



# REQUEST FOR APPLICATIONS

## Women Enterprise Recovery Fund

Supported by:

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## **ABOUT THE FUND**

The Women Enterprise Recovery Fund seeks to support the development and expansion of digital business models and solutions to alleviate financial and other constraints suffered by women enterprises in South and South-East Asia following COVID-19. It will co-fund companies to pilot and scale digital and financial solutions that enhances women enterprise growth and resilience.

The Women Enterprise Recovery Fund is supported by the Dutch Entrepreneurial Development Bank (FMO), the Government of Canada, and Visa Inc. The Fund is jointly implemented by the United Nations Economic Commission for Asia and the Pacific (ESCAP) Catalyzing Women's Entrepreneurship programme in partnership with the United Nations Capital Development Fund's (UNCDF), under its 'no-one left behind in the digital era' strategy. The Fund is hosted by UNCDF's Fund Facility Investment mechanism, through the UNCDF ASEAN programme, which is supported by the Australian Government.

## **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 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 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".

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# INTRODUCTION

To address the current impacts of COVID-19 on women enterprises<sup>1</sup> UNCDF under its strategy of 'leaving no one behind in digital era,' in partnership with ESCAP, FMO, the Government of Canada, and VISA, are pleased to announce the launch of a "Women Enterprise Recovery Fund: Promoting and Upscaling Digital Solutions for Enhancing Women Enterprise Growth and Resilience".

For the past five years, UNCDF has been addressing the needs of women and women enterprises through its Innovation Fund initiatives and have funded around 31 private sector institutions with a total US\$2.37 million commitment, reaching 2.95 million women and women enterprises in Asia.

The Women Enterprise Recovery Fund, looks to partner with private sector innovators to design and launch digital solutions which support women enterprises which have been economically impacted by COVID-19 and to address their financial and other business requirements.

As the world suffers the economic slowdown of the COVID-19 pandemic, trade, investment, growth, and employment are all affected, and the crisis will have an impact on the achievement of the UN Sustainable Development Goals (SDGs). Furthermore, while economies around the world are reeling from the pandemic's impact, some segments are disproportionately impacted. Micro, small and medium enterprises (MSMEs), particularly women owned MSMEs, are one such segment which has been severely affected. With 96 per cent of enterprises in the region categorized as MSMEs, this segment is a lead contributor to economic growth, employment, and trade; which is worrisome as this segment is the most effected by the pandemic.

Women enterprises face a range of challenges from accessing finance, information, skills, technology, resources, and networks to integrating into value chains, and infrastructure issues. Moreover, the pandemic has introduced new business challenges, such as the need to adjust products or services to remain relevant in response to economic changes. Other challenges include access to funding for the enterprises to remain fiscally stable or securing emergency funding to remain operational. Also, considerations such as adjustments to service models, such as delivery in times of social distancing remain a challenge.

In this context, Women Enterprise Recovery Fund will work with commercial entities in selected countries of South-east Asia and South Asia, to develop/

<sup>1</sup>Women enterprises are defined as enterprises that are majority owned by women (51%), managed by a women, majority of the board members are women and/or enterprises which support, empower and develop the capacities of women.

expand business models that enables women enterprises to leverage digital solutions to address the existing economic and enterprise challenges faced due to COVID-19.

## PROBLEM STATEMENT

According to the IFC, the finance gap from formal MSMEs in developing countries is valued at \$5.2 trillion. Additionally, there is estimated \$2.9 trillion potential demand for credit from the informal sector, which is not adequately served today. There are close to 162 million formal micro, small, and medium enterprises in emerging markets, of which 141 million are microenterprises and 21 million are SMEs. 131 million or 41 per cent of formal MSMEs in developing countries have unmet financing needs.

Women-owned enterprises comprise 23 per cent<sup>2</sup> of MSMEs and account for 32 per cent of the MSME finance gap. Women-owned MSMEs are generally smaller than their male-owned counterparts and thus employ fewer workers: 18-19 on average versus 21-22 at male-owned MSMEs. The total MSME finance gap for women is estimated to be valued at \$1.7 trillion. Despite their smaller average size, women-owned enterprises account for an outsized share of the finance gap — with 24 per cent of the total microenterprise finance gap (\$173 billion) and 33 per cent of the total SME finance gap (\$1.5 trillion) attributed to these female-owned firms.

In the ASEAN region micro, small and medium-sized enterprises (MSMEs) account for about 89-99 per cent of all business establishments, 52-97 per cent of employment, and contribute between 23-58 per cent of GDP and 10-30 per cent of exports<sup>3</sup>. Despite their importance to the economy and development, MSMEs, in general, face many roadblocks to sustainability over time. **One of the main problems is access to finance., which is particularly the case for women-owned or led MSMEs.**

Lack of access to finance is a key factor in limiting business growth in the case of women-owned enterprises<sup>4</sup>. Educational and digital constraints leading to lack of access to markets and market information further result in lower productivity, less profitability and lower chances of expansion for women-owned or led enterprises. As a result, women entrepreneurs tend to have lower levels of financial and digital capabilities than men and may have a lack of confidence or an aversion to risk that

<sup>2</sup> IFC MSME Finance Gap

<sup>3</sup> <https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/smes-backbone-southeast-asia-s-growing-economy>

<sup>4</sup> (UNESCAP, 2018) Fostering Women's Entrepreneurship in ASEAN

*Total MSMEs and Women-owned MSMEs Finance Gap updated October 2018<sup>5</sup>  
of the Six Countries*

Country	# of formal MSMEs	# of formal women owned MSMEs	% of formal women owned MSMEs	MSME finance gap* (USD million)	Women owned MSME Finance Gap (USD million)
Bangladesh	7,800,000	425,769	5.45%	38,973	2,504
Cambodia	376,069	376,069	52.13%	3,709	3,709
Indonesia	62,922,617	14,869,695	23.63%	165,852	N/A
Myanmar	128,094	33,589	26.22%	13,839	2,972
Nepal	320,000	57,785	18.05%	3,601	321
Vietnam	5,648,000	95,052	1.68%	23,609	6,170

*\*Note: the MSMEs Funding gap defined as the gap between financing demanded by MSMEs and credit being supplied by financial institutions.*

can inhibit the use of financial products.<sup>6</sup>

While many MSMEs face supply-side barriers, access to finance demand-side and enabling environment constraints also persist, due to socio-cultural norms. Women-owned entrepreneurs often lack the collateral to pledge as security for credit, with formal financial institutions preferring land and property as collateral<sup>7</sup>. Despite this, credit assessments rarely consider factors such as moveable assets, alternative credit records or bill paying histories, which would be favourable to women-owned or led enterprises.

A particular challenge for women-owned and led MSMEs is - as family responsibilities and lack of affordable childcare solutions contribute to time poverty and mobility constraints - that women struggle to find the time to travel to financial service providers at times when it is safe to do so. Even if physically accessible, formal financial institutions may consider women entrepreneurs to be riskier and charge a higher rate of interest as a result and may view female-headed businesses as being less growth-oriented, and thus do not pursue them as customers<sup>8</sup>. Women also often lack confidence in negotiating a loan or do not have the necessary business documentation, including financial records and business plans, to support their loan applications. Specifically, they may have inadequate business skills related to financial management, business planning and investment pitching, as well as limited access to market information and business networks, while also often lacking the time and opportunities for networking<sup>9</sup>.

<sup>5</sup> IFC MSME Finance Gap

<sup>6</sup> (IFC, 2011)

<sup>7</sup> (BFA, 2015); (OCED, 2017)

<sup>8</sup> (OECD, 2017)

<sup>9</sup> (BFA, 2015); (OCED, 2017)

## Problems aggravated due to COVID-19

Due to the impacts of COVID-19, the challenges have been further compounded by the following<sup>10</sup>:

- Owing to the high level of informality, women-owned MSMEs are likely to have limited or no access to public and private financial services and credit;
- Low levels of collateral and asset ownership, compounded by reduced risk thresholds by financial institutions who have tightened lending procedures;
- There are significant social, cultural, and procedural barriers that women-owned MSMEs face when it comes to business registration, leading to high levels of informality and reduced ability to gain emergency government support in times of economic crisis;
- Internet/digital literacy is low in rural areas restricting women-owned MSMEs' ability to conduct business online. Added to this is the fact that electricity connection can be unreliable in rural areas. This makes e-commerce challenging;
- A lower level of market linkages/networks, including for capacity building;
- Women-owned MSMEs do not tend to have a large amount of cash holding. This is likely to adversely impact these enterprises in times of economic downturn.

A survey on 30,000 businesses across 50 countries by Facebook, the Organisation for Economic Cooperation and Development (OECD) and the World Bank shows that 18 per cent of small and medium enterprises (SMEs) in the Asia Pacific region had to close their operations between January and May 2020<sup>11</sup>. Businesses from the South Asian region had to experience a larger hit by the pandemic with a 46 per cent closure of the SME operations.

Additionally, WEConnect International conducted a survey during April 2020 on the Impact of COVID-19 in Asia. The survey found that 80 per cent women-owned enterprises responded that the pandemic had impacted their businesses negatively by causing issues such as losing customers, inability to move inventory and not being able to shift to digital platforms. The survey also reported that 91 per cent of the women-owned enterprises have noticed a 31 to 50 per cent decrease in sales and/or revenue. Moreover, the pandemic has introduced new financial challenges with 52 per cent of responded noting that they cannot pay employees, while 35 per cent need capital and don't know where to go. Aside from these challenges many of those surveyed are also adapting to "optimize or refocus their business" operations. 38 per cent have moved to digital business models, while 35 per cent

<sup>10</sup> UN Women (2020), OECD/ERIA (2018), International Finance Corporation (2019), feedback from sector experts

<sup>11</sup> Global state of small businesses report

are developing new business lines which respond to local needs. Women-owned enterprises have stated that they need support in the following areas: 61 per cent in increased access to finance, 60 per cent in increased business opportunities, 53 per cent in increased networking opportunities, 39 per cent in business training, 39 per cent in increased mentorship and 37 per cent in increased access to investment.

Transformation towards digital economies are accelerating at the global, regional and country level. To ensure inclusive digital economies, key sectors needs to be targeted where women constitute the majority of the workforce in terms of self-employment and job employment. **It is important for Fund applicants to be focused in their approach** and therefore the section below demonstrates the importance of being focussed on specific sectors/ sub-sectors to have a sustainable positive impact on women enterprises through this fund.

Besides the aspects of women enterprises recovery that this fund focuses on, long term sustainable recovery would also depend on the resilience mechanisms that have been put in place. As we have learned from past climate disasters, local and global economic shocks, etc. have resulted in recovery efforts becoming more challenging and resource intensive over time. It is important that adequate **resilience-based business solutions** are also promoted and upscaled that addresses the need to women enterprises keeping the sectoral and segmental aspects into consideration.

**Based on the analysis above, the Fund will focus on supporting women centric solutions in the following sectors:**

## Agricultural Sector

Women play an important role in all agribusiness value chains, as workers, traders, entrepreneurs, and as owners of a substantial share of micro, small and medium-sized enterprises in the agriculture sector. Financial inclusion, referring to the capability of accessing a range of diverse and tailored financial services, is often one of the most critical constraints to business growth and development for women entrepreneurs<sup>12</sup>. Developing gender-smart solutions in agribusiness represents a crucial strategy to address an increasingly volatile global context and to open new opportunities for smallholder women farmers value chains. Women play fundamental roles in agriculture, comprising over 40 per cent of its labor force worldwide. Yet women enterprises and smallholder women farmers continue to face specific constraints that limit their contributions, including limited access to hired labour, equipment, technology, training, finance, and markets. With food security and health being one of the major priorities of country

<sup>12</sup> FAO - women's access to rural and agricultural finance



governments during and post pandemic, and overall to become self-reliant on these aspects, we need to ensure that women agriculture enterprises are not left behind, and have the same equitable and equal opportunities to participate in resilient supply chains leveraging on digital solutions and integrated market systems.

## FMCG Sector

In ASEAN women are more likely than men to be involved in early-stage entrepreneurial activity and in micro and small enterprises, particularly in retail and service activities<sup>13</sup>. These women entrepreneurs start enterprises mainly in the retail trade (incl. Fast-Moving-Consumer-Goods (FMCG)), hotels and restaurants services sector (for example - 71.3 per cent and 78.4 per cent of women entrepreneurs in Indonesia and Vietnam start new enterprises in this sector respectively)<sup>14</sup>. Women-owned enterprises often lag behind male-owned enterprises in terms of size and productivity and tend to be less profitable, with less potential for further expansion<sup>15</sup>.

While the Covid-19 outbreak has led to increased demand within the e-commerce and FMCG sectors, many MSMEs in the FMCG sector have not been able to reap the dividends brought about by a change in consumer behaviour, with an inability to reposition and/or shift towards digital solutions. Within the ASEAN and SAARC region, many MSMEs still run brick-and-mortar shops and had to stop their businesses because of movement restrictions.

At the same time, opportunities are being seen. With shutdowns resulted in employment loss, many are looking to entrepreneurship as a solution to their economic situation. Therefore, resulting in a vast number of entrepreneurs looking to develop new business models in various sectors including the FMCG sector.

<sup>13</sup> (UNESCAP, 2018) Fostering Women's Entrepreneurship in ASEAN

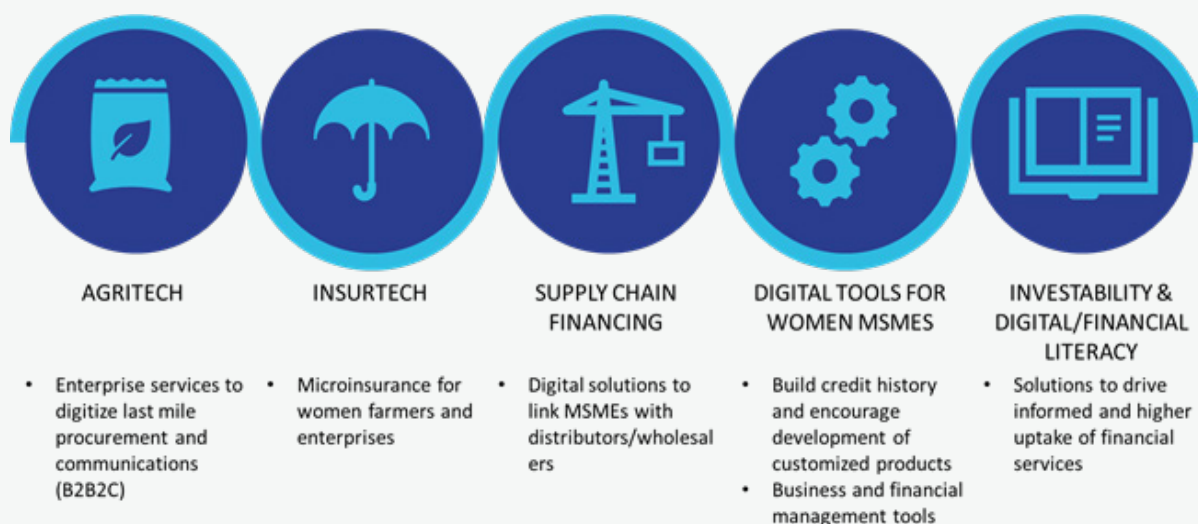
<sup>14</sup> Global Entrepreneurship Monitor data is not available for, Cambodia, Myanmar, Bangladesh, and Nepal.

<sup>15</sup> (OECD, 2017) Strengthening Women's Entrepreneurship in ASEAN

# FUND FOCUS, OFFER AND RESULTS

## Areas of Intervention Focus

The Women Enterprise Recovery Fund seeks to co-fund companies to pilot and scale digital and financial solutions that enhances women enterprise growth and resilience. Below is a list of potential areas of innovative and scalable solutions which can be considered, however other solutions may also be proposed:



## Support Offered

The Women Enterprise Recovery Fund is targeted at solutions that are ready for piloting. The fund will provide co-funding risk capital in the amount of US \$25,000 to US\$ 50,000 to selected partners through performance-based grants.

Building on UNCDF past five years' experience through its Innovation Fund initiatives in Asia, the support is structured around three pillars of a growth accelerator approach: Shape, Build & Sell. Each pillar puts emphasis on identifying the need of the selected private sector partner and providing capacity building support to them. There is a high focus on business development and proof of value projects in the respective targeted country market - Indonesia, Cambodia, Myanmar, Vietnam, Bangladesh, Nepal. Our corporate partners (global and country level) and mentors (global and country level) are instrumental in assisting the selected private sector partners in this process as per the need.

The Stages of support are:

1. Bespoke Support
  - Business model
  - Value proposition

- Pitch training
  - Customer development
  - Design thinking
2. Build Support
- Fundraising workshop
  - Growth training
  - Data analytics on customer behaviour
3. Selling Support
- Connect to UNCDF Investment Platforms
  - Investor introductions and meetings
  - Selected winners invited to showcase in FinTech Festivals
  - Impact - Lean Data analytics based customer impact

In this Innovation Fund, the focus will be on solutions that need to be piloted and scaled. Applicants may identify and suggest areas where the technical support from UNCDF, ESCAP, the fund partners and their network of experts is sought.

## Expected Results

The commitment under this Innovation Fund is aimed at creating a catalytic affect in the women enterprises ecosystems by showcasing viable digital solutions and sustainable business models which are targeted to the needs of formal and informal women enterprises. The solutions and business models presented must clearly show the outcome indicators and women enterprises targets.

Below is a non-exhaustive list of key performance indicators (KPIs) for the projects. Other indicators would be finalized based on the nature of the project and tracked to ensure its success.

In the application form, candidates will have to provide set reliable and attainable targets for each of the following indicators.

Indicators	Disaggregation
Number of MSMEs registered in the digital solution	Total MSMEs: Women MSME:
Number of MSMEs actively using the digital solution	Total MSMEs: Women MSME:
Number of MSMEs received training on the digital solution	Total MSMEs: Women MSME:
Number of MSMEs received loan financing through the digital solution	Total MSMEs: Women MSME:

Please note that during the negotiations process of the<sup>16</sup> Performance based-grant Agreement, applicants shall be required to integrate the monitoring framework with additional KPIs.

# ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

## Eligible Applicants

Eligible applicants who can apply for the Innovation Fund include: mobile financial service providers, regulated Financial Institutions (Banks, Insurance, MFIs), regulated peer-to-peer lending providers, smart agriculture equipment providers, agricultural input suppliers/providers, agent banking aggregators, mobile network operators, technology providers, agricultural value chain companies, FMCG/ distributors/ wholesalers, and Fintech/Agritech/Insurtech companies and weather index-based crop insurance companies.

## Eligibility Requirements

1. The applicant/ lead applicant must be a registered entity.
2. The applicant can be based anywhere globally, but the project implementation and solution must target women enterprises in one or more of the target countries (Bangladesh, Cambodia, Indonesia, Myanmar, Nepal and Vietnam).
3. Joint applications between market players (including those examples of registered entities given above) in the target country or countries are encouraged if the solution proposed will expand delivery networks and promote rural and/or other last-mile access to market and financial services.
4. Applications from consortiums of organizations must show that the partnership was established prior to this call for applications or due to this call for application with a letter of intent.
5. If the applicant does not have regulatory approval to pilot the proposed solution in the target country or countries, then the applicant must partner with a regulated financial institution in the country/countries to deliver the solution.
6. The lead applicant and their financial service provider partner must be

<sup>16</sup> 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 Grant-ee 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.

- registered entities with at least one year of operations and must have statutory accounts and audited financial statements for at least one operating year.
7. Applicants must have an existing solution having tested a proof of concept that is ready to undergo pilot testing for a duration of 9 to 12 months.
  8. The solution proposed must be implementable in 2021 and 2022, with a project duration of between 9 and 12 months and ending by June 2022.
  9. Applicants must contribute at least 30 per cent of the project's cash costs (costs may include technical infrastructure, resources, and operations).
  10. 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.
  11. Applicants and any of their staff or member of their board of directors shall not be included in the United Nations financial sanctions lists,<sup>17</sup> particularly in the fight against the financing of terrorism and against attacks on international peace and security; and
  12. Applicants must not be involved in any of the following activities:<sup>18</sup>  
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.

UNCDF will conduct due diligence on selected applicants. Applicants must have documents ready for confirmation that they meet the eligibility criteria, including audited financial statements, certificate of registration, certificate of compliance with the tax authorities and any other documentary evidence that might be requested by UNCDF besides the application form.

## Evaluation Criteria

The Investment Committee will score the applications according to the below evaluation criteria. Only shortlisted applicants and that score at least 70 out of 100

<sup>17</sup> See: <https://www.un.org/securitycouncil/sanctions/information>

<sup>18</sup> 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](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)

will be invited to deliver a presentation to the Investment Committee and move to the due-diligence stage:

Evaluation Criteria	Score
STAGE – Is the product or service ready to go to the market or in the market	
<ul style="list-style-type: none"> <li>• Still an idea/concept or still in development phase</li> <li>• Final test stage, ready to be launched in the next 3 months</li> <li>• Already live more than 6 months, went through multiple iterations</li> </ul>	0-15
RELEVANCE – To what extent does the proposed solution address the needs of women entrepreneurs?	
<ul style="list-style-type: none"> <li>• Does not address problem yet; Possible with significant adaptation</li> <li>• Indirectly addresses the problem; Major tweaks required</li> <li>• Addresses the problem; A few tweaks are required</li> <li>• Largely addresses problem; Not much adaptation required</li> <li>• Directly addresses problem; Plug and play, almost immediate</li> </ul>	0-15
SUSTAINABILITY AND SCALABILITY – How sustainable is the solution for long-term growth? To what extent can the solution be scaled in the target market?	
<ul style="list-style-type: none"> <li>• Little evidence to suggest capacity to scale (market research completed)</li> <li>• Some evidence to suggest capacity to scale (market validation completed)</li> <li>• Significant evidence to suggest capacity to scale (business plan and revenue model completed, demonstrating scalability with the women enterprises in proposed sectors)</li> </ul>	0-15
IMPACT - The potential impact of the digital solution on women enterprises in specific sectors	
<ul style="list-style-type: none"> <li>• The project has low potential to positively impact women enterprises in the proposed sectors</li> <li>• The project has average potential to impact women enterprises in the proposed sectors</li> <li>• The project has high potential for adoption in the market and to impact women enterprises by removing at least one barrier to enhance women enterprise growth and resilience</li> <li>• The project has high potential to be broadly adopted by market participants and impact a significant number of women enterprises as it is designed to remove multiple barriers to enhance women enterprise growth and resilience</li> </ul>	0-15

Evaluation Criteria	Score
<b>TEAM EXPERIENCE</b> - The experience of the applicant on the proposed solutions. What is the team composition? Relevance experience in the industry? – human resources, financial, technology etc.	
<ul style="list-style-type: none"> <li>• Team has minimal experience as a start-up in the FinTech/ AgriTech/InsurTech/Supply Chain Financing/Digital Tools etc. for enterprises industry(ies)</li> <li>• Demonstrates in-depth understanding of the women enterprises to be served</li> <li>• Team assumed middle management role and moderate understanding of above industry(ies)</li> <li>• Team has significant experience in middle and senior management roles in developing and testing digital solutions and significant understanding of industry(ies) in the target country's</li> </ul>	0-15
<b>RISK PROFILE</b> – The risk associated with the proposed product or solution	
<ul style="list-style-type: none"> <li>• Requisite regulatory approvals for the launch of the product or service not received</li> <li>• Applications for requisite regulatory approvals submitted and expected to be approved before the performance-based agreement is signed</li> <li>• Commercial agreement with the partner (s) for launch of the product or service not signed and agreed</li> <li>• Commercial agreement with the partner (s) for launch of the product or service were agreed and will be signed before the performance-based agreement is signed</li> </ul>	0-15
<b>ADDITIONALITY AND VALUE FOR MONEY</b> – using the following criteria:	
<ul style="list-style-type: none"> <li>• Overall budget (A)</li> <li>• Total number of end beneficiaries (B)</li> <li>• Value for money: A / B</li> </ul>	0-10
<b>TOTAL SCORE</b>	0-100

## 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 of any UNCDF funds granted.
- Personnel and staff costs are eligible as long as they are no more than 25 per cent of UNCDF funds, and the staff personnel are directly involved and contributing to the project outcome.

## 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.

## AGREEMENT PARAMETERS

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

### 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 4.2. In the case that a consortium of entities apply to the Innovation Fund, the lead applicant shall comply with the eligibility requirements, however all partners must comply with 4.2 point 12. The lead applicant will be responsible for:

- 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.

### Target Segment

The primary target benefit women enterprises

### Geographical Scope

The project intervention target benefit the women enterprises in the countries: Bangladesh, Cambodia, Indonesia, Myanmar, Nepal and Vietnam.

### Project Duration

The project is expected to have a 9-12 months duration, starting in May 2021.

### Language

The deliverables and any correspondence between the applicant organization and

UNCDF must be in English.

## Budget

UNCDF will provide a grant to the selected applicants which are technically compliant in accordance to the Evaluation Criteria as set forth in section 4.3. The contributions may range from US\$ 25,000-50,000 in size and cover a maximum of 70 per cent of the overall project cost and/or maximum of US\$ 50,000 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.

Applications will need to describe how applicants will deploy the Grant and if any technical assistance or mentorship services are being sought. Additional technical assistance services will be provided by UNCDF though a separate budget line.

# APPLICATION REQUIREMENTS AND PROCESS

## Structure of the Application

- The applicant must submit a complete application form online:  
[https://apply.uncdf.org/prog/RFA\\_WERF/](https://apply.uncdf.org/prog/RFA_WERF/)
- In addition to the 'Submission Format' the applicant may supplement the submission with:
  1. A deck that visually outlines what the project solution and/or product is (15 slides maximum and as a PDF). The deck shall include the following headed sections: (i) Executive summary, (ii) Problem statement and market need; (iii) Solution, (iv) Milestones and go-to-market strategy, (v) Team (vi) Deployment of UNCDF funding, (vii) Business model and financial projections;
  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).

All submissions must be completed in English.

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

## Application Deadline

All applications must be submitted by 23:59 hours (EST, the New York time zone) on 15 February 2021.

## 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 4.2.
- Step 2: Evaluation of eligible applications by the Review Team – the Review Team will evaluate the applications based on the evaluation criteria set out in section 4.3 to create a shortlist of applications, who will deliver a pitch to the Investment Committee.
- Step 3: Due diligence – due diligence on the applications and their applicants will be conducted by the Review Team members on the shortlisted applications that receive the minimum qualifying score (70/100) in step 2 process.
- Step 4: Investment Committee evaluate the Review Team’s shortlist of applications based on the shortlisted applicants’ pitch, original submitted applications, review comments provided by the Review Team on the shortlisted applications and the evaluation criteria set out in section 4.3 to select and rank the final applications for the Board approval.
- Step 5: Approval by the Board of the selected applications by the Investment Committee in step 4 process – applications selected by the Investment Committee will be reviewed, discussed and approved by the Board. Any further due diligence requirements, risk analysis or milestone recommendations from the Board and the Investment Committee 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/Investment Committee.
- Step 7: 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.

## Timeline

- 08 January 2021 – Application window opens
- 21 January 2021 04:00 PM (Bangkok time) – Information Session Webinar
- 15 February 2021 23:59 EST (New York time) - Closing date for application submission
- 26 March 2021 - Selection of successful applicants
- May 2021 - Pilot testing begins
- May 2022 - Pilot testing ends

## Application Assistance from UNCDF

For requests and queries, send an email to [rfa.ide.asia@uncdf.org](mailto:rfa.ide.asia@uncdf.org)



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