



Issue Date: April 20, 2023
From: Procurement and Partnerships Team, USAID Africa Trade and Investment Project (ATI) TradeBoost; Implemented by DAI Global LLC
Subject: Expression of Interest (EOI) ATI-002 DIGITAL FINANCE – ZAMBIA
Response Date: 4:00 PM Central Africa Time (CAT), May 19, 2023

Dear Prospective Partner:

Through this Request for Expressions of Interest (EOI), TradeBoost aims to identify local private sector partners to participate in a co-creation effort with other private sector actors and USAID to develop innovative concepts that catalyze private-sector solutions to facilitate the development of digital financial services in Zambia that enhances the participation of women in the economy through technologies that have the greatest impact on connecting rural small and medium enterprises (SMEs) and mitigating gender bias and gender-based violence. The goal of co-creation is to refine concepts from a diverse set of interested parties, partners, or a consortium of partners by tapping into their extensive knowledge and skills in the digital finance sector - particularly private sector players – for USAID co-investment in the upgrade of existing technologies that have the potential scale.

- I. Submission of Questions – Questions must be submitted no later than 4:00 PM CAT on May 03, 2023, via email to ATI_Procurement@dai.com.
- II. Submission of EOIs – EOIs must be submitted no later than 4:00 PM CAT on May 19, 2023 via email to ATI_Procurement@dai.com, copying Mike Wayamba (Mike_Wayamba@atiprogram.com), Brian Wanyagi (Brian_Wanyagi@atiprogram.com), and Edwin Muli (Edwin_Muli@atiprogram.com). The subject line of the email should be your organization name, followed by “Submission under EOI ATI-002 for Digital Finance Co-Creation Partnerships”. Please limit file submissions to 10 megabytes or less.
- III. Co-creation Event – On or about June 14-15, 2023

INTRODUCTION

The United States Agency for International Development (USAID) recognizes that as the world’s development challenges become more complex, many can only be solved through market-based solutions. In support of these efforts, the USAID Africa Bureau, Africa Regional Missions, and the Middle East Bureau jointly established the Africa Trade and Investment (ATI) program and awarded the contract to DAI Global, LLC in September 2021.

Driven by market demand, the USAID ATI program seeks to mobilize enterprise-driven solutions that increase trade and investment in Africa; strengthens Africa’s markets by developing new trade and investment relationships, particularly between the U.S. and Africa; and achieve development outcomes

across all sectors in line with USAID’s Private Sector Engagement Policy and the U.S. Government’s (USG) Prosper Africa initiative.

As part of the ATI program, USAID/Zambia has developed the “USAID Zambia TradeBoost” activity which aims to promote job creation, increase incomes, and boost the participation of women and youth in Zambia’s economic development to ultimately decrease rural poverty through green growth. USAID TradeBoost will co-invest with private-sector partners to increase gender-equitable trade and investment for Zambian enterprises, domestically, regionally, internationally, and to and from the United States. The sections below highlight some of the gaps and provide illustrative interventions that this digital finance activity will be seeking to fund.

BACKGROUND

Zambia's journey toward digital transformation has made significant, foundational progress in recent years.¹ Mobile connectivity coverage has expanded to reach more than 90 percent of the population. The cost of accessing the internet is declining, becoming more affordable for many. Demand for digital services, especially digital financial services, has grown exponentially.

In the last ten years, Zambia has moved toward a digital economy by implementing an enabling financial sector legislative framework and key infrastructure such as the Real Time Gross Settlement (RTGS) system and the National Financial Switch (NFS). Financial sector development and financial inclusion strategies have also been implemented. The dark cloud of the COVID-19 pandemic had a silver lining for the banking and financial services sector in that it led to increased utilization of digital financial services and online platforms in general. This trend is evidenced by a surge in mobile money transactions (at an average annual rate of 127 percent over the period 2017 to 2021), in both volume and monetary value, positively impacting financial inclusion. Similarly, a tech entrepreneurship culture is emerging, supported by active local incubators and innovation hubs. The FinTech space has seen the most startup activity. The newly elected government has not only continued but also heightened the digital transformation agenda by establishing the Ministry of Technology and Science and the Ministry of Small and Medium Enterprise (MSME) Development.

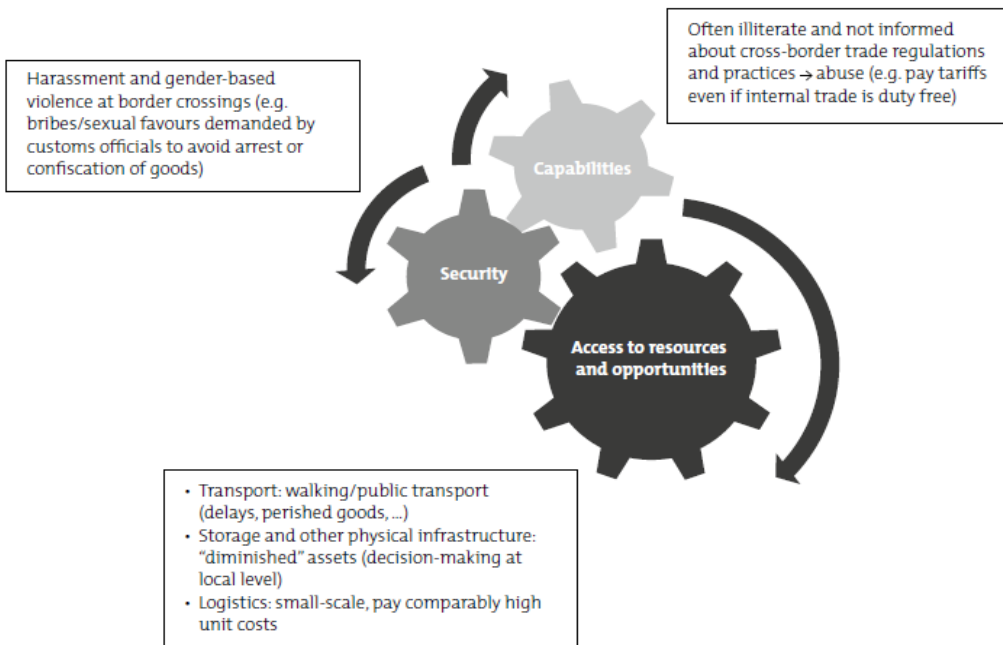
Despite these gains, challenges remain in the digital finance and tech entrepreneurship sectors as well as in e-commerce, digital trade, and the development of the digital talent pool. The legal and institutional framework is lacking for e-commerce and digital trade, while venture capital is beginning to be addressed with the publishing of venture fund guidelines in May 2022. Digital Financial Services (DFS) adoption across MSME supply chains is hampered by high digital channel maintenance fees and transaction commissions. Regulatory procedural inefficiencies, inhibitive compliance, and startup costs, a lack of access to financing, and limited technical, and business skills are negatively affecting the tech startup ecosystem.

¹ *Digital Ecosystem Country Assessment – Zambia July 2022* <https://www.usaid.gov/digital-development/zambia-digital-ecosystem-country-assessment>

Women in developing countries participate actively as street traders, vendors, and informal cross-border traders. Women tend to fall within the MSME (micro, small and medium sized enterprises) sector. When women operate as traders informally across borders, they experience gender related barriers as follows:

1. **Mode of transport** – In some countries women may not have control over even the simplest modes of transport including bicycles so they cannot reach the marketplaces where they can fetch a fair price for their products.
2. **Education** – women business owners tend to have less education. They have less bargaining power, lower access to productive resources, market information and networks compared to men.
3. **Household obligations** – women have to focus more on unpaid work and caregiving than men do which negatively impacts the ability of women to manage and grow their businesses.
4. **Health and safety** - To access health services, women (who are primary health caregivers in families) need to travel long distances and during the time that they spend seeking treatment and nursing the ill to health, they lose the opportunity to earn their incomes. These poor conditions, coupled with women’s higher household workload, increase women’s exposure to work related risks.

The multiple challenges faced by female informal cross-border traders



The multiple challenges faced by female informal cross-border traders. Source: UNCTAD Secretariat based on Higgings (2012) and Brenton et al

OBJECTIVES OF THE EOI

TradeBoost is seeking qualified partners to participate in a co-creation effort with other private sector actors, and USAID, to develop innovative solutions that scale access to, and availability of, digital financial services in Zambia. Through the co-creation, USAID hopes to support 3-5 solutions that will have the greatest impact on connecting rural agricultural small and medium-sized enterprises (SMEs) to finance while mitigating gender bias and gender-based violence that often results from greater economic ownership by women-owned and women-led enterprises.

USAID is specifically interested in partners with existing platforms, products or services that work toward TradeBoost's overarching objectives and related target outcomes outlined below. The examples of interventions and outcomes are illustrative, and other approaches will also be considered in support of the overarching objectives.

- | | |
|--------------|---|
| Objective 1. | Increasing value of gender equitable trade and investment among enterprises |
| Objective 2. | Creating good, full-time jobs |
| Objective 3. | Improving access to market information, including market developments |
| Objective 4. | Increasing enterprise access to finance |

Alignment with TradeBoost Objectives

Preference will be given to existing platforms, products, or services with potential for scale in areas of interest and that serve women and youth. Through digital finance services, USAID/Zambia endeavors to give rural communities access to an array of affordable resources that make financial transactions cheaper, more secure, and transparent, ultimately helping create more resilient and self-reliant communities. From a supply side perspective, TradeBoost recognizes that there are categories of financial products that exist in Zambia, namely:

- Credit - agricultural, enterprise and personal loans;
- Savings - households and enterprises for consumption/cashflow smoothing and for investment projects;
- Insurance - for agriculture, enterprise, and household risks; and
- Transactions - payments by/to enterprises and transmission of funds by individuals/ households

However, USAID/Zambia is looking to partner with players who have gone a step further to innovate digital finance products that address the situation and needs of SMEs and rural households and particularly addressing financial inclusion matters from the perspective of women. Examples of potential intervention areas that USAID may consider funding under the respective objectives include but are not limited to:

Illustrative Concepts

- Payment systems or platforms that allow women in agriculture to get accurate and timely payments upon sale of produce.
- Micro and small savings and lending products that allow women to save safely and be able to retrieve savings as and when needed without punitive penalties. Digital products that allow

digital contributions to micro savings groups and a transparent controlled pay out of savings groups. Additionally, many women in micro savings group need access to small low-interest loans to grow their micro enterprise into a small enterprise. Repayment schemes in rural areas need to reflect the agriculture season. A study conducted showed that women savers (45.1%) are more likely than males (40.4%) to keep cash at home, and women savers (29.9%) tend to use informal savings services more than men (19.6%) such as Chilimba, Savings Groups, other community groups or requesting an employer or community member to keep money for them.

- Products that address the logistical challenges that disproportionately impact women in order to getting farm produce to collection centers as well as the high cost of transportation of produce.
- Digital finance tools, platforms or products that are specifically designed to reduce gender based violence and increase women's economic justice.
- Products that enhance market intelligence and pricing so women can get the best prices for their produce when selling to enhance their livelihoods, this could be through anonymizing vendors or other creative ways to fill this information gap.
- Products and tools that allow women entrepreneurs to conduct and/or oversee business activities offsite; tools may include the generation of inventory dashboards, sales and expense reports.
- Products that would enable businesses to know their customers, offering data analytics to include gender and age of customers and/or service providers amongst other metrics,
- Digital business management tools that can be utilized both on-line and off-line to cater to areas of sporadic network coverage.

While this list is not exhaustive, TradeBoost is looking to hear from potential partners on existing products and/or technology-based solutions that can be scaled up to mitigate gender bias and enhance the participation of women in the economy particularly those in rural areas. ATI and USAID are particularly interested in private sector solutions that will yield high-level results and development impact that go beyond a typical project lifecycle. The intervention must be a solution that would change the current digital landscape of SMEs in the agricultural sector and a platform that would facilitate both the participation and benefit of women and youth.

Anticipated Outcomes

This activity aims to co-invest with local firms and service providers to effectively participate in Zambia's technology landscape and/or grow their businesses. This is in line with the overarching ambition of TradeBoost to contribute to job creation, increase incomes and increase participation of women and youth in Zambia's economic development to ultimately decrease rural poverty through green growth. In funding this activity, TradeBoost will be specifically looking to identify concepts that:

- Increase the number of SMEs that benefit from market information and development provided by USG assistance
- Increase the number of SMEs accessing finance due to USG assistance
- Increase value in dollars in finance received by enterprises supported by USG assistance
- Creation of private sector jobs and an inclusive workforce

WHO MAY APPLY

Eligible Applicants:

EOI may come from:

- Zambian private sector companies
- Regional, U.S. and International Organizations (ONLY if partnering with local organizations including Community Based Organizations (CBOs), Civil Society Organizations (CSOs), Non-Governmental Organizations (NGOs))

Please note that this activity will also prioritize contracting local service providers. In those instances where local firms are unable to provide the services necessary and at a sufficient quality level, TradeBoost will include capacity building with local firms as a requirement of foreign contractors to build local capacity to provide the services in the future.

Ineligible Applicants:

- Any organization not legally organized under the laws of the country in which it has its principal place of business or operations in;
- Any entity excluded in the USG System for Award Management;
- Any Government Entity;
- Any Public International Organization (PIO);
- Any entity affiliated with DAI or ATI/TradeBoost directors, officers, or employees;
- Any projects involving involuntary resettlement, child labor, significant environmental impacts;
- Any military organization;
- Any political party organization;
- Any entity focused solely on religious activities;
- Any labor unions; and,
- Any individuals.

NOTE: The selected partner(s) would be required to obtain a Unique Entity ID (UEID) and SAM registration. Guidance provided in this link <https://www.usaid.gov/sites/default/files/2023-01/Registering-to-Work-Module-MAIN-GUIDE-508.pdf>

The USAID TradeBoost program will invite stakeholders from different parts of Zambia's digital financial service ecosystem based locally (in Zambia), including financial institutions, investors, businesses, business service organizations, industry/sector organizations, trade or other private sector associations to collectively discuss the challenge and opportunities to offer private sector solutions to scale digital finance services that effectively target women and their involvement in the economy. Applicants may, but are not limited to, submit EOIs with ideas for partnership with other organizations. Applicants will be allowed to submit in partnership with one or more organizations based in Zambia.

Those who express interest must participate in a co-creation workshop in Lusaka, Zambia where they will share their concepts and think about how strategic alignment with other participants in the event

may bring about impact in support of the digital finance landscape. By bringing the ecosystem together, TradeBoost looks to create innovative, market-driven models, products, or services and identify new models for partnership between USAID and the private-sector that address the above objectives.

Funding Restrictions: Any agreements that are awarded as a result of this EOI's co-creation event may be limited by the type of contracting mechanism most appropriate for the enterprise it intends to fund—for example, U.S. organizations (even those primarily operating in Zambia) may not receive grant funding above \$250,000 under any grant type.

Prior experience with USAID or other USG entities is not required. TradeBoost encourages applications from potential new partners and would welcome proposals that have an element of co-investment.

Submission and Formatting Instructions

EOI should illustrate the submitting organization's interest, capabilities, and/or experience in providing solutions to the objectives above. Submissions should highlight an organization's approach to achieving the objective(s) within a country or countries and the sector(s) of focus, and the organization's capabilities and qualifications to implement the proposed activity(-ies). EOI must be submitted no later than 4 PM Central Africa Time on May 19, 2023. Submissions should:

- Be in English;
- Be submitted electronically to the following e-mail addresses
- Be no more than six (6) PowerPoint slides in length with 12-point Times New Roman font
- Include a title slide (not counted against slide limit) with the following information: Respondent Name/Group; Contact Information; and Response Title
- Include two submissions attachments in email, one in .ppt and one in .pdf format

Budget: EOI submissions should include a total budget estimate to accomplish the proposed concept, as well as an expected leverage ratio (i.e., the amount of financing and investment leveraged by the work as it relates to the budget amount requested). TradeBoost recommends that EOI submissions in response to one or more of the objectives above remain within a \$100,000-\$250,000 range. Offerors are encouraged to propose the range that best fits their technical approach, recognizing that TradeBoost expects to make a maximum of three awards within this range. Please find a budget template for you to use for submitting your budget.

Timeframe: EOI submissions should present concepts with an implementation timeframe of no longer than 24 months. Please indicate in your submission an estimated timeline for completing the proposed activities. Priority will be given to activities that are expected to be completed in 12 months or less.

Concept: In your EOI, please describe your organization's idea/approach to how USAID can use its resources to catalyze trade and investment activities that address digital transformation and gender integration in Zambia's digital economy, including:

- Your organization's reason(s) as to why USAID's support is critical to achieve the goals of this EOI

- Your EOI should demonstrate how its idea/approach also addresses, specifically, some of the barriers (1-4) listed on page 3.
- Your organization's approach to supporting the objectives of USAID
- Your organization's expected development outcomes or impact through the proposed activity
- If/how your organization's approach addresses the need for rural financing that support trade and investment, particularly among women
- Whom your organization targets
- How your organization could partner with USAID and/or other private sector actors to amplify your work and catalyze additional activities
- How your approach will be sustainable beyond USAID funding
- How you will monitor and evaluate development impact in your approach, including building in feedback mechanisms and use of Collaborating, Learning, and Adapting (CLA) techniques.
- Your organization's talent and other resources you are willing to dedicate to this activity; and
- Your organization's unique knowledge, capabilities, and expertise in the sectors relevant to your proposed idea

Selection Criteria

The following criteria will be applied to all EOIs. Submissions are not evaluated against other submissions, but solely against the evaluation criteria outlined below.

1. **Idea(s) for partnering with USAID:** Fresh, informed, and realistic thinking about how USAID can work with the private sector to unlock and catalyze activities to scale digital financial solutions that will uniquely benefit women and rural communities. We would also encourage that affordability of solutions proposed is given due consideration.
2. **Approach to supporting USAID objectives:** Comprehensive approach based on experience in digital finance sector. Identification of how the proposed approach advances or augments the objectives and priorities illustrated in this EOI, and where relevant, how the approach addresses or advances Zambia's financial inclusion as well as a strong understanding of the demand for the product, idea or approach to the targeted communities.
3. **Qualifications and experience:** Strengths of your organization as a partner, including your ability to make a unique contribution to achieving the objectives of this activity.
4. **Timeline for results:** Ability of your organization to leverage USAID funding to catalyze private sector co-investment and scale your organization's platform, product or service.

Selection and Co-Creation Process

TradeBoost will review and select EOIs submitted in accordance with the guidelines and criteria set forth in this solicitation. Selected candidates will be invited to the co-creation workshop. TradeBoost reserves the right not to review any EOIs that do not meet the guidelines. Due to the expected large number of responses to this EOI, TradeBoost is unable to provide detailed information to those expressions that are not selected to move forward.

Stage 1: EOI Evaluation and Participant Selection. TradeBoost and USAID will review and evaluate submitted concepts based on the criteria above. Selected organizations will be invited to participate in a co-creation workshop which they will be expected to attend at their own cost.

Stage 2: Co-Creation Event. This workshop will provide the opportunity for open conversations to develop a richer, shared understanding about opportunities, challenges, barriers, and gaps to operationalize digital finance platforms in Zambia. Participants will be able to share their own insights and perspectives, offer constructive input to other stakeholders about their concepts, and can use the constructive feedback and ideas for partnership offered in the workshop to refine their own concepts.

Stage 3: Updated Concept Notes. After the workshop, participants will further develop partnerships, narrow down priorities, and refine their ideas. They will put together updated concept notes to be presented/submitted to TradeBoost within two weeks from the end of the workshop. TradeBoost will evaluate the concept notes and further shortlist firms (evaluation criteria to be shared at the workshop). Not all concept notes will advance to Stage 4.

Stage 4: Formalizing Partnerships. Depending on the nature of the partnership, problem, and solution proposed, TradeBoost will issue one or more Request for Proposals (RFP) or Request for Applications (RFA) for firms to complete a proposal for a subcontract or an application for a grant. When appropriate, TradeBoost may also formalize the partnership through a memorandum of understanding (MOU). Proposals and applications will be evaluated by a selection committee according to selection criteria set forth in the RFP or RFA. More information on this stage will be provided to the shortlisted firms prior to the release of RFP(s) or RFA(s). One or more subcontracts and/or grants may be issued as a result of this process.

ATI reserves the right to check the past performance, references, and other pertinent offeror information in making award decisions. Previous experience with USAID is not required.

Thank you,
ATI Procurement and Partnerships Team
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