**Request for Application (RFA)-C301**

**Enhancing access to finance with a particular focus on digital financial services in Somali Region**

1. **Background:**

**STEDE:** Strengthened Socio-Economic Development and Better Employment Opportunities (STEDE) for Refugees and host Communities in the Fafan Zone is being implemented by Mercy Corps with funding from the European Union through the EU trust fund. The goal of STEDE is to strengthen socio-economic development and better employment opportunities for target groups (refugees & host communities) in the Fafan Zone of Somali Regional State. This will be achieved through the following three objectives:

1. Increase ability of the local/regional economy to create jobs for various skills as per existing and/or potential economic value chains.
2. Increase demand-driven skills of the labor force in the intervention areas.
3. Refugee and host communities experience improved social integration and access legal rights.

**RiPA:** Resilience in Pastoralist area- North (RiPA-north) program is a five-year USAID funded program that aims to improve the resilience capacities of households, markets, and governance institutions across 22 woredas in the Somali, Afar and Oromia regions. The program has four components with integrated activities across intervention geographic areas. These components are:

1. Improved Disaster Risk Management (DRM) Systems and Capacity.
2. Diversified and Sustainable Economic Opportunities for People Transitioning out of Pastoralism (ToPs) particularly youth and women.
3. Intensified and Sustained Pastoral and Agro-Pastoral Production and Marketing
4. Improved and Sustained Nutrition and Hygiene Practices

Both STEDE and RiPA programs are being implemented using a market systems development (MSD) approach, to stimulate sustainable, systemic change at scale. This will involve multiple partnerships with private sector and government actors.

In addition, gender and social cohesion are embedded in all the above objectives of the programs as a cross cutting intervention.

**2. Objective of Call for Applications**

The objective of this call for applications is to: **improve access to financial services for vulnerable women, youth, and men (refugee and host communities) in Somali Region with a particular focus on digital financial services and improved delivery of sharia-compliant products and services.**

Thus, Mercy Corps is welcoming applications from existing ***MFIs, banks, digital financial service providers, mobile money operators, digital marketplace and logistic companies and others*** who are interested in strengthening expansion of stand alone and embedded financial services for vulnerable women,youth and men located in the Somali region. Mercy Corps targets the following woredas from STEDE and RiPA program operational areas.

* Fafan Zone:
  1. Awbare Wereda
  2. Awbare Refugee Camp
  3. Sheder Refugee Camp
  4. Kebribeyah Wereda
  5. Kebribeyah Refugee Camp
  6. Gursum
  7. Babille
  8. Jijiiga (Fafan wereda)
* Siti Zone
  1. Shinille Wereda
  2. Erer
  3. Afdem,
  4. Dembel
  5. Mieso
* Jarar Zone
  1. Degahabur Wereda

**3.** **Criteria for application**

The applicants must fulfill the following ELIGIBILITY criteria:

* Registered business entities (from the above-mentioned institutions) under Ethiopian law with recently renewed business licenses from the relevant authorities.
* Actively operating business engaged in banking and financial services, mobile money operation, agent banking, logistics and delivery services in the STEDE and RiPA program targeted areas
* Audited financial statement for a minimum of three years.
* Verified financial and other needed resources/capacities (land, human, technical) to leverage implementation of the proposed activities. Minimum of 50% of in-kind or cash contribution of total investment will be required.
* Commitment/interest to work with host and refugee communities of vulnerable populations including women and youths.

Following the rigorous review of the applications based on the criteria, the partnership agreements will be set with selected business enterprises.

**4.** **Potential activities that could be supported Mercy Corps STEDE/RiPA programs**

Proposed activities should be based on a sustainable business model. The applicant is responsible for organizing and managing activities with technical and/or financial support from Mercy Corps. The ultimate result (deliverables) from the activities will be measure by:

* # of active saving accounts (to target vulnerable groups)
* # of Shariah-compliant loans disbursed (to target vulnerable groups and market actors particularly in crop and livestock value chains)
* # of digital active customers
* Amount of total saving mobilized, and loans disbursed

Examples of activities that could be supported includes **but are not limited to**, are the following:

* Strengthen and capacitate the Sharia Advisory Board to be actively involved in supervision and guidance of the institutions as well as establishing strong relationships with religious and community leaders.
* Build management and staff capacities on Sharia compliant financial services as well as other banking industry skills.
* Conduct community awareness on Sharia compliant financial products and services employing systemic customer awareness strategy.
* Provide digital and financial literacy training/awareness for the community.
* Provide a wide range of market information services for a low- literate population using call center and hotlines.
* Develop Customer tailored new Islamic financial products and services targeting host and refugee communities. This can include E-saving accounts, digital micro financing, solar energy loans, livestock, and crop financing.
* Develop loans for refugees (using both digital and conventional channels)
* Provide e-Murabaha services of procurement and delivery of goods under Murabaha financing modality.
* Build and manage the physical and digital infrastructures including digital marketplace, Kiosks, and warehouses.
* Open new branches and build branch capacity in STEDE/RiPA operational areas to increase outreach.
* Recruit, train and deploy particularly women agents to increase women access to mobile financing services.
* Promote and encourage digital money transfers and digital payment systems including utility bill payments, mobile transactions etc.
* Enhance core banking systems to bring rapid expansion to reach scale and cut transaction costs.
* Establish new Village Saving and Loan Associations (VSLAs) in locations where MFI/bank branch access is limited/non-existent or work with the existing VSLAs to enable them to get more access to formal financial services and products (Eg: saving and credit services)
* Integration of micro loans into saving/credit services to help households or businesses better adopt during crises/shock

Above lists are not exhaustive hence the applicants are welcome to propose any other innovative activities that will have contributions to fulfill the intended goal hence the lists are simply to provide examples of company initiatives that could be supported by Mercy Corps. Any additional ideas or combinations of ideas or activities are encouraged, and all ideas will be considered if they are aligned with the main objective of this call.

**5. Maximum amount of award and cost share requirements**

* The financial institution will take a significant share. Grantee expected to contribute equal amount of Mercy Corps program contribution (i.e., 50 % of the total investment costs); and
* The business enterprise that leverages/willing to cost share above the minimum contribution (50%) will be encouraged and prioritized during the selection process.

**6. Areas not eligible for funding**

* Financial support for working capital costs (e.g. rent), regular employee salaries for existing/new permanent staff and other operational costs of the business such as transportation and related.
* Financial support for purchase of the items deemed as restricted items by USAID and EU. Restricted items include motor vehicles, used machinery and equipment and other USG surplus machinery and equipment).

**7. Application Collection and review process**

MERCY CORPS expects to receive proposals/applications from the entities that meet the above criteria, through the Mercy Corps Office in Jigjiga/Addis Ababa by no later than ***November 30, 2021.*** Upon receiving the applications, Mercy Corps will evaluate the proposals using the criteria outlined in Table 1. The process of evaluating the proposals will be:

* **Initial Application Screening:**  A committee established by Mercy Corps will screen, score and rank applications received. Only applications from applicants meeting the ELIGIBILITY criteria will be screened. The ELIGIBLE applications will be scored using the criteria presented in Table 1 (below); as needed Mercy Corps will consult government agencies to get consent on the selected applicants mainly on their experience on operating in the area and commitments.
* **Application Assessment**: Best ranked projects will be additionally assessed by evaluation committee members of Mercy Corps team via on ***site verification of the application and the applicant due diligence*** check. Areas that need to be emphasized will be dependent on the type and nature of the Submitted Concept note.
* **Final selection**. Budget negotiation and agreement terms
* The Mercy Corps committee will, upon receiving the completed assessments (business plans), conduct the final scoring and ranking of proposals and make recommendations for support.

**Table 1. Score Sheet for improving access to financial services in Somali Region**

|  |  |  |
| --- | --- | --- |
| ***S/NO*** | ***Description of evaluation areas*** | ***Score points*** |
| ***1*** | ***Strategic alignment of proposed business idea with objective of enhancing access to finance particularly employing DFS (50 points)*** |  |
| 1.1 | Number of new digital and non-digital saving accounts to be opened targeting host and refugee communities (women and youth) (15 points maximum) |  |
| 1.2 | Number of digital and non-digital loans provided to host and refugee communities engaged in pastoral and agro pastoral activities (20 point maximum) |  |
| 1.3 | Number of people receiving awareness on Sharia compliant products and services using several communication channels such as physical, electronic, or social media (5 point maximum) |  |
| 1.4 | Number of people receiving digital and financial literacy trainings (5 points) |  |
| 1.5 | Number of Shariah Advisory board and staffs receiving capacity building training (5 points Maximum) |  |
| ***2*** | ***The applicant Technical and Financial Capacity to expand financial services for vulnerable people in Somali region (40 points)*** |  |
| *2.1* | Financial capacity based on verified bank statements (15 points) |  |
| 2.2 | Demonstrated experience in the area and on proposed activities as mentioned in the proposal (10 points) |  |
| *2.3* | *Applicant understands and can implement this project as explained in the proposal; (5 points maximum)* |  |
| 2.4. | **Cost Share**: Applicant expected to contribute a minimum of 50% of the total project investment cost but the maximum point for cost share will be dependent on the maximum amount of an applicant submitted cost share (10 points maximum) |  |
| **3** | **Gender Considerations (10 points)** |  |
| 3.1 | Experience and interest of the institution to work with women group and women individual clients (5 points maximum) |  |
| ***Total Score*** | |  |

**8. The application process**

Table 2: The table below shows the process timeframe for this Call for Applications.

|  |  |  |
| --- | --- | --- |
| **Date** | **Item** | **Details** |
| November 11-15 2021 | Information Meeting | All are welcome to learn about the opportunity and ask questions. Date: November 10,2021-Jijiga & November 12 Addis Ababa  Time: 9:30-10:30  Location: MC office **Jigjiga**  contact person: Tamrat Tel 0963 377341 |
| November 30, 2021 | Applications due | Interested traders must submit a completed application, complete with all relevant documentation, by no later than this date. |
| December 1-5, 2021 | Evaluation of applications | This is the expected date for completion of the eligibility and evaluation process, which will be conducted by Mercy Corps selection committees. The evaluation process may include an interview with the applicant. Before final selection or rejection, the Mercy Corps team may conduct negotiations with the applicant to adjust / improve the application to align with Mercy Corps objectives more closely. This will also include a Financial Review, which may also be subject to negotiation / revisions. Moreover, the support letter from applicant main business located area respective government partners will be required as a supporting document |
| December 6, 2021 | Notification of acceptance / non-acceptance | The Mercy Corps Team will issue notifications of acceptance or non-acceptance to all applicants. |
| December 31,2021 | Expected date for signing of Subaward agreement | Following a negotiation process, final agreements between the selected applicants and Mercy Corps will be signed, and project implementation will begin. |

**9. Preparation of Applications**

The application template is provided below and must be completed by the date listed above. Completed applications will be accepted in English no more than 15 pages in length (not including cover page, budget, proof of registration, or other required attachments).

A soft copy of the application will be emailed to interested applicants on request.

Mercy Corps will evaluate all Applications based on the criteria described above. ***All applicants that meet the criteria will be considered, however Mercy Corps reserves the right to not accept any applicant if none are qualified.***

**Submission process**

Interested applicants should submit a hard copy and soft copy of the Application and required documentation as follows:

* By 5pm on 30 November 2021.
* Soft copy email to [tenders@mercycorps.org](mailto:tenders@mercycorps.org)
* Please also be sure to include all the requested documents listed in the Application Form template below.

10. **Conditions**

**Issuance of this solicitation in no way constitutes a commitment by Mercy Corps to execute any agreement or to pay any costs incurred by any applicant in submitting an application.**

Please note that Mercy Corps **will fully respect the confidentiality** of all companies involved in the program. If selected, Mercy Corps will establish an agreement with the regional aggregator that describes the objective of collaboration and that clearly defines each party’s respective responsibilities, roles, and obligations. Successful applicants must be willing to share information with Mercy Corps regarding their performance, and Mercy Corps will conduct interviews with clients / customers to gather information on impact and to monitor progress.

**AWARD APPLICATION FORM**

Please enter the relevant information for the Call for Applications being applied for.

|  |  |
| --- | --- |
| Call for Applications Ref # |  |
| Call for Applications Title |  |

Please ensure you complete all sections and attach all required documentation. The Application Form should be **no more than 15 pages in length** (not including additional supporting documentation and budget).

1. **Applicants contact details (contact person)**

|  |  |  |
| --- | --- | --- |
| 1.1 | Name of point of contact for the applicant |  |
| 1.2 | Position of point of contact within the business / institution |  |
| 1.3 | Address |  |
| 1.4 | Phone number |  |
| 1.5 | Email address (optional) |  |

1. **Business / institution information**

|  |  |  |
| --- | --- | --- |
| 2.1 | Name of the business / institution |  |
| 2.2 | Year of establishment |  |
| 2.3 | Description of current business / institution structure and main business activities |  |
| 2.4 | Number of full-time staff / part-time staff/owner of business |  |
| 2.5 | Current Financial capital of the enterprise |  |
| 2.6 | Mission / Objective of business / institution |  |
| 2.7 | Has your organization received any financial / technical assistance from international organizations or NGOs (if yes, please describe the content of the assistance) |  |

1. **Proposed business idea/ activities**

|  |
| --- |
| **3.1. Brief description of proposed business activities, and why it is viable in the current market context** |
| **3.2. Explain why the proposed activity/business requires support from Mercy Corps** |
| **3.3. Proposed location of activities and target groups disaggregated by sex and age groups (including number of individual and group suppliers)** |
| **3.4. Expected impact of the proposed business activity on the target groups listed in the Call for Applications (please include: economic or social benefits, number of individuals / households benefiting and the planned embedded services)** |
| **3.5. Proposed list of activities needed to deliver planned business** |
| **3.6. Describe how the business will be sustainable (Clearly indicate the type of new and/or existing functions and how the institution will continue to own it and to pay for it now and in the future?)** |
| **3.7. Describe how your track record and experience will enable you to implement the innovation / activities successfully** |

1. **Budget summary**

|  |  |  |
| --- | --- | --- |
| 4.1 | Estimated cost of the entire business / activities (ETB) |  |
| 4.2 | Total request for financing from Mercy Corps (ETB and %) |  |
| 4.3 | Total financing covered by the applicant (ETB and %) |  |
| 4.4 | Describe other sources of financing (e.g., bank loan, family loan, own capital) |  |

1. **Supporting documentation**

(If they are not available, please provide the equivalent information.)

* Company Profile (if available)
* Copy of renewed business registration documents/license
* Copy of tax registration
* Copy of financial reports for the last two years, including any audit report (if available)
* Support letter from regional/zonal/woreda government office indicating current operation status and reputation of the enterprise
* Please include details of the budget, as shown in Annex 1

**I HEREBY CERTIFY THAT THE INFORMATION PRESENTED IN THE CONCEPT NOTE IS ACCURATE AND COMPLETE.**

Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title \_*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ANNEX 1 – Budget template**

Please include a budget detailing the costs of the proposed innovation / activities, in the format below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Item and Description** | **Quantity** | **Unit cost** | **Total Cost** | **Mercy Corps Share (%)** | **Applicant Share (%)** |
| **1** |  |  |  |  |  |  |
| **2** |  |  |  |  |  |  |
| **3** |  |  |  |  |  |  |
| **4** |  |  |  |  |  |  |
| **5** |  |  |  |  |  |  |
| **6** |  |  |  |  |  |  |
| **7** |  |  |  |  |  |  |