

## Financing Facility for Remittances

# National call for proposals 2021

**KENYA**



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 - Kenya**.

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 Kenyan remittance market, will finance initiatives that will support at least one of the following objectives:

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

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 Uganda remittance market will be launched by 11 May 2021.**

**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 TIME)**.

- ✓ 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 Kenya, as well as the templates for the submission of the proposals.

- **Kenya – 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 - Kenya will be done by directly sending an email to [remittances.kenya@ifad.org](mailto:remittances.kenya@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.kenya@ifad.org](mailto:remittances.kenya@ifad.org).

A specific Zoom session organized by the IFAD/FFR team to respond to questions will take place on 6 May 2021.

<https://us02web.zoom.us/j/8142477725?pwd=eC9lQitKeitXVVJoZ1EzQm5qRUtaUT09>

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 of 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 Kenya’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 Kenyan 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 Kenya 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 Kenya

As one of the PRIME Africa countries, during 2020 IFAD's FFR conducted a [Diagnostic on the Kenyan 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 Remittances Stakeholder Network Meeting on 6 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.

According to the Central Bank of Kenya (CBK), in 2020, the annual flow of international remittances to Kenya reached US\$3,095 million, accounting for 3% of the country's GDP. Kenya's 500,000 migrants mainly reside in the UK (29%), USA (26%) and in other African countries (26%), especially in the bordering countries. The EU hosts approximately 7% of the Kenyan diaspora; with Germany hosting the largest Kenyan community (3%), followed by Sweden (1%) and Italy (1%).

In its 2021 activity plan, CBK included supporting activities specific to the remittance market.<sup>1</sup> CBK has recently launched a first-ever online survey to better understand remitters' behavior, and will do a similar exercise with household recipients. CBK has also started to publish monthly updates on remittances, with the inclusion of inbound corridors.

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<sup>1</sup> <https://www.centralbank.go.ke/diaspora-remittances/>

According to CBK, remittance flows to Kenya increased by 10.7% in 2020 as compared to 2019, despite the initial estimates predicting a decline due to the COVID-19 crisis. The positive trend of Kenyan remittance flows is also confirmed by first quarter data of 2021. The monthly inflows reached US\$290.8 million in March 2021, from US\$228.8 million in March 2020, (27.1% increase). The cumulative inflows during the 12 months up to March 2021 totaled US\$3,216 million compared to US\$2,838 million in the same period in 2020 (13.3% increase).

In 2020, the United States continued to be the largest source of remittances to Kenya, accounting to 54% of total volumes; followed by Europe (18%), Asia (12%), Africa (11%), and Australia and Oceania (2.3%).

Two EU countries showed flows exceeding 1% of the total remittances received: Germany (2.9%), and Italy (1.1%).

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

- **Transfer costs.** The average price of sending money to Kenya is 7.5%, compared to the global average of 6.51% (for sending US\$200) in Q4 2020. On average, cash-based remittance services are more expensive (at 8.3%) compared to digital transfers (at 7.6%).
- On average, it costs more to send remittances from other African countries, including Tanzania, South Africa, and Rwanda, than from Germany, Canada, and the USA.
- Foreign exchange rates are present in all corridors. On average (Q4 2020), FX is equal to 3.3%, and fees are around 4.2%.
- Fees and particularly FX margins are volatile and partially disclosed on RSPs' websites or premises (if at all). As a result, cost transparency and cross-comparison among RSPs ahead of initiating a transaction are limited in order for customers to make informed decisions. This is the case for mobile-enabled cross-border remittances, where there are also cash-out fees to consider. This makes the real cost of using mobile money services harder to understand to the consumer, which often drives the use of informal channels.
- Regarding consumer protection, there is limited general protection for financial services in Kenya and nothing specific in relation to remittances.
- 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
	Fee + FX margins
Uganda – Kenya	4.1%
Germany – Kenya	7.7%
S. Africa – Kenya	10.7%

- **Digital payments ecosystem.** Kenya has a conducive regulatory environment and well-developed national payment system (NPS). Mobile money is integrated into the NPS providing interoperability between mobile money providers and bank accounts. However, interoperability among mobile wallets is not yet fully achieved through a central switch,

which would in turn open avenues for regional integration and ultimately lower costs. Mobile money prevalence among the population allows to channel remittances into mobile money accounts for 60% of international remittance inflows (most of them into the dominant mobile money providers wallets, M-Pesa). However, most of this remittance e-money is simply cashed out, without taking advantage of alternatives provided by a mature payment ecosystem and an emerging wave of second generation payment products available.

- **Financial inclusion.** Kenya 's financial inclusion level is one of the highest in Africa. It is estimated at 83%<sup>2</sup> of adults have an account, and recent increases are due to a rise in mobile money accounts. 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.

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.

- **Informal remittance services.** There is no data available on the prevalence and scale of informal remittance flows to and from Kenya. However, stakeholder interviews suggest that informality is a common practice, especially between bordering countries, such as between Uganda and Kenya, where informal dual MTN/M-Pesa agents prevail.

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 Kenya by enabling people to use their funds to gain resilience, while at the same time contributing to local economic development.

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<sup>2</sup> Source: Finaccess 2019 data



### III. Goals and Objectives

#### Remittances in Kenya

**IFAD/FFR Call for Proposals 2021 (CfP21) – Remittances in times of crisis – Kenya** 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 Kenya. 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 Kenya can be targeted, with preference, but not exclusively, to the corridors with Germany, South Africa and Uganda.

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

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

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.**

<b>Reduce international remittance transaction costs</b>	1. Contribute to reducing international remittance transfer costs to Kenya 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.
- 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.
- New streamlined remittance business models or more direct partnerships with existing RSPs offering low-cost remittance services in selected corridors with Europe and inter-Africa, enhancing cost competition.
- Scalable and replicable sustainable cost-reduction models and best practices.

<b>Accelerate digitization of international remittances</b>	2. Accelerate the use of digital products and the digital payments ecosystem to support international remittances to Kenya.
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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).
- Market offer growth for **digital payments linked to remittance services** (such as online purchasing, school, electricity, water, health care, G2P, etc.) or added-value services such as (agricultural inputs and value chain payment, financial literacy and money management tools).
- Cost-effective methodologies for the **onboarding** of new customers, especially disadvantaged segments of the population, such as low-income 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.

- Increased number of international and national remittance services that can be **terminated on to domestic payment systems**.

<b>Leverage remittances to deepen financial inclusion</b>	3. Use international remittances to Kenya 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 and planning skills** of remittance senders and receivers through customised financial literacy programs (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, through targeted regulatory amendments.

<b>Expand formal channels for international remittances</b>	4. Promote greater access and use of formal international remittance transfers in Kenya.
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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, marketing and financial education activities specifically targeting informal remittance users addressing cost structure, user experience and risks of frauds surrounding cross-border mobile remittances.
- 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 – Kenya**, 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 an upcoming National Call for Proposals focusing on the Ugandan remittance market will be launched by 11 May 2021.**

**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.**

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.kenya@ifad.org](mailto:remittances.kenya@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.kenya@ifad.org](mailto:remittances.kenya@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 **6 May 2021**

Zoom link:

<https://us02web.zoom.us/j/81424777725?pwd=eC9lQitKeitXVVJoZ1EzQm5qRUtaUT09>

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
<b>Total</b>		<b>100</b>



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.kenya@ifad.org](mailto:remittances.kenya@ifad.org).

IFAD will not consider any other type of submission. For information please send an email to [remittances.kenya@ifad.org](mailto:remittances.kenya@ifad.org).

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

<b>Timeline for the 2021 National Call for Proposals - KENYA*</b>	
<b>Qualification and submission process phase</b>	
<b>Launch of National Call for Proposals</b>	<b>Wednesday, 5 May 2021</b>
<b>Meeting date for questions: Kenya</b>	<b>Thursday, 6 May 2021</b>
Submission period for proposals	8 weeks
<b>Deadline for submission of proposals</b>	<b>30 June 2021 at 23:59 (GMT time)</b>
<b>Review process phase</b>	
Review by CfP21 Selection Committee	2 weeks – <b>by 16 July 2021</b>
<b>Pre-selection and due diligence process phase</b>	
Due diligence process finalized	2 weeks – <b>by 30 July 2021</b>
<b>Selection and final design phase</b>	
Investment Committee selection	2 weeks – <b>by 13 August 2021</b>
<b>Announcement to applicants of selected proposals**</b>	<b>by 20 August 2021</b>
<b>Approval and disbursement phase</b>	
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.kenya@ifad.org](mailto:remittances.kenya@ifad.org)