



Enabling the rural poor
to overcome poverty

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Financing Facility for Remittances

Call for proposals 2008



Promoting innovative remittance systems
and investment channels for migrants



Call for proposals 2008 at a glance

The International Fund for Agricultural Development, a specialized agency of the United Nations, in partnership with the European Commission, the Inter-American Development Bank, the Consultative Group to Assist the Poor, the Government of Luxembourg, the Spanish Ministry of Foreign Affairs and Cooperation, and the United Nations Capital Development Fund are pleased to announce the 2008 call for proposals:

Promoting Innovative Remittance Systems and Investment Channels for Migrants

Through its US\$13 million Financing Facility for Remittances (FFR), this multi-donor fund aims to reduce rural poverty and promote development. The facility will increase economic opportunities for the rural poor through the support and development of international and domestic remittance services that are innovative, cost-effective and easily accessible, for countries in Africa, Asia, Europe, Latin America and the Caribbean, and the Near East.

The objectives of the 2008 call for proposals are to:

- (i) improve remittance transmission and access to remittance services in rural areas;
- (ii) link remittances to financial services and products in rural areas; and
- (iii) develop innovative and productive rural investment channels and opportunities for migrants and community-based organizations.

The FFR will promote strategic partnerships linking non-profit organizations with formal financial intermediaries, money transfer operators, microfinance institutions, financial cooperatives, non-financial institutions, postal networks and philanthropic organizations, among others.

Through a competitive process, the FFR will award eligible institutions with grant financing of up to **US\$250,000** per project, which should be implemented within a **two-year period**. Applicants must provide a minimum counterpart contribution of 20 per cent of the amount requested (or 30 per cent for projects in the Latin America and Caribbean region) of which at least half should be in cash.

Only non-profit organizations are eligible to receive grant financing. However, for-profit organizations are strongly encouraged to partner with non-profit organizations for the development of joint initiatives and projects.

Deadline for application of concept proposals	30 May 2008
Finalist pre-selection and request for full proposals	11 Jul 2008
Deadline for submission of full proposals	8 Aug 2008
Selection of finalists	17 Sep 2008

For applications and information please visit www.ifad.org/remittances

Note: Dates may vary onward depending on the number of concept proposals received.

Background

Remittances as a development tool

Remittances play an important role in the fight against rural poverty in some of the poorest parts of the world. While the amounts are often small, remittances put money directly into the hands of millions of poor people. The impact of these remittances is dramatically enhanced when they are linked to other financial services such as savings, insurance and loans.

Inclusive financial systems and innovative partnerships between rural financial institutions and remittance operators can generate significant benefits by easing competition and reducing costs, thereby offering more resources to the poor and increased options for millions of families to use their capital profitably. The Financing Facility for Remittances (FFR) for rural private sector development was established in 2006 to promote such systems and partnerships.

Financing Facility for Remittances

The FFR builds on the successful experience of the joint Programme on Rural Development through Remittances, which was launched in 2004 by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) and the International Fund for Agricultural Development (IFAD). The central aim of the facility is to scale up and replicate the lessons learned from the programme across other regions of the world.

To date, this multi-donor facility includes several cofinancing partners: the Consultative Group to Assist the Poor, the European Commission, the Government of Luxembourg, the Spanish Ministry of Foreign Affairs and Cooperation, and the United Nations Capital Development Fund. To maximize outreach to other regions where remittances play a crucial role in rural economic and social development,

the FFR will fund the second phase of the IDB/IFAD programme in the Latin America and Caribbean (LAC) region, focusing on the European Union/LAC corridor and also on countries in Africa, Asia, Europe and the Near East.

The goal of the FFR is to reduce poverty by leveraging remittances and migrant capital for development in rural areas of developing countries.

More specifically, the objectives of the FFR are to (i) reduce the transfer costs of remittances; (ii) develop institutional partnerships; (iii) bank the unbanked rural population; (iv) promote innovative remittance and financial services; and (v) promote productive rural investment of migrants' capital in their countries of origin. To achieve these objectives, the FFR launches competitive calls for proposals and then selects and finances the most innovative and promising projects submitted.

Financing windows and objectives of the call for proposals 2008

The FFR will fund proposals that meet the objectives of at least one of the following **FFR windows**. *Applicants should select the most relevant window of activity.*

For projects in the LAC region, initiatives targeting the EU/LAC remittance or migration corridor will be favoured.

I. Improve remittance transmissions and access to remittance services in rural areas

SPECIFIC OBJECTIVES

- Develop and test innovative mechanisms to increase the efficiency of the transmission of international/domestic remittances between financial institutions and/or money transfer operators in both remittance-sending and remittance-receiving countries.
- Increase access to remittances in rural areas by enabling local financial institutions to provide remittance services, either directly or as the agent of commercial banks and money transfer operators.

II. Link remittances to financial services and products in rural areas

SPECIFIC OBJECTIVES

- Support financial institutions in the creation of innovative financial services linked to remittances in order to

- (i) promote financial inclusion of “unbanked” remittance senders and/or beneficiaries in the financial sector and
- (ii) expand access to financial services such as savings, credit, loans and insurance.

- Promote innovative partnerships between hometown associations and formal financial institutions (e.g. commercial banks; cooperatives), microfinance operators and specialized NGOs, in order to link remittances to other financial services.

III. Develop innovative and productive rural investment channels and opportunities for migrants and community-based organizations

SPECIFIC OBJECTIVES

- Establish partnerships and mechanisms that offer incentives for investment in productive activities in migrants' countries of origin by facilitating links between migrant associations and their communities of origin and supporting entrepreneurial development and related training for remittance recipients.

General conditions and eligibility criteria

Financial allocation and implementation period

Individual grants under the FFR have a ceiling of US\$250,000 per project. The implementation period should not exceed 24 months.

Eligibility criteria

APPLICANTS MUST:

- have **non-profit legal status** (non-profit private sector operators, civil society organizations, governmental entities and multilateral institutions);

for-profit organizations are strongly encouraged to partner with non-profit organizations for the development of joint initiatives and projects

- have the capacity to enter into financial and legal agreements with IFAD and/or the IDB if submitting a proposal for Latin America and the Caribbean, and comply with the procurement guidelines of IFAD and/or the IDB if necessary (for more information, please visit www.ifad.org/remittances);
- *not* act as an intermediary but be directly responsible for the preparation and management of the proposal;
- be in the position to provide the required financial counterpart contribution, equivalent to at least 20 per cent (10 per cent for applicants from migrant organizations).

Up to half of the counterpart contribution may be in-kind. For projects in the LAC region a 30 per cent counterpart is required for all institutions¹ (same share of in-kind contribution applies);

- have a minimum of one year's operational experience in areas related to the objectives identified in the proposal;
- present audited financial statements for at least one previous year; and
- provide procurement procedures for goods and services, and competitive procedures for the hiring of human resources.

Selection criteria

Proposals will be evaluated on the extent to which:

- the project idea is innovative in a specific context and has potential for scaling up and/or replication;
- the project supports the overall framework of FFR objectives;
- the project objectives are sound, realistic, implementable, achievable and measurable;
- the applicant has the capacity to implement the project and builds on strong partnerships to support the project; and
- the proposal shows potential for sustainability.

¹ Depending on the country, counterpart percentages may be set at the discretion of the IDB's Multilateral Investment Fund.

For applications and information please visit

www.ifad.org/remittances

For proposals related to African, Asian, European and Near-eastern countries

Pedro de Vasconcelos
Programme Coordinator, FFR
**International Fund for
Agricultural Development**
Via del Serafico 107
00142 Rome, Italy
+39 06 5459 2012
remittances@ifad.org

For proposals related to Latin American and Caribbean countries

Natasha Bajuk
Remittances Coordinator
**Multilateral Investment Fund
Inter-American Development Bank**
1300 New York Ave. NW
Washington, D.C. 20577
+1 202 623 2104
remittances@iadb.org