



United Nations Capital Development Fund

Call for Expression of Interest for

Loans & Guarantees for Building Inclusive Digital Economies that Leave No One Behind in Bangladesh

**DEADLINE EXTENDED TO 28 MARCH 2022**

## 1. Definitions and interpretation

In this call for Expression of Interest, capitalized terms and expressions shall have the below meaning attributed to them or as elsewhere defined in this document, unless the context requires otherwise.

Applicant	Means a registered formal entity applying to this call for Expression of Interest.
Deadline	This is an open-ended call for Expression of Interest with re-occurring quarterly deadlines. The first quarterly deadline for this call for Expression of Interest will be 11:59 PM EDT on 28 March 2022. All applications must be submitted by 28 March 2022 for the first cycle of assessment.
Eligibility criteria	Means the eligibility requirements with which the Applicants must comply with as listed in Section 7.1 of this Document.
Expression of Interest/EoI	Means an application submitted to the call for Expression of Interest submitted to UNCDF within the Deadline.

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. The UNCDF is currently implementing the "Leaving No-One Behind in the Digital era" global strategy, with the goal of building digital economies that support women, youth, refugees, migrants and Micro, Medium and Small Enterprises (MSMEs) to enhance their market participation, resulting in poverty reduction, improved livelihoods and economic growth.

UNCDF is inviting expressions of interest from eligible organizations in need of concessional debt and guarantee funding necessary to finance their working capital or expansion goals in the following sectors:



- Financial inclusion and digital innovation
- Green economy & clean energy
- Agriculture value chain, food processing, food security & nutrition
- Telecommunications, infrastructure & last mile connectivity

The entities should specifically be focused on offering digitally enabled services and products that drive digital inclusion of women, youth, MSMEs, smallholder farmers and/or migrants or be able to leverage such services to improve efficiency, organizational performance and customer outreach. UNCDF debt and guarantee funding will be discussed on a case by case with the institution. The debt and guarantee funding will preferably be issued in local currency but can be issued in hard currency if deemed appropriate.

Please note that by submitting information in response to this call for Expression of Interest the UNCDF does not guarantee to offer funding.

Inquiries to this call for Expression of Interest may be submitted by [email through the UNCDF e-investment platform](#). Link to this Expression of Interest on the UNCDF e-investment platform is here: [https://apply.uncdf.org/prog/investment\\_pipeline\\_eoi\\_bangladesh/](https://apply.uncdf.org/prog/investment_pipeline_eoi_bangladesh/)

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## 2. Introduction

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's financing models work through three channels: inclusive digital economies, connecting individuals, households, and small businesses with financial and digital ecosystems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; local development finance, that capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and investment finance, that provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to Sustainable Development Goal-SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a broad diversity of SDGs.

In 2019 UNCDF's launched its strategy "[Leaving no one behind in the digital era](#)" based on over a decade of experience in digital finance in Africa, Asia and the Pacific to drive the



development of digital economies, riding the rails of digital finance, in LDCs. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the Sustainable Development Goals. UNCDF applies a market development approach and continuously seeks to address underlying market dysfunction. The strategy mobilizes UNCDF's agenda on building inclusive digital economies across clean energy, agriculture and other sectors, all riding on the rails of digital finance.

### 3. Scope of work

UNCDF has experience supporting companies from startup and early-stage levels on through growth- and expansion stage levels. The organization's support is customized to the enterprises' need through a mixture of technical assistance, grants, and increasingly, catalytic loans and guarantees from its own balance sheet. In addition to on-balance sheet loans and guarantees UNCDF further offers debt and equity investments through its third-party managed funds, e.g. [the BUILD fund](#).<sup>1</sup>

These catalytic investments, from both UNCDF's balance sheet and the BUILD fund, accompany the growth of private sector companies and aim to create powerful demonstration effects in terms of business models' viability and sector "investability". By helping companies grow their businesses, achieve commercial sustainability, strengthen their balance sheets, and build credit history, UNCDF aims to unlock further private capital to companies that serve last mile communities, to scale up what works and to foster local economic development. UNCDF aims to focus on the "missing middle" of companies, those that are considered too big to access microfinance loans and too small as being too risky to access commercial investments offered by mainstream financial institutions and other investors.

UNCDF invites eligible organizations to respond to this call for Expression of Interest with their growth-related capital needs to assess the potential for UNCDF to offer its investment instruments or investment through its partner funds. These investments fall into two categories of available financing:

- Concessional lending and guarantees – debt and guarantee investments in the range between USD 100,000 and USD 1,000,000, available in local currency. Debt is offered on concessional terms including interest rate, tenor and collateral requirements.

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<sup>1</sup> The BUILD fund is designed to attract concessional, semi-commercial and select commercial growth finance to UNCDF's pipeline of SMEs, financial service providers, and local infrastructure projects, and is one of the few investment funds in the market with a specific focus on LDCs. Through the BUILD Fund, UNCDF and Bamboo Capital Partners are aiming to capitalize the financing gap that affects entrepreneurs in frontier markets, where growth is constrained by a lack of access to follow-on financing. The fund is managed by Bamboo, while UNCDF has an important role in sourcing and vetting investment opportunities for SDG impact and financial viability.



- Semi-commercial lending and equity investments – debt and equity investments of between USD 250,000 and USD 2,500,000, available in local currency.

Suitable investment will depend on the financial needs and risk/return profile of the organization as well as funding availability. Purpose of funds could be for capital expenditures, working capital, refinancing, project finance, expansion or other purpose. The investments will come together with a technical assistance facility component with tailored technical assistance as required. The applying organization could additionally be eligible for grants to improve the organization's potential for investment if it matches the eligibility criteria under this call for Expression of Interest and UNCDF's vision of building inclusive digital economies under the global digital strategy.

### 3.1 Target segment and sectors

This call for Expression of Interest invites eligible organizations to submit information for UNCDF to assess eligibility of potential UNCDF investment through its financial instruments or investment through partner funds. In this call for Expression of Interest UNCDF focuses on organizations that offer digitally enabled services and products, or that can leverage such services to improve efficiency, organizational performance and customer outreach, that drive digital inclusion reaching at least 50% women, youth, MSMEs, smallholder farmers and/or migrants in the below sectors:

- Financial inclusion and digital innovation
- Agriculture value chain, food processing, food security & nutrition
- Green economy & clean energy
- Telecommunications, infrastructure & last mile connectivity

### 3.2 Geographical scope

Eligible organizations with products or services offered to customers in Bangladesh are invited to submit their interest in response to this call for Expression of Interest.

## 4. Required information

UNCDF invites eligible organizations to submit required information on their financial needs and status (revenue, profit/loss, etc.) and its development impact (number of customers, etc.). The full list of required information can be found in the submission form in section 8.1 below.

### 4.1 Language

The submitted information and any correspondence between the applicant company and UNCDF must be in English.

## 5. How will UNCDF work with applicant's submitted information

UNCDF will assess applicant's potential for investment according to set eligibility and organizational, financial and impact evaluation criteria. The summary of these criteria is presented in Section 7.

UNCDF will follow its investment management process while assessing applicants' potential for investment. Following an initial shortlisting according to set evaluation criteria as listed in



section 7.3 based on submitted information in this EoI, shortlisted entities will be contacted to share additional information and be evaluated according to full set organizational, financial and impact evaluation criteria as listed in section 7.4. Highest scoring entities from this evaluation will then be referred to perform in-depth financial due diligence and credit scoring to move ahead in the investment process. A summary of the UNCDF investment process is shown below:

Step	Actions
1. Sourcing / Origination – Call for Expression of Interest close	Eligible organizations submit information.
2. Screening / Pre-assessment	First, eligibility shall be determined by criteria in section 7.1 and 7.2. Shortlist screening – an initial assessment will be conducted by a UNCDF evaluation team in accordance to the evaluation criteria as set forth in section 7.3 based on available information submitted in the entry of this EoI. Assessment of suitable financial instrument(s) will be made. Shortlisted organizations are contacted to share additional information (such as financial statements and projections) to be evaluated according to the evaluation criteria in section 7.4.
3. Assessment / Due Diligence	Due diligence and credit scoring of highest scoring entities. Selection of qualifying entities based on results of due diligence. Negotiation of term sheets with qualifying entities.
4. Approval	Approval of the qualifying entities by UNCDF Impact Investment Committee. Notification of approved qualifying entities and negotiation of loan and/or guarantee agreement.
5. Execution / Disbursement	Disbursements made according to amortization schedule or agreement.
6. Implementation & Monitoring	Investment monitored on set financial and impact indicators.
7. Termination & Evaluation	Investment closed and evaluated according to financial and impact indicators.

UNCDF will utilize the submitted information to assess potential investments of loans and guarantees from its own balance sheet as well as debt and equity investments from its third-party managed funds on an on-going basis depending on funding availability. UNCDF will keep submitted data confidential and only share with relevant investment or donor partners for the purpose of securing investment.

## 6. Expected results

Investee organizations will be required to agree on a completed list of financial and impact indicators for monitoring of the investment. The impact indicators will be finalized based on the nature of the product or service of the company and be tracked on a continuous basis. In



addition to these indicators, qualitative monitoring information is expected for learning and insights.

## 7. Eligibility and evaluation criteria

Only applications that meet the eligibility requirements for the submission will continue in the process to be assessed.

### 7.1 Eligibility requirements

UNCDF invites organizations that offer a digitally-enabled product or service, or that can leverage such product or service to improve efficiency, organizational performance and customer outreach, that drive digital inclusion of women, youth, MSMEs, smallholder farmers and/or migrants in the Financial inclusion and digital innovation, Green economy & clean energy, Agriculture, food processing, food security & nutrition, or Telecommunications, infrastructure & last mile connectivity sectors to submit information on their financing needs and development impact meeting the following criteria:

Criteria	Source of verification
Must be a formally registered legal entity, in any country, but no requirement on minimum years of existence.	Proof of registration
Must be a for profit, non-profit or public private partnership (no individuals or public sector entities are eligible).	Proof of registration
Entity must offer a tech-driven/digitally enabled product or service, or could leverage such a product or service to improve efficiency, organizational performance and customer outreach and be operating in Bangladesh.	Company pitch slide deck
Entity should be operating in the Financial inclusion and digital innovation, Green economy & clean energy, Agriculture value chain, food processing, food security & nutrition, or Telecommunications, infrastructure & last mile connectivity sectors.	Company pitch slide deck
Entity 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.	Official national fiscal authority certificate (to be verified if shortlisted)
Entity must comply with relevant standards, regulations and applicable legislation to which they may be subject and possess required regulatory approvals, licenses and certificates for their operations.	Certificates and license proofs (to be verified if shortlisted)
Entity shall have min. 1 year of audited financial statements or be in process of obtaining audited financials.	Audited Financial statement(s) (to be verified if shortlisted)
Additional criteria specifically for credit-providing organizations: Compliance with non-involvement standards of financial frauds, notable large-scale financial fraud cases, including anti-money laundering, will become ineligible.	Company testimony (to be verified if shortlisted)



Additional criteria specifically for credit-providing organizations: Compliance with prudential regulations and guidelines incl. corporate governance measures and risk management procedures.	Certificates and license proofs (to be verified if shortlisted)
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Entities at different stage of development from start-up to early to growth and expansion stages are welcome to submit.

## 7.2 Exclusion criteria

- Entities 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.
- Entities and any of their staff or member of their board of directors shall not have been included in the United Nations financial sanctions lists, particularly in the fight against the financing of terrorism and against attacks on international peace and security; and
- Entities must not be involved in any of the following activities:
  - 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.
- Entities shall have fulfilled all the obligations relating to the payment of social security contributions or obligations relating to the payment of taxes in accordance with legal provisions in force in the country of incorporation.
- UNCDF will conduct due diligence on selected entities. Entities 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.

## 7.3 Shortlisting criteria

UNCDF will screen applicant's submitted information according to set organizational, financial and impact shortlisting criteria. These criteria are the following:

Criteria	Source of information
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<p>Organization's profile, experience and team:</p> <ul style="list-style-type: none"> <li>- Mission, vision, mandate of the business</li> <li>- Description of entity's business model</li> </ul>	<p>Company pitch slide deck Submitted EoI information</p>
<p>Financial information of organization and financial additionality of UNCDF investment:</p> <ul style="list-style-type: none"> <li>- Positive profitability (incl. EBITDA), or positive profitability trends.</li> <li>- For start-up/early-stage businesses: total equity should be more than USD 100,000 or equivalent in local currency.</li> <li>- For growth/expansion later stage businesses: entity shall have recurring revenue streams.</li> <li>- For growth/expansion later stage businesses: entity shall have an equity ratio of more than 15%.</li> </ul> <p>Additional for credit-providing organizations: Operational Self Sufficiency ratio (Revenue - financial costs - operational costs - loan loss costs) and Non-Performing Loan Ratio (&gt;30 days).</p>	<p>Company pitch slide deck Submitted EoI information</p>
<p>Social impact, degree of innovation, impact on SDGs and impact additionality of UNCDF investment:</p> <ul style="list-style-type: none"> <li>- Does the organization and business model particularly focus on women, youth, MSMEs, smallholder farmers or migrants as clients to build inclusive digital economies?</li> <li>- Number of clients</li> <li>- Number of employees</li> </ul> <p>Additional for credit-providing organizations: Total gross loan portfolio, number of borrowers, total saving deposits, number of savers.</p>	<p>Company pitch slide deck Submitted EoI information</p>

## 7.4 Evaluation criteria

UNCDF will evaluate shortlisted applicant's submitted information according to set organizational, financial and impact criteria. The evaluation criteria include the shortlisting criteria plus additional criteria as follows:

Criteria	Source of verification
<p>Organization's profile, experience and team:</p> <ul style="list-style-type: none"> <li>- Review of registration status, tax status, licenses, etc. (including relevant certificates/documents)</li> <li>- Profiles/biographies of key management and board members (if any)</li> <li>- Governance and organization structure (organogram)</li> </ul> <p>The organization's profile, track record, reputation, experience in the country, team structure and experience, as well as if the applicant has successfully implemented projects with UNCDF.</p>	<p>Company and business model description Relevant certificates and licenses CVs of key management and board members Organogram</p>



<p>Financial information of organization and financial additionality of UNCDF investment:</p> <ul style="list-style-type: none"> <li>- Does the organization have sound financial management practices?</li> <li>- Is the entity credit worthy, i.e. demonstrates ability to repay the loan using cash flows generated by the business?</li> <li>- For start-up/early-stage businesses: entity must have a revenue generating activity, i.e. clear business model with clearly identified revenue streams.</li> <li>- Review of at least one year of most recently available audited financial statements.</li> <li>- Review of available financial forecasts.</li> <li>- For growth/expansion later stage businesses: entity shall have positive net equity.</li> </ul> <p>Financial additionality of UNCDF investment: Rate extent of applicant not being able to obtain funding from local or international commercial or semi-commercial capital with similar terms or sums without official support.</p>	<p>Company pitch slide deck Financial statements Financial projections</p>
<p>Social impact, degree of innovation, impact on SDGs and impact additionality of UNCDF investment:</p> <ul style="list-style-type: none"> <li>- Is the business model innovative (uniqueness/proprietary component)?</li> <li>- Does the business model cater to and have positive impact on low-middle income segment clients and is relevant to low-and-middle income households?</li> <li>- High-level business/operational performance highlights and numbers.</li> <li>- Number of clients (registered and active) disaggregated by sex, age, size of business, location and/or migration status.</li> </ul> <p>Impact additionality: Faster, larger or better development impacts than if the applicant would have been able to achieve without UNCDF funding.</p>	<p>Company and business model description including client outreach</p>
<p>Sustainability and commercial viability of the company and business line for the proposed use of funds:</p> <ul style="list-style-type: none"> <li>- Is the business model of business line for the proposed use of funds scalable?</li> <li>- Does the business model have strong potential for commercialization, incl. profitability and/or break-even?</li> <li>- What is the estimated market size and growth? Does the business model contribute to market development?</li> <li>- Does the UNCDF investment contribute to market additionality and positive market demonstration effects?</li> </ul>	<p>Company and business model description</p>



Use of funds - business plan for requested funding: - Review of business plan/investment teaser/investment deck showing the proposed use of funds. - Information on what impact the proposed funding will have on the business (increase in number of clients and customer outreach) and contribution to market development. - The organization's proposed product/service expansion, or other proposed use of funds, shall cover women, youth, MSMEs, smallholder farmers and/or migrants as 50% as its customer base across the customer groups.	Business plan/investment teaser/investment deck Company and business model description
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## 8. Submission process

### 8.1 Submission structure

The applicant must submit a complete application form online through the 'Apply' platform ([https://apply.uncdf.org/prog/investment\\_pipeline\\_eoi\\_bangladesh/](https://apply.uncdf.org/prog/investment_pipeline_eoi_bangladesh/)). All submission must be completed in English. Only applications that follow the submission format and include all the necessary documentation will be considered.

The application form includes financial information such as revenue, EBITDA, profit and leverage ratios for the last 3 years, if available (in USD or local currency, and as available depending on lifetime of organization) alongside other organization information.

### 8.2 Submission deadline and timeline

This is an open-ended call for Expression of Interest with re-occurring quarterly deadlines over 1 year. After each quarterly deadline UNCDF will assess investment applications. Below is the schedule of deadlines which will apply to this call for Expression for Interest:

- First application deadline: All applications must be submitted by 11:59 PM EDT on 28 March 2022.
- Quarter 2 2022 application deadline: All applications must be submitted by 11:59 PM EDT on 4 June 2022.
- Quarter 3 2022 application deadline: All applications must be submitted by 11:59 PM EDT on 25 September 2022.
- Quarter 4 2022 application deadline: All applications must be submitted by 11:59 PM EDT on 18 December 2022.

The first quarterly deadline for this call for Expression of Interest will be 11:59 PM EDT on 28 March 2022. All applications must be submitted by 28 March 2022 for the first cycle of assessment.

### 8.3 Assessment and selection process

After the call for Expression of Interest application deadline UNCDF will shortlist applicant's according to set shortlisting criteria and thereafter request shortlisted organizations to submit additional information to evaluate applicants' according to the set organizational, financial and impact evaluation criteria. Top candidate entities are thereafter referred as potential investments and proceed with due diligence and the drawing of a formal credit



opinion of the applying organization. A summary of UNCDF's investment management process is shown in Section 5 above.

UNCDF will utilize the submitted information to assess potential investments of loans and guarantees from its own balance sheet as well as debt and equity investments from its third-party managed funds on an on-going basis depending on funding availability.

Please note that by submitting an entry this is not an undertaking on behalf of UNCDF to fund the applying organization, but rather an indication that it shall be considered and evaluated for available debt, guarantee and equity opportunities as they arise in the future.

### **8.5 Real-time assistance from UNCDF**

For any questions on the online submission form, queries or requests for support, send an email to [eoι.bangladesh@uncdf.org](mailto:eoι.bangladesh@uncdf.org).

A document answering frequently asked questions will be available at the application website from 24 February 2022 and will be updated periodically.