's Economic & Financial Inclusion

[3] *Source: CGAP Digitizing Merchant Payments: Where & How, Cash is King*

[4] *CFI The Digital Payments Push…*

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Despite over a decade of investment, and the country's longstanding commitment to financial inclusion, including the adoption of a national financial inclusion strategy in 2015, progress remains slow, with less than 25% percent of adults having accounts, and women holding less than 27% of the 53.2M financial accounts in the country.

The gender gap has worsened since 2014: men are roughly five times more likely than women to have an account, and crucially, only 29% of women have smartphones as compared to 77% of men. There is a clear opportunity to design financial inclusion services and products that accelerates and enables scaled women's inclusion in the formal financial system.

Globally, Pakistan stands near the bottom of women's participation in the workforce. Few women participate in the labour force (26.7) and even fewer are in managerial positions (4.9pc). These wide gender gaps translate into very large income disparities between women and men: on average, a Pakistani woman's income is 16.3pc of a Pakistani man's.

Pakistan's inclusive growth targets require women's participation in the workforce to rise from a current 26 percent to 45 percent.[5] It is expected that digitally commerce in emerging markets, enabled by the internet, messaging and digital payments, promises a significant uplift opportunity for women, however the size of the opportunity remains unquantified and has therefore, not highly prioritized.

Since 2018, to strengthen Pakistani women's role in the economy, drive their financial inclusion, the Government has outlined several reforms, including efforts to drive gender-inclusivity into trade, commerce and finance policies. Examples include redefinition of the SME policy, increasing gender focused efforts of the Small & Medium Enterprise Development Authority (SMEDA), TDAP and easing access to credit and financial services to women entrepreneurs.

However, despite these ongoing efforts, women's economic participation has not visibly improved, rather as an effect of the COVID-19 Pandemic, women's economic participation has waned due to inequitable access to healthcare, transportation and employment within the most vulnerable SME sector of the economy.

Similarly, in 2021, the State Bank of Pakistan launched the ambitious Banking on Equality strategy, that set ambitious targets for the financial services sector to explicitly address the growing gender gap in financial inclusion and to strengthen women-led businesses through improved access to financial services.

Key targets of the strategy include:

- Increase women's ownership of accounts ratio in the financial sector to 20%
- Increase ratio of women branchless banking agents to 10%
- Increase the reach of women centric products & services, access, usage of accounts, and financing to

[5] *World Bank*

women entrepreneurs.

- Increase the number of women held digital accounts to 20 million unique active digital accounts to 2023.

Whilst the gravity, urgency and contours of the challenge are understood, and ambitious targets set, the challenge that remains is the informed, efficient and effective operationalization of efforts by the Government and the private sector to capitalize upon the immense opportunity.

2.3 Expected Outputs

For this request for applications (RFA), UNCDF invites applications from registered entities with proven experience in conducting primary and secondary data collection including multi-stakeholder interviews, and strong analytical expertise in reviewing information. They need to have experience of facilitating multi-stakeholder workshops and providing action-driven recommendations based on innovative approaches.

The service provider needs to have experience working on access to financial services in Pakistan, with a particular focus on the adoption of digital financial services and business model analysis.

The expected outputs are:

i. An assessment of the digital payments experience of women-led SME businesses in Pakistan using the framework of the UN Responsible Digital Payment Principles, identifying what has been done to date on payment digitization by different players and analysing the opportunities for enhancing and scaling digital payments.

   The assessment will be based on collection and use of sex disaggregated data and qualitative information through a survey with women-led micro, small and medium-sized businesses to analyse the value proposition and constraints of digital payments for businesses.

   The assessment will enable the sponsors to define action-driven recommendations for different stakeholders to responsibly and sustainably bolster financial inclusion across the value chain in Pakistan;

ii. Analysis to determine the cost-based, and non-financial deterrents for digital adoption by women-led SME businesses in Pakistan

iii. Engagement and collaboration of different stakeholders in the Pakistani merchants' value chain to support and scale the proliferation of responsible digital payments by women-led SME businesses along the proposed recommendations — manufacturers, distributors, retailers, banks, payment solution providers, government agencies and policy actors such as the State Bank of Pakistan (SBP), the Ministry of Finance (MoF), the Ministry of Commerce (MoC) and the Ministry of IT (MoIT) & the United Nations.

iv. Identification of potential pilots to enhance or scale adoption of payment digitization by women-led small businesses.

v. Sharing of lessons learned and recommendations with relevant stakeholders in Pakistan and beyond.

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2.4 Expected deliverables

Deliverables would be derived from key project milestones to be agreed mutually between UNCDF and the selected applicant in accordance to the identified milestones, outcomes, and objectives, during the due-diligence and negotiation phase. All deliverables are to be authored and presented, in line with the Better Than Cash Alliance Writing Guidelines.

Below is a non-exhaustive list of key deliverables:

1. **Research strategy, workplan and structure:** A detailed strategy demonstrating how the project will be executed through phases, taking into consideration the specific needs of women entrepreneurs and small and medium-sized merchants (referred herein to collectively as *merchants*). A detailed project plan should be included, along with a proposal for how the work will be structured throughout the project lifecycle.

   Specific deliverables:
   - Inception report Slide deck (20 slides max), including:
     - Research questions, approach, methodology, workplan
     - Stakeholder influence/impact mapping
     - Guiding questions for each stakeholder group.
     - Literature review of existing resources and ongoing research on G2P, P2G, B2B, P2M, P2P payments in Pakistan.
     - Early state of the sector analysis.

2. **Digital payment assessment** of the merchants identifying what has been done to date, the challenges and potential for enhancing and scaling responsible payment digitization solutions for women-led and non-women led small and medium sized businesses. There should be an explicit focus on gender throughout the research, including the collection and use of sex disaggregated data and qualitative information to analyze gender equality and women's economic participation.

   The assessment methodology should include:

   i) **Secondary data analysis** on financial inclusion of small and medium sized merchants, payment flows within the merchants, volume and type (cash/digital) of transactions at each stage of the supply chain, cost of transactions, and analysis of existing digital payment channels and financial solutions for the merchants against the UN Responsible Digital Payment Principles, and any challenges / barriers to uptake. The work will also need to include analysis of existing digital payment channels and financial solutions that could meet the needs of merchants. This should also be reviewed against the Pakistan National Financial Inclusion Strategy (2018)

   ii) **Survey of micro, small and medium sized merchants:** Qualitative interviews with a sample of merchants to assess opportunities, constraints and requirements for digital payment solutions (including digital literacy). This will include participants from at least, three different sectors, prioritized on the basis of women participation, to facilitate gender analysis. The sample sizing must be proposed by the consulting firm and agreed by BTCA.

   iii) **Stakeholder interviews to capture the opportunities, limitations and preferences for digital financial services in the merchants -** including gender specific perceptions and interventions where appropriate. In cooperation with the Better Than Cash Alliance, complete stakeholder interviews and

provide an analysis of the interest, expectations, capacity, and limitations of different industry stakeholders. Stakeholders will include, but are not limited to, the following:

(a) Micro, Small & Medium sized merchants
(b) Manufacturers
(c) Distributors
(d) Financial service providers
(e) Government Ministries including the State Bank of Pakistan (SBP), Ministry of Finance (MoF), the Ministry of Commerce (MoC) and Ministry of IT (MoIT), Federal Board of Revenue (FBR) and provincial authorities.

iv) **Analysis of the opportunities for enhancing women's responsible financial inclusion, economic participation and digital payments adoption for merchants** – Projected financial and non-financial benefits in overcoming issues of security, growth, transparency, efficiency, and empowerment. The analysis should focus on how to address the needs of women and non-women led SME businesses in the supply chain through the adoption of core key enablers: digital communication, platforms and payments.

v) **Anticipated challenges, probable costs and prerequisites of transitioning to digital payments merchants**. This might include the mandatory electronic salary and pay disbursement, access to cash out options for merchants, financial service provider charges (varying by the mode of payment), financial literacy requirements for merchants, and support during the transition.

vi) **Action-driven recommendations for enhancing the usage of digital payments in SME merchants for various stakeholders:** Based on the assessment, define practical recommendations for key stakeholders, covering the current challenges to, and opportunities for enhancing and scaling women's economic participation via the adoption of responsible digitization within the Pakistani merchant value chain.

vii) The recommendations will include next steps for micro, small and medium businesses, manufacturers, government ministries and agencies, donors and international development agencies.

Specific deliverables:

- Final data collection tools
- Analysis of the merchant data, including visual tools, practical examples, and quotes to bring the data to life, including an analysis of gender equality (PowerPoint, 20 slides).
- Analysis and conclusions for each type of actor from stakeholder interviews including visual tools, practical examples, and quotes, including an analysis of gender equality (PowerPoint, 20 slides max)
- First draft report (due in December) documenting methodology, assessment findings and preliminary recommendations to be presented to key stakeholders through an in-person or remote event (Word document, 30 pages max)
- Final report incorporating feedback (Word document, 40 pages max)
- Final slide deck of key findings (PowerPoint presentation, 30 slides max)

3. **Presentation of findings and recommendations** at a key stakeholder event to be organised by The Better Than Cash Alliance.

Specific deliverables:

- Presentation of findings to external stakeholders.

4. **Pilot options for implementing / enhancing digital payments in their supply chain.**
Work with relevant stakeholders to identify and recommend three options for pilot implementation (purpose, partner, approach, scale, timeline) to enhance or scale digitization of payments at selected points in the value chain. This may include digital products and services as well as literacy/financial initiatives from financial service providers in Pakistan, company members, government ministries and financial service providers.

Specific deliverables:

- Recommendations, options, and key characteristics of a potential pilot in Pakistan, including "potential risks" such as bank/cash out charges, low liquidity, loss of privacy, literacy levels etc and potential reach. (PowerPoint presentation of 15 slides maximum).

The recipient institution is expected to work on all deliverables with the Better Than Cash Alliance, until final completion is agreed upon.

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 e.g. commercial for-profit consulting firms, non-profit organizations, social enterprises.

Relevant operation licenses

- The lead applicant must be licensed to conduct research in Pakistan

Country of operation

- The applicant can be based anywhere and must have at least one year of operations.

Consortiums (where applicable)

- Applicants may apply only once under this RFA, whether independently or in a consortium.
- Joint applications between market players in the target country are encouraged if the solution proposed will expand the quality and impact of the deliverables.
- Applications from consortiums of organizations must show that the partnership was established prior to this call for applications.
- The lead applicant must be a registered entity with at least one year of operations and must have statutory accounts and audited financial statements for at least one operating year.

Grant agreement

- Written confirmation (Annex I)- that is part of the Technical Proposal to confirm that the applicant has reviewed the UNCDF Grant Agreement template and is prepared to sign it by December 11th 2021 without revision to the standard language

Application

- Submission of a complete application.

3.2 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 security[6]; and
    - Applicants must not be involved in any of the following activities[7]
    - 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.
- Applicant shall use the submission form requested complying with the characters and page requirements requested.

BTCA 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.

3.3 Evaluation Criteria

- Proven experience in designing, managing, and delivering research-based analysis and drafting recommendations for different stakeholders in digital financial services in Pakistan
- Demonstrated excellence of research, analytical, and field implementation capacities
- Experience of working with private sector companies in the merchants a plus, at local and global level
- Successful completion of full project lifecycle assignments comprising analysis, design, implementation, and evaluation, by working closely with a diverse set of stakeholders

[6] See: https://www.un.org/securitycouncil/sanctions/information
[7] 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

- Evidence of high quality in documenting, packaging, and disseminating technical knowledge in English to a wide range of audiences (both political and technical)
- Human resources are available to complete the activities to a high standard
- Preference will be given to Pakistan firms and those with team members based in Pakistan (or working through a local partner) to ensure regular communication and engagement with key stakeholders
- Knowledge of the Pakistan financial and payments ecosystem in general, especially related to product design and delivery of digital financial services
- Knowledge of financial habits, behaviors, and challenges faced by low-income populations and occasional plantation workers to access financial services, especially women.
- Excellence in technical writing and fluency in spoken English.
- Experience of working with external donors and managing multi-stakeholder partnerships.
- Response to the Scope of Work in Section 2.

The Evaluation Committee will score the applications according to the below evaluation criteria. Only applications that score at least 70 out of 100 points will be considered successful and move to the due-diligence stage.

Evaluation criteria:

- Specific experience for the assignment (30 points /100)
- Approach and implementation plan (40 points /100)
- Team experience and composition (30 points /100)

3.4 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.

3.5 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.

3.6 Agreement Parameters

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

3.7 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 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 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. Target segment

The assignment will identify opportunities to promote inclusive growth, boost productivity, and improve the livelihoods of micro, small and medium-sized merchants through digital payments in the value chain. This will require engagement with a number of stakeholders including but not limited to:

- Micro, small & medium-sized Retailers
- Value chain actors including Manufacturers & Distributors
- Financial service providers and FinTech companies
- Relevant Government ministries and agencies in Pakistan
- Donors and non-governmental organizations.

5. Geographical scope
The focus of the research will be the merchants in Pakistan. However, this is not limited, and it is expected that the findings and recommendations draw on experience from other sectors and countries with similar characteristics.

6. Duration
The technical partner is expected to sign a **performance-based financing (grant) agreement** with UNCDF starting in **December 20th, 2021** (see Annex IV for a sample of our legal language in this regard). Expected date of full completion is **23rd April, 2022**.

7. Language
The response to the RFA should be in English. If the financial statements are in any other language, they should be included along with a non-official translation into English. Deliverables, as well as any related correspondence exchanged between the organization and UNCDF, shall be written in English. Final deliverables shall be provided in English.

8. Budget
A grant for **up to USD 60,000** is available for this project. Applicants should provide budgets indicating how they would allocate costs to produce high-quality expected results with their technical approach. Applications containing budgets over **USD 60,000** will not be considered. There are no constraints on working with third parties.

9. Outputs and deliverables
Some of the outputs and deliverables produced during the course of this project (i.e., research findings and lessons learned) will be considered a public good. Thus, they will be placed in the public domain so that they can be freely and widely used by other parties.

9. APPLICATION REQUIREMENTS AND PROCESS

9.1 Structure of the application

All applications must be submitted by **7th of December 2021 at 23:59 Eastern Standard Time (GMT -5) on UNCDF online platform:**
https://apply.uncdf.org/prog/btca_rfa_pakistanresponsible_and_inclusive_merchant_digitization_action_research_in_pakistan/

For the RFA **with subject** "**Responsible & Inclusive Merchant Digitization Action Research in Pakistan"**

The application for the technical proposal should follow the templates provided in the application as below:

- ✓ Annex I: Proposal Submission Format
- ✓ Annex II : CVs templates
- ✓ Annex III : Proposed budget

In addition to the 'Submission Format' the applicant shall annex to the proposal the following documents:

1. A deck that visually outlines what the project is (15 slides maximum and as a PDF).
2. Audited financial statements for at least one year for the applicant;
3. Certificate of incorporation of the applicant;
4. Any other attachment as requested in the application (including CVs of the employees involved in the project in PDF form, budget for the intervention in spreadsheet form).

The Request for Application includes the following Annexes:

Annex I – Technical Proposal Template	Applicants shall download the template from the online system, fill in the information and re-upload the technical proposal along with the Annexes to the online platform. The Technical Proposal includes the following sections: ✓ Confirmation Letter that shall be submitted by the Applicant ✓ **Section 1**: Eligibility Criteria and GENERAL APPLICANT'S INFORMATION. Applicants are requested to submit the signed form as part of the proposal package ✓ **Section 2:** SPECIFIC EXPERIENCE FOR THE ASSIGNMENT. Under this section, number of pages were indicated in each question, it is highly recommended that applicants provide the information within the recommended size of documents. ✓ **Section 3:** APPROACH AND IMPLEMENTATION PLAN (10 pages maximum) ✓ **Section4:** PERSONNEL
Annex II - CV template	Applicants shall provide the CVs for the personnel involved using the template in Annex II
Annex III- Budget	Applicants must provide the budget for the initiative using the template in this Annex.
Annex IV – Performance Based Agreement	This is the agreement that will be signed with the awarded applicant.
Annex V- Guidance note	Guidance Note for applicants that can use to apply and upload the proposal using the online platform

All submissions must be completed in English.

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

9.2 Application deadline

All applications must be submitted by December 7th, 2021 **at 23:59 Eastern Standard Time (GMT -5).**

9.3 Selection process

- Step 1: Screening Eligibility Criteria: All applications will be screened based on the criteria as set forth in

section 3.1 and 3.2

- Step 2: Evaluation process: successful applications as a result of step 1 will be scored as set forth in section 3.3
- Step 3: Notification of applications – all applicants will be notified of the status of their applications upon the completion of the selection process.

5.4 Timeline

- It is anticipated that negotiations and grant signing will commence within three weeks of application submission. The overall duration of the project should not exceed 12 months. It is expected that during the first 10 days after contract signing, there will be one presentation of the outline of the methodology to be discussed and validated with BTCA prior to the completion of the inception report.
- The expected date for full completion of deliverables is 23rd, April 2022.