

Financing Facility for Remittances

National call for proposals 2021

UGANDA



Remittances in times of crisis: facing the challenges of COVID-19

G U I D E L I N E S

Donors

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I. Executive summary

The Financing Facility for Remittances (FFR) of the International Fund for Agricultural Development (IFAD) is pleased to announce the **National Call for Proposals 2021 (CfP21): Remittances in Times of Crisis - Uganda**.

Through its over US\$60 million fund, the FFR works to reduce poverty and promote development by leveraging both international and domestic remittances and migrant capital in rural areas of developing countries. In this context, the FFR intervenes in Africa through the Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa), a programme co-financed by the European Union, with the aim to reduce inequality and enhance financial inclusion in Africa through the reduction of remittance costs and the maximization of their impact.

Through its national Calls for proposals (CfPs), the FFR seeks to mitigate the impact of the COVID-19 pandemic on remittance markets and flows in Africa, and foster a sustained recovery and resilience for remittance families. The awarded proposals are expected to increase economic opportunities for the rural poor through support and development of innovative, cost-effective and easily accessible international remittance services, to and from the targeted countries and their respective remittance corridors.

This CfPs, focused on the Ugandan remittance market, will finance initiatives that will support at least one of the following objectives:

Reduce international remittance transaction costs	1. Contribute to reducing international remittance transfer costs to Uganda and increase access to and use of transparent and gender responsive low-cost services.
Accelerate digitization of international remittances	2. Accelerate the use of digital products and the digital payments ecosystem to support international remittances to Uganda.
Leverage remittances to deepen financial inclusion	3. Use international remittances to Uganda as a conduit for increasing financial inclusion and the resilience of remittance senders and recipients.
Expand formal channels for international remittances	4. Promote greater access and use of formal international remittance transfers in Uganda.

The following types of institutions can apply to the CfP21: **private sector entities (i) for profit entity or (ii) non-profit, non-governmental organizations**.

IFAD's FFR welcomes strategic partnerships linking for-profit entities with non-profit organizations, formal financial intermediaries, money transfer operators, microfinance institutions, financial cooperatives, postal networks, philanthropic organizations, investment funds, local and national governments, among others.

The CfP21 will finance grants from **€150,000 up to €500,000**.

Please note that a National Call for Proposals focusing on the Kenyan remittance market has been launched last 05 May 2021. For the details, click [here](#).

If relevant, the Proponent may consider to submit a regional proposal covering both Kenyan and Ugandan markets and respective priority corridors.

Regional proposals can request up to €750,000.

Deadline for submission of proposals is 30 June 2021 at 23:59h (GMT).

- ✓ The implementation period should not exceed 24 months **with committed results demonstrated within this period.**
- ✓ The CfP21 will apply a single-phase competitive process.
- ✓ Grantees of the IFAD/FFR are required to provide a minimum of co-financing equivalent to:
 - 10% of the grant amount requested in the case of a non-profit applicant
 - 30% of the grant amount requested in the case of a for-profit entity
 - **At least 50% of the requested contribution must be provided in cash**

DOWNLOAD THE GUIDELINES

Please find here below the specific guidelines for Uganda, as well as the templates for the submission of the proposals.

- **Uganda – Call guidelines (EN)**
- [Template 1 and 2](#) in Word format (EN) – please download and fill out
- [Template 3](#) in Excel format (EN) – please download and fill out

Submissions to the National Call for Proposals 2021 - Uganda will be done by directly sending an email to remittances.uganda@ifad.org with **Template 1 (Certification)**, **Template 2 (Application)** and **Template 3 (Detailed Budget)** duly completed. For further enquiries please send an email to remittances.uganda@ifad.org.

A specific Zoom session organized by the IFAD/FFR team to respond to questions will take place on 18 May 2021.

<https://us02web.zoom.us/j/82931831184?pwd=RXc1cm5aWS9iYm1YZXMzclFFVU44UT09>

Please note that communication is open via email, and also the website includes a Q&A section.

Ad-hoc Q&A sessions can also be requested by applicants.

II. Background

A. Remittances to LMIC in Africa and impact of COVID-19

Remittances play an important role in the fight against poverty. Today, one billion people – one out of seven people on Earth – are involved in either sending or receiving international remittances. In 2019 alone, over half a trillion dollars in international remittances were sent by over 200 million migrants to 800 million family members back in low- and middle-income countries (LMICs).

Remittances are a crucial financial inflow for Africa, with around US\$85 billion received yearly from African migrants around the world. This vital source of income allows millions of families to reach “their own Sustainable Development Goals”: fight poverty and improve access to nutrition, health, housing, education, as well as support entrepreneurship, savings and access to credit, accompanying them on the road of financial independence.

While individual remittance amounts are often small, US\$200/month on average, they put money directly into the hands of millions of poor people, many of whom reside in rural areas beyond the reach of the formal financial system. The potential development impact of remittances is dramatically enhanced when these flows are linked to financial education and services such as savings, credit, insurance and business development.

Although remittance transfer costs have fallen over the last years, the African remittance market remains the most expensive, with an average transfer cost (to and within Africa) of 8.19% of the send amount (Q4, 2020) against the current global average of 6.51%. Reduction to at least 3% by 2030 as per SDG target 10.c would lead to an additional US\$5 billion per year being received into the hands of migrant families in Africa.

COVID-19 impact on remittances. Since March 2020, the COVID-19 pandemic has silently crossed national borders and created both a health and economic crisis worldwide. Unlike previous shocks, when remittances have been counter-cyclical, the economic impact and scale of COVID-19 is simultaneously affecting sending and receiving countries. Both migrant workers and their families receiving remittances back home have negatively been affected through loss of employment and income, restrictions on mobility and travel, reduced access to money transfer services, and increased health costs.

Although the current trajectory and impact of this pandemic remain uncertain in the long term, current World Bank trends indicate a significant reduction of 14% in the US\$500 billion family remittances sent to LMICs by 2021. This implies a drop of billions in available resources for basic needs such as food, health, housing and education, and also for entrepreneurship – for millions of migrant families across Africa. On the other hand, the pandemic has fostered the existing alternatives to in-cash and in-person financial interactions and evidence the need to accelerate financial service digitization as a key lever to mitigate the impact of the COVID-19 pandemic and foster a sustained recovery.

To address these challenges and opportunities, IFAD’s FFR launched a series of actions to support the response, recovery and ultimately, resilience of Uganda’s remittance market and its beneficiaries. On the one hand, IFAD is engaging directly with the public sector in supporting adapted mechanisms that support the remittance market as its customers. In parallel, IFAD is engaging with the private sector through this **Call for Proposals 2021 (CfP21)** to identify, support and scale up innovative solutions and models of intervention that will strengthen the remittance market, promote its digitization, expand its outreach, particularly in rural areas, and provide remittance beneficiaries with more tools to access, use and invest these flows.

The CfP21 goals and objectives are in line with the global remittance measures adopted by heads of state and governments within the United Nations' *Financing for Development in the era of COVID-19 and Beyond* process.

PRIME Africa. The Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa) is managed by IFAD with financial support from the European Union. PRIME aims to reduce inequality and enhance financial inclusion in Africa through the reduction of remittance costs and the maximization of their impact. The specific objectives of PRIME Africa are to:

1. contribute to reduce the cost of remittances transferred within and to Africa, mainly from Europe; and
2. maximize the impact of remittances towards sustainable development, in line with commitments included in the Joint Valletta Action Plan.

The COVID-19 crisis has highlighted the need for many remittance families to also improve their resilience to future shocks and to have access to digital financial services. With this comes an opportunity and a responsibility to equip people with the tools necessary to be able to choose and use these products effectively and to build their safety-net.

To better understand the COVID-19 impact on the Ugandan remittance market and its beneficiaries, IFAD's FFR conducted a country level diagnostic and remittance corridor analysis for several countries in Africa. Initial results presented in the next section, provide clear evidence that the remittance market in Uganda has not been immune to the global shock and that the current crisis has affected both the sending and receiving parts of its cross-border remittance corridors.

B. Remittances to Uganda

As one of the PRIME Africa countries, during 2020 IFAD's FFR conducted a [Diagnostic on the Ugandan Remittance Market](https://gfrid.org/whats-on/second-round-of-national-calls-for-proposals-kenya-and-uganda-supporting-remittances-in-times-of-crisis-in-africa/) (https://gfrid.org/whats-on/second-round-of-national-calls-for-proposals-kenya-and-uganda-supporting-remittances-in-times-of-crisis-in-africa/), formulating a Roadmap that will be shared and presented at a National Remittance Stakeholder Network Meeting on 18 May 2021. The Roadmap outlines actions and activities for achieving PRIME Africa objectives within the overarching context of COVID-19 and ensuring response, resilience, and recovery to the crisis.

Uganda's nearly 900,000 migrants mainly reside in other East African Community (EAC) states (64% of the total), including Kenya (35 %), South Sudan (17%) and Rwanda (11%). Other top destinations are the Middle East (16%), UK (9%), USA (6%), Canada (2%) and Sweden (1%).

The Bank of Uganda (BoU) conducts an annual survey on remittances. Their last **Personal Transfers Survey Report 2018** provides deeper insights into remittances in Uganda looking at the profile of receivers, the use of remittances, and the channels used to send and receive. According to the survey, remittances in Uganda are predominantly an urban phenomenon to the Central Region and Kampala.

Inbound remittance flows:

The BoU reported that **formal remittance inflows in 2020** were US\$1.2 billion, down by US\$200 million from US\$1.4 billion in 2019 due to the COVID-19 pandemic. In 2019 remittances

accounted for 4% of the country's GDP. In 2018, remittances from Europe amounted to US\$414 million (31%) led by the United Kingdom, while US\$304.2 million were received from the Middle East (23%), mainly from the United Arab Emirates. From North and South America, remittances amounted to US\$302.6 million (22%) predominantly from the United States of America, followed by Africa, with US\$263.5 million (20%), with South Sudan as the major sending country.

Compared to remittance inflows originating from outside Africa, intra-African remittances are disproportionately low when compared to their migrants' share (with two-thirds of the migrant stock, they represent only 20% of the inflows).

The BoU does not have data on remittances from the European Union (EU), although according to the World Bank's Bilateral Remittance Matrix 2018, the largest corridors from the EU to Uganda are Sweden (US\$13.1 million) and Germany (US\$8.3 million).

Outbound remittance flows:

The World Bank's Bilateral Remittance Matrix 2018 estimates that the largest outbound¹ corridors from Uganda are Kenya, with US\$191 million (33.3%); the DRC, with US\$190 million (33.1%); South Sudan, with US\$54 million (9.4%); and Tanzania, with US\$31 million (5.4%).

There is no data available on remittance inflows and outflows by and to forcibly displaced persons in Uganda².

The Ugandan remittance market in relation to the PRIME Africa objectives:

- **Transfer costs.** The average cost of sending money to Uganda was 11% in Q4 2020, compared to the global average of 6.51% (for sending US\$200). This cost is the highest in Africa, after Malawi, and the highest among three other East African countries – Kenya, Rwanda and Tanzania.³
- Analysis of pricing data shows that there are significant variations in pricing between corridors and types of service providers. The spread in prices between similar services is also relatively high. The average cost of sending money (fee + FX margin) through an MTO is roughly the same across five corridors⁴ - between 5.6% from Kenya to 7.6% of the send amount from Rwanda.
- The average cost of using bank-led services is relatively more expensive than using MTOs from Kenya and Tanzania, but competitively priced from Rwanda.
- Online services are generally competitively priced.

¹ The total outbound flows accounted to US\$573 million – according to The World Bank Bilateral Matrix 2018.

² UNHCR data indicates that 80% of immigrants in Uganda are refugees. The UNDESA data on migrant stocks includes refugees and asylum seekers. The largest expatriate communities living in Uganda are South Sudan (63%) and DRC (18%) – both of which are the largest refugee communities. Non-refugee communities residing in Uganda are from Sudan, Kenya and Tanzania. These communities are relatively small – estimated at 3.9%, 2.1% and 1.3% of the immigrant population, respectively.

³ Cash-based remittances cost are on average 9% and thus, are more expensive as compared to other types of services across all corridors. The average (11%) is skewed by high Tanzania average costs (24%) which is influenced by high bank transfer fees of 31%.

⁴ Sweden, UK, Kenya, Rwanda and Tanzania

- Furthermore, while the US\$200 equivalent is representative for the average transaction size from the EU/UK/USA corridors to Uganda, the average amount for intra-regional remittances reported by stakeholders is half at around US\$100. This makes the cost burden for intra-regional remittances lower than it is in reality for the customers.
- Uganda is one of the most integrated countries globally in terms of cross-border mobile money services. It is possible to receive money from four countries within sub-Saharan Africa (Kenya, Rwanda, Tanzania and Zambia) and to send it wallet-to-wallet to six countries in sub-Saharan Africa (Burundi, Kenya, Tanzania, Malawi, Rwanda and Zambia). The cost of using these services seems to have come down between Q2 and Q4 2020 and is competitively priced (~4% of the send amount) in some corridors.
- Cost transparency, especially on remote transactions such as mobile-to-mobile cross-border remittance is low, especially when cash-out fees are charged. This in turn means that customers do not make informed choices by knowing all costs involved in advance.
- At remittance service provider (RSP) level, compliance -in particular- and fixed licensing costs constitute a limit to lower operational costs and extend further operations in less populated and accessible areas.
- Baseline for costs – Q4 2020

This data can be used as a baseline and for comparison purposes in proposals.

Priority corridors	Average cost of sending US\$200 (%) - All transfer means
	Total cost = Fee + FX margins
Kenya - Uganda	8.9%= (7.0%+1.9%)
Rwanda – Uganda	6.5% = (4.7%+1.8%)
Sweden – Uganda	6.1%= (1.7%+4.4%)

- **Digital payments ecosystem.** In Uganda, the National Payment Systems (NPS) Act was recently passed, and the Foreign Exchange Regulations (2006) is currently under review. The NPS Act should result in clearer market for digital financial service providers and payment service providers, and increase competition and consumer protection.
- Uganda has passed conducive data privacy and financial consumer protection laws; however, high-profile fraud involving mobile money threatens to undermine trust in digital financial services and digital remittances.
- The BoU has been upgrading and developing the digital payments ecosystem with the introduction of an Automatic Clearing House (ACH) in 2018 that facilitates the payment of international remittances and integration into the regional payment system (East African Payment System - EAPS).
- Interoperability between the different payment channels makes it easier for RSPs to reach beneficiaries. Although the payments landscape is largely fragmented, Uganda has achieved interoperability at various levels mostly through bilateral agreements. The BoU acknowledges plans to facilitate improved interoperability.
- Uganda is in the process of implementing an eKYC project based on the new digital ID that will allow all supervised financial institutions to authenticate and verify customers through a real-time platform. The platform should reduce KYC costs for financial service providers (including remittance businesses), improve safety and increase access.
- There are seven mobile money providers (MMPs) in Uganda but two of them, MTN and Airtel have 80% of the market share, making it an oligopolistic environment. These two market leaders are the only two MMPs to offer cross-border remittance services.

- In Uganda, mobile money is the most common way to receive international remittances, with 30% of households in 2018 receiving money into a mobile wallet, valued at US\$196 million. Nearly 20% of remittances are terminated into a bank account. Considering that only 11% of adults in Uganda are estimated to have a bank account, remittance beneficiaries tend to be more banked.
- Despite this domestic payment infrastructure and a wide offering of first and second generation of payment services, 43% of adults only use cash.
- **Financial inclusion.** Mobile money and the blend of formal and semi-formal financial services have driven up Uganda's financial inclusion rate to 78%⁵, the second highest in East Africa after Kenya (83%). This indicates that opportunities to send and receive remittances through digital channels are high. Men are more likely to use formal services than women, with a 9% gender gap.
- There are over 17 million active customers in Uganda served through a wide network of agents. However, there is a digital divide between urban and rural areas. Half of rural adults only use cash compared with a quarter of people in urban areas who access mobile-based remittances and mobile-based financial services. Electricity and ICT infrastructure are additional challenges in rural areas to limit digital financial inclusion across the country
- With the significant increase in the use of mobile money as a domestic payment method and for terminating international remittances, there are opportunities to leverage the uptake of digital payment instruments to drive financial inclusion and provide financial education to remittance families.
- Remittance recipients tend to save more compared to non-recipients, especially in rural areas (two-thirds of the receiving households save against one-third of the rest of the population, IFAD 2017). In addition, international and domestic remittances could trigger more financial inclusion by cross-selling financial services and added value services to senders and recipients.
- **Informal remittance services.** Uganda is one of the few countries to have estimates on remittances sent through informal channels and to include these flows in their national statistics. Of the cash-remittances received in Uganda, 10.2% was received through informal channels in 2018, equating to US\$98 million with money received mainly through friends in Uganda. The BoU 2018 survey reports that 27% of people use informal channels. For remittances sent to neighbouring countries the prevalence is suggested to be much higher. Unlicensed forex bureaus, hawalas, friends, family, traders and unregistered mobile money agents are the main channels used.

In light of the above, PRIME Africa aims to address these development opportunities by financing and supporting innovative, replicable/scalable products and foster partnerships that promote lower-cost and faster remittance transfers that reduce the use and risk associated with informal, unregistered remittance services. This can only be achieved through compelling alternatives, awareness and education. PRIME Africa aims to help maximize the impact of remittances in Uganda by enabling people to use their funds to gain resilience, while at the same time contributing to local economic development.

⁵ Source: FinScope 2018

III. Goals and Objectives

Remittances in Uganda

IFAD/FFR Call for Proposals 2021 (CfP21) – Remittances in times of crisis – Uganda calls on the private sector (profit or non-profit), in response to COVID-19, to identify, support and scale up innovative solutions and models of intervention that will strengthen the remittance market, particularly in rural areas, by promoting lower transfer costs, digitization and formalization of flows, and providing remittance beneficiaries with more tools to access, use and invest these flows.

Target group. Proposed interventions must have a direct impact on migrant workers sending remittances from Europe and other African countries and receiving families in Uganda. Given that PRIME Africa has also a corridor-focused, results-oriented approach, proposals can include initiatives in both sending and receiving countries. More than one particular remittance corridor between Europe/other African countries and Uganda can be targeted, with preference, but not exclusively, to the corridors with **Kenya, Rwanda and Sweden**.

Specifically, IFAD, through PRIME Africa, will finance initiatives that will support at least one of the following objectives:

Reduce international remittance transaction costs	1. Contribute to reducing international remittance transfer costs to Uganda and increase access to and use of transparent and gender responsive low-cost services.
Accelerate digitization of international remittances	2. Accelerate the use of digital products and the digital payments ecosystem to support international remittances to Uganda.
Leverage remittances to deepen financial inclusion	3. Use international remittances to Uganda as a conduit for increasing financial inclusion and the resilience of remittance senders and recipients.
Expand formal channels for international remittances	4. Promote greater access and use of formal international remittance transfers to Uganda.

Proposals are expected to achieve specific outcomes related to the objectives they focus on. **Prospective applicants will be expected to provide a baseline of the existing situation and quantifiable expected outcomes and deliverables.**

Reduce international remittance transaction costs	1. Contribute to reducing international remittance transfer costs to Uganda and increase access to and use of transparent and gender responsive low-cost services.
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Sample of expected outcomes include **(please add quantifiable expected outcomes and deliverables)**:

- Lower remittance prices (fee + FX margins) offered by existing RSPs as compared to the baseline, with a particular attention on reducing the cost of foreign exchange margin.
- An increase in the number of men and women who can access, are aware of and use low-cost digital remittance services, especially with regards to pay-in options in the EU and intra-Africa.
- Proven new or improved methods to increase real-time transparency in transfer costs in selected corridors covering all the component of the pricing structure (fee, exchange rate, eventual cash-out fees).
- New streamlined remittance business models including local and international aggregators fostering competition and increasing customer choice and more direct partnerships with existing RSPs offering low-cost remittance services in selected corridors with Europe in particular.
- Scalable and replicable sustainable cost-reduction models and best practices.

Accelerate digitization of international remittances	2. Accelerate the use of digital products and the digital payments ecosystem to support international remittances to Uganda.
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Sample of expected outcomes include **(please add quantifiable expected outcomes and deliverables)**:

- Increased market share of digital service providers through new technology solutions and partnerships for IMTOs.
- Increased **share of customers** receiving remittances through digital channels **particularly in rural areas**.
- Increased access to competitive and gender-responsive **digital products or channels** for international remittance senders and receivers, such as, but not limited to, mobile wallets or digital remittances terminated into the accounts of regulated financial institutions (products customised to drive or ensure female uptake will be encouraged).
- Uptake of **digital payments linked to remittance services** (first and second generation payment services) or added-value services such as (agricultural inputs and value chain payment, financial literacy and money management tools). **In particular, develop use cases appealing for remitters and recipients of intra-African low value transfers**.
- E-KYC CDDs for the **onboarding** of new customers, especially disadvantaged segments of the population, such as low-income, rural, FDPs and female customers.
- Enhanced **interoperability** among RSPs at regional level, in particular, arrangements between MMPs and international aggregators to foster intra-Africa, mobile-enabled cross-border remittances.

- Increased number of people who can access, are aware of and use low-cost digital remittance services, especially with regards to pay-in options in the EU and intra-Africa, the ability to send to a mobile wallet and the cashing-out locations in selected countries.

Leverage remittances to deepen financial inclusion	3. Use international remittances to Uganda as a conduit for increasing financial inclusion and the resilience of remittance senders and recipients.
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Sample of expected outcomes include **(please add quantifiable expected outcomes and deliverables)**.

- Expanded **access to adjacent financial services linked to remittances**. These products may include, but are not limited to: interest-bearing savings accounts, flexible savings account (including group savings), emergency savings, microinsurance, low-interest emergency loans, affordable microenterprise credit, crowdfunding models, etc.
- Improved **financial management, customer relationship, and planning skills** of remittance senders and receivers through customised financial literacy programs based on the use of mobile phones, both smart and feature phones. Interventions catered to ensure the participation of women, rural and low-income segments of the population will be encouraged.
- Enhanced knowledge and confidence of remittance senders and receivers towards **digital financial products** through targeted, cost-effective digital literacy programs (interventions aiming to close the gender gap in digital readiness will be encouraged).
- Enhanced **information available and accessible to customers** on remittances and other financial services to enable a better decision-making process.
- Expanded the **outreach of remittances pay-out locations** to underserved locations, especially in rural areas of the country and leverage agency banking regulations to extend a diversity of financial services in addition to remittances at agent level.

Expand formal channels for international remittances	4. Promote greater access and use of formal international remittance transfers in Uganda.
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Sample of expected outcomes include: **Please add quantifiable expected outcomes and deliverables**.

- An increased number of users of formal remittance channels.
- Increase in the number of new products and proportionate KYC/CDD procedures suited to vulnerable migrant workers in the EU and intra-Africa.
- Enhanced awareness, digital and financial education activities specifically targeting informal remittance users addressing cost structure, user experience and risks of frauds surrounding cross-border mobile remittances.

- Develop use cases catering to informal P2P remittances and trade transfers prevailing with neighboring countries and along boundaries.
- Regulated or semi-formal organizations such as forex bureaus where international remittances are collected, adopting a legal form that allows them to comply with existing laws and consolidate their remittance business line.

IV. General conditions and eligibility criteria

Financial allocation and implementation period

This Call for Proposals 2021 (CfP21) will provide grant financing from **€150,000 up to €500,000**. Regional proposals can request up to **€750,000**.

- ✓ The implementation period should not exceed 24 months with committed results demonstrated within this period.
- ✓ The CfP21 will apply a single-phase competitive process.
- ✓ Grantees of the IFAD/FFR are required to provide a minimum of **co-financing** equivalent to:
 - 10% of the grant amount requested in the case of a **non-profit applicant**
 - 30% of the grant amount requested in the case of a **for-profit applicant**
 - **At least 50% of the requested contribution must be provided in cash**

Fees generated by services offered through the project cannot serve as counterpart contributions. These should rather be viewed as a primary instrument for ensuring the long-term sustainability of the project.

Where eligible, institutions are invited to request a tax exemption from the respective government authorities for use of the IFAD/FFR resources.

Eligibility criteria

Prior to submitting the project proposal, applicants should check their institution's eligibility in **Template 1 - Self-certification of eligibility for IFAD grant financing and the Eligibility questionnaire section of Template 2**.

As a basis for eligibility, proposed projects must be aligned with the **Call for Proposals 2021: Remittances in times of crisis – Uganda**, and framed under the COVID-19 response.

All applicant organizations should have already reached sustainability in their operations, and a proven track record in the area of expertise proposed for the project.

Proposals should present clear operational outcomes. Where research or studies are involved, activities must clearly show how results will be applied. Technological platforms should include a description of testing, application and training phases.

Careful consideration should be placed on the regulatory environment that can contribute to reaching expected goals.

Eligible institutions

The following types of institutions can apply to this CfP21: private sector entities (i) for profit entity or (ii) non-profit entity.

Entities interested in responding to this CfP21 must bear in mind the following condition: as co-funders, IFAD shall be entitled to promote and disseminate information on any activity or

product financed by the grant. Exceptions shall be explicitly stipulated in the grant proposal upon submission.

Grants for for-profit organizations will include partial pay-for-performance mechanisms under which specific IFAD disbursements will be linked to successful key performance indicators of implementation, as well as effective and dedicated co-financing.

This CfP21 welcomes strategic partnerships linking public (central banks, financial sector regulators) and private sector organizations providing remittance support activities with formal financial intermediaries, money transfer operators, microfinance institutions, FinTechs, financial cooperatives, postal networks, diaspora networks, banks, Telcos, investment funds, and non-profit institutions, among others.

Please note that a National Call for Proposals focusing on the Kenyan remittance market has been launched last 05 May 2021. For the details, click [here](#).

If relevant, the Proponent may consider to submit a regional proposal covering both Ugandan and Kenyan markets and respective priority corridors.

Regional proposals can request up to €750.000.

Specific requirements for applicants are as follows:

- ✓ must be a registered legal organization in an [IFAD Member State](#) (alternatively, at least one of the parties involved in the proposal must be based in an IFAD Member State)
- ✓ have legal status and be registered in the country in which they operate; proof of legal status, such as legal registration will be requested before IFAD's final approval
- ✓ may be a private (i) for profit entity or (ii) non-profit institution such as a non-governmental organization
- ✓ may partner with other eligible institutions and apply jointly, specifying roles and responsibilities of each
- ✓ have the capacity to enter into financial and legal agreements with IFAD, and comply with the procurement guidelines of IFAD (see [IFAD procurement guidelines](#))
- ✓ not act as an intermediary, but be directly responsible for the preparation and management of the proposal
- ✓ present audited financial statements and signed external audit reports in accordance with international standards on audit for the two previous years (three years in the case of for-profit entities); these will be requested before IFAD's final approval
- ✓ have a minimum of two years of relevant operational experience for non-profit institutions and three for for-profit entities
- ✓ have proven experience in the field of remittances and directly relevant to the project, unless the proposal is jointly presented, in which case at least one of the partnering organizations should have the required experience

Eligible expenditures

Eligible expenditures are those undertaken by applicants during project implementation and that are **essential and directly linked to the work defined by the project** in the Grant Agreement. Eligible expenditures must (i) be reasonable for the goods and/or services being procured, (ii) exclude taxes, (iii) be procured in accordance with procurement procedures

acceptable to IFAD, (iv) be supported by adequate documentation, and (v) be verifiable by IFAD/FFR.

Expenses can cover the entirety or a part of the following categories:

- ✓ consulting services (project coordinators that are part of the staff of the proponent organization cannot be financed by an IFAD/FFR grant, and are expected to work full time on the project during the contractual period)
- ✓ research and study costs that directly contribute to the outputs of the project
- ✓ product development cost and testing
- ✓ marketing and dissemination cost for the products and markets supported by the initiative
- ✓ outreach exercises, workshops and seminars
- ✓ trainers or facilitators
- ✓ development of training materials
- ✓ marketing materials and activities
- ✓ acquisition of licenses and software
- ✓ purchase of computer equipment or technology platforms (not more than 30% of IFAD grant)
- ✓ travel expenses

Please note that these activities have to explicitly be linked with the activities and objective of the project outputs and represent a key element for successfully achieving the expected results of the project.

Notes

- ✓ At project end, IFAD/FFR requires a Statement of Responsibility to be submitted together with the institution's audited financial statements which should make reference to the IFAD grant.
- ✓ When research/studies are part of the project and their results are essential to the feasibility of the project, the FFR's technical team reserves the right to evaluate results prior to the undertaking of further project activities.
- ✓ The hiring of national consultants is encouraged where possible.
- ✓ IFAD/FFR fund allocations should be distributed among activities and not solely on a specific activity.

Ineligible expenditures

IFAD/FFR funds *cannot* be spent on the following:

- X investment in physical infrastructure (construction, land property and durable equipment such as heavy machinery)
- X credit funds (however, the cost of setting up a credit fund would be an eligible expenditure)
- X raw materials
- X subsidies or monetary compensation for: existing personnel of beneficiary institutions, and as part of marketing strategies for existing financial services not related to the grant purpose

- X operational costs of the beneficiary institution (IFAD/FFR will not finance current operational costs; however, these can be included as in-kind counterpart contributions to the extent that they are relevant to the project)
- X private sector applications to expand businesses in developing countries that are unlikely to lead to significant development impacts
- X equity or capitalization of the company
- X long-term operating costs of the company
- X overhead expenses

V. Application materials and submission guidelines

Procedures for this CfP21 comprise **three phases**. Upon satisfactory completion of each phase, applicants will be invited to submit further documentation to support their initiative. Please note that submission will have to be made through a direct email to remittances.uganda@ifad.org.

Each phase is structured as follows:

- (i) **Qualification and submission:** the applicant will submit by email a full proposal as described in Template 2, together with Template 1 - Self-certification of eligibility for IFAD grant financing, and Template 3- Detailed budget in Excel format.
- (ii) **Review and selection:** the CfP21 Selection Committee will review and pre-select proposals for Investment Committee approval. The selected proposals at the end of the competitive process will be finalized in conjunction with applicants.
- (iii) **Approval and disbursement:** the final list of selected projects for grant funding is approved by IFAD management; grant agreements are then elaborated, approved and signed by both parties prior to first disbursement

Qualification and submission guidelines

How to apply?

Eligible applicants should complete Templates 1, 2 and 3, and **submit** by email by 30 June 2021. All questions must be completed. Incomplete applications will not be considered.

The following information and documents **are required:**

1. Template 1- Self-certification of eligibility for IFAD grant financing, signed in PDF format
2. Template 2- Project proposal
3. Template 3- Detailed budget, in Excel format

Proposals with missing information or documents will not be considered. For additional information for this call for proposals please send an email to: remittances.uganda@ifad.org.

Deadline for submission: 30 June 2021 at 23:59 pm GMT

Proposals that do not follow the standard presentation procedures will be disregarded. It is strongly recommended that applicants finalize their proposal with sufficient lead time prior to the deadline.

A specific zoom session organized by the IFAD/FFR team to resolve questions will take place on **18 May 2021**

Zoom link:

<https://us02web.zoom.us/j/82931831184?pwd=RXc1cm5aWS9iYm1YZXMzcjFFVU44UT09>

Please note that communication is open via email, and also the website includes a Q&A section. **Ad-hoc Q&A sessions can also be requested by applicants.**

VI. Selection criteria and process

A. Selection criteria

As a basis for eligibility, proposed projects should be aligned with CfP21 objectives. IFAD/FFR will also consider the extent to which its resources are needed to carry out the project and the added value of FFR support.

Proposals from eligible applicants will be evaluated on the basis of the following criteria:

- (i) **Degree of innovation.** To what extent the project/initiative proposes new ways to address identified problems and is unique compared to existing models/trends, based on its content and/or delivery methodology. Constraints to innovation specific to proposal country/region should be addressed (legal, political, regulatory, etc.).
- (ii) **Sustainability and replicability.** Whether the project/initiative requires minimal resources to be maintained, demonstrating that it can be applied to other contexts and target audiences to achieve greater impact and reach over time. Innovations and scaled-up outcomes are expected to grow without continued IFAD/FFR support. Financial and organizational sustainability must be viable.
- (iii) **Market positioning.** The extent to which the applicant clearly addresses a specific market segment/corridor and properly assess its comparative advantages to do so. The proposal will demonstrate the depth of the market and the applicant's ability to design a commercially viable business model with appropriate products and distribution channels.
- (iv) **Impact.** Whether the project/initiative demonstrates specific cost-effective actions and benefits for the intended audience/market, and whether the results to date and/or those expected in the future are concretely explained. Specific targets and outcomes should be clearly mentioned.
- (v) **Implementation strategy.** Whether the project/initiative clearly describes the specific activities, operational arrangements and partnerships that have been and will be developed to implement it, and the type and number of expected participants (direct and indirect). Proposal assessment will consider feasibility and consistency of project activities, project workplan, proposed budget and financing plan; appropriateness of the implementation arrangements and partnerships and resources to be mobilized for the project; and overall quality of the proposal documents (form and content).
- (vi) **Implementation capacity.** Applicant's and its partner organizations' financial, managerial, and technical proven experience in the area of remittances and/or digitization. Applicants must provide evidence of interest and/or commitment from partners.

Specific evaluation criteria per type of project will be applied as follows:

Evaluation criteria		Weight criteria %
i	Degree of innovation	10
ii	Sustainability and replicability	20
iii	Market positioning	10
iv	Impact as per CfP21 objectives	30
v	Implementation strategy	10
vi	Implementation capacity	20
	Total	100

IFAD/FFR Selection Committee members will assign between 0 and 5 points to the above-mentioned criteria according to the following assessment:

0 – fails or missing/incomplete information; 1 – poor; 2 – fair; 3 – good; 4 – very good
5 – excellent

A weighting factor is assigned to each pre-selection criteria as indicated above and will be applied to the score obtained for each criteria to determine the overall score and ranking of each proposal.

The IFAD/FFR Selection Committee may determine a threshold for every selection criteria as well as for the overall score. Proposals below such threshold will be disqualified. Please note that the quality of the presentation in terms of language and layout of the proposal will also be taken into account by CfP21 reviewers. **Please note that proposals that exceed the limits of text established by the application form may be excluded from the review process.**

B. Selection process

The review period required for the CfP21 Selection and Investment Committees to select winning proposals is estimated at six (6) weeks. This could be extended depending on the number of proposals received. Selection will be based on the criteria outlined ahead.

Proposals will be selected following a technical review of each proposal and will be based on the **eligibility (Section IV) and selection criteria** included above in Section VI.A. The CfP21 Selection Committee will select the most suitable projects for grant financing, further to be approved by IFAD management.

On a project-by-project basis, project design will be carried out through pre-arranged online meetings or an onsite visit by the IFAD/FFR team. It is expected that during these meetings, both proponent organization and partner representatives be present. A project design document will be prepared in accordance with existing formats and will be finalized together with the applicant.

Approval and disbursement

Upon the finalization of a satisfactory project design, the document will be circulated internally in IFAD for clearance and approval. Once all clearances and approvals are received, a Grant Agreement will be submitted to the proponent organization for signature and will also be signed by IFAD's management. Disbursements will be scheduled and made in accordance with the agreed financial plans of individual proposals.

VII. Timeline

Submissions to the 2021 National Call for Proposals should be made via email to remittances.uganda@ifad.org.

IFAD will not consider any other type of submission. For information please send an email to remittances.uganda@ifad.org.

Please check reference submission templates 1, 2 and 3 available at: <https://www.ifad.org/en/prime-africa>

Timeline for the 2021 National Call for Proposals - UGANDA*	
Qualification and submission process phase	
Launch of National Call for Proposals	Wednesday, 12 May 2021
Meeting date for questions: Uganda	Tuesday, 18 May 2021
Submission period for proposals	8 weeks
Deadline for submission of proposals	30 June 2021 at 23:59 (GMT)
Review process phase	
Review by CfP21 Selection Committee	2 weeks – by 16 July 2021
Pre-selection and due diligence process phase	
Due diligence process finalized	2 weeks – by 30 July 2021
Selection and final design phase	
Investment Committee selection	2 weeks – by 13 August 2021
Announcement to applicants of selected proposals**	by 20 August 2021
Approval and disbursement phase	
Final design of grant agreements approved by IFAD management and disbursement for approved projects (time required depending on project complexity)	(from 8 to 12 weeks)

**Dates may vary according to number of projects and complexity of projects received.*

***Selected proposals will undergo a final internal review within IFAD. A project will only be considered approved at the moment of signature of the Small Grant Agreement.*

For information, please visit: <https://www.ifad.org/en/prime-africa>
Or contact us at: remittances.uganda@ifad.org