



**REQUEST FOR PROPOSALS**  
**RURAL FINANCE ENTERPRISE PROJECT (REFP)**  
**INNOVATION AND OUTREACH FACILITY (IOF)**

**Technical Partner:**



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## Acronyms and Abbreviation

Short Form	Long Form
DFS	Digital Financial Services
FSDMoç	Financial Sector Deepening Moçambique
HCD	Human Centered Design
IFAD	International Fund for Agriculture Development
IOF	Innovation and Outreach Facility
MoU	Memorandum of Understanding
NPMU	National Project Management Unit
REFP	Rural Enterprise and Finance Project
RFP	Request for Proposals
TA	Technical Assistance

# **TERMS OF REFERENCE**

## **1. INTRODUCTION**

### **1.1. ABOUT REFP**

A financing agreement was signed between the Republic of Mozambique and the International Fund for Agricultural Development (IFAD), for the implementation of a Rural Enterprise Financing Project (REFP). REFP is six-year project covering the period 2018 to 2024. The total cost of the project is USD 72,5 million financed on the following proportion, by the International Fund for Agricultural Development – IFAD (USD 62,1M), by the Government of Mozambique (USD 4,3M), and by the Private Sector (USD 5,00M) and by the Beneficiaries (USD 1,2M).

A National Project Management Unit (NPMU) was established, and it is located at the Ministry of Agriculture and Rural Development (MADER), through DNDEL as the Leading Agency, to be directly responsible for the implementation of REFP, in Maputo. The NPMU has the responsibility of coordinating and implementing the REFP daily and its mission is supported by three other regional offices: one based in Nampula City for the North Region (Niassa, Cabo-Delgado and Nampula province); one in Chimoio City for the centre region (Tete, Sofala, Manica province); and one in Xai-Xai City for the south (Inhambane, Maputo province and Gaza).

The Project Goal and Development Objective is to contribute to rural household livelihood improvement. The specific Project Development Objective is to increase the availability of, access to, and use of adapted (appropriate, affordable, and innovative) inclusive sustainable financial services, and technical support services in rural areas. The project has 3 main components: (1) Improved access to adapted financial services for rural entrepreneurs; (2) Capacity Building and Support for Institutions and Rural Enterprises; and (3) Project Management.

### **1.2. REFP AND FSDMOÇ PARTNERSHIP**

The Financial Sector Deepening Moçambique is not for profit financial sector development

organization with a focus on expanding levels of inclusion. FSDMoç directs its investments and insights to address constraints in the financial market, helping the diversification of Mozambique's economy and bringing prosperity and economic resilience to Mozambique's people. At the core of its strategy, are women, youth, and the rural low-income population, as well as small businesses that lack access to appropriate and accessible financial services. FSDMoç supports its key stakeholders to both innovate and expand financial services, using technical expertise and targeted funding to boost their capacity and the people they serve.

REFP signed a Memorandum of Understanding (MoU) with FSDMoç for the implementation of the following:

- i) Innovation and Outreach Facility (IOF).
- ii) Financial Education.
- iii) Micro-Insurance and Digitalization on REFP initiatives, as well as other deliverables.

### **1.3. PURPOSE OF THIS REQUEST FOR PROPOSALS**

The Rural Finance Enterprising Project (REFP)<sup>1</sup> invites interested and eligible<sup>2</sup> institutions and service providers to submit their Proposals to the Innovation and Outreach Facility (IOF). The IOF is one of the financing instruments made available by REFP to improve the availability, access, and use of adapted and inclusive financial services by rural poor small holder farmers, enterprises, and general communities in Mozambique. The purpose of the Innovation and Outreach Facility (IOF) is to provide support to institutions and service providers in the development and deployment of appropriate and innovative financial products and alternative delivery channels based on digital financial services (DFSs) that increase their reach to the project target groups.

The Facility will support initiatives around **New Products Development** such as digital finance products, agency banking, insurance products, contracting farming, value chain financing, term-finance for agriculture, weather index-based insurance for livestock technological solutions that help reduce cost of service delivery, use of point-of-sale

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<sup>1</sup> Vide annex 1 for an Overview of REFP

<sup>2</sup>Eligible institutions include banks and non-bank financial institutions, mobile network operators, market facilitators etc.

remittance and payment service providers, FinTech companies, government ministries, regulatory bodies, and regional economic organizations

devices, biometric data storage, and pilot-testing financial graduation approaches. The Facility will also promote **Expansion and Outreach of Existing Products**, which leverage either additional donor funding, or a cost sharing arrangement with commercial stakeholders, such as insurance companies, telecoms firms, leasing companies and market intermediaries.

The support will include:

- (i) Technical assistance to assist participating partners to develop new products and alternative delivery channels, and
- (ii) Cost-sharing basis to meet the cost of deploying a new technology to improve outreach to marginalized areas/groups, establishing branches in remote areas, etc. The cost sharing can be in cash or in kind, and, in the case of in-kind contributions, which could be with equipment's, human resources, logistics support, and others, partners should be to demonstrate the corresponding amount of the in-kind contributions.

#### **1.4. REFP' BENEFICIARIES**

The number of direct beneficiaries is estimated at 287700 individuals engaged in agriculture, fisheries and non-agriculture MSMEs. The project direct beneficiaries would be inclusive of poor men and women involved in agriculture, fisheries and non-agricultural MSMEs as a source of livelihood and income. The project also targets youth (young boys and girls). REFP implements an inclusive targeting strategy to ensure that benefits are distributed to a large number of smallholder poor farmers, and poorer and vulnerable members of the communities.

Women will account for at least 50 per cent of the target REFP beneficiaries and youth not less than 20% (of which 50% will be young girls). The focus on the poor and disadvantaged will ensure that coverage of REFP services will reach out remote, underserved communities and financially excluded population.

##### **1.4.1. SPECIFIC CHARACTERISTICS OF BENEFICIARIES**

<b>Segments</b>
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The most disadvantaged	The savings groups/association	The rural entrepreneurs
<p>The ultra-poor are individuals and families that survive with less than 40,000.00 MZN/year. In most cases don't have a business and/or a guaranteed income and live from subsistence agriculture and commerce. These beneficiaries receive life coaching and entrepreneurship training from the graduation program providers and once they individually graduate are turned to FARE for the subsequent work such as linking to formal financial institutions. They are organized in groups to receive assistance and as part of the training are formed as savings groups.</p> <p>These are less likely to engage with FSPs or to understand certain financial concepts even from the basics. Although, it is a fact that this exposure allowed the savings groups to learn some like an interest rate and credit.</p>	<p>The beneficiaries are already formed in savings groups and engaged in some form of economic/income generating activity. Some groups still receive assistance from the promoters (usually NGOs or similar development projects) others are independent. FARE works with the groups registering them as associations and linking to a FSPs with the objective of opening a bank account for the association. This</p> <p>These are more knowledgeable of some financial terms and the engagement with FSPs allow the members of the association to improve it such as payback, and create some form of guarantees, etc.</p>	<p>These are more business savvy, with some experience managing a business and finances; IPEME provides BDS support to the entrepreneurs that aim to growth the business or engage with FSPs looking for funding. They have more knowledge and understanding of the financial sector terms.</p>

## 2. WINDOWS OF FINANCING UNDER IOF

The IOF has four key areas/windows of innovation and outreach:

## **Window 1: Micro Enterprises (local level)**

Under this window the IOF will support interventions directly at the level of the rural on- and off-farm sector and directly to individuals or groups, associations, or other forms of legally or recognized collective entities. In addition, under this window, support will be provided for innovative entrepreneurial solutions that have the capacity to either propose new ideas or contribute more effectively to existing ideas that target rural areas and contribute to the expansion of services in the underserved target area. The solutions can be in the form of business models to reach the last mile, but also consider both operation and production aspects. Alternatively, it can be in the form of new modalities through which products and services can be delivered in rural and agricultural settings.

Matching: recipients of grant allocations are expected to contribute from 0 to 30 per cent in cash or in kind, to the total costs of the innovation to be financed, depending on access and co-financing criteria to be established.

Examples of potential bidders:

- formal and informal merchants (micro level) operating as local distributors of goods and services.
- Entrepreneurs with business models and innovations in financial services, that address the rural and agriculture sector, either at development or expansion phases.
- Micro-enterprises established in and working for rural communities
- Local associations or other form of recognized collective entity.

## **Window 2: Financial Institutions Level**

Under this window the IOF will support financial service providers with interventions to develop new products, improve existing offering and enhance outreach. Are also eligible to funding financial sector associations and other forms of legal recognized collective entities. The window will target a broad range of financial institutions with current or potential capacity to reach the rural on- and off farm sector, including community based financial institutions, rural banks, microfinance institutions, commercial banks and other.

Matching: Recipient financial institutions are expected to contribute between 10 percent (cash) and up to 30 percent (balance in-kind) to the total costs of the innovative action to be

financed. Criteria will depend on the type, size and financial strength of the institution and co-financing criteria will be established during project start-up.

Examples of potential bidders:

- banks, insurance companies, microfinance institutions, fintechs and insuretechs, tech companies in partnership with financial institutions, etc.
- financial service providers with interventions to develop new products, improve existing offering and enhance outreach.
- financial sector associations and other forms of legal recognized collective entities.
- financial institutions with current or potential capacity to reach the rural on- and off farm sector, other others

### **Window 3: Government Level**

Different government agencies or Ministries may have constraints in fulfilling their role related to the innovation and expansion of financial services, promotion of inclusion of marginalized segments in the areas in rural areas and agricultural finance sector. Under this window the IOF will support public institutions with relevant role in promoting and fostering innovation in the financial sector, for improved access and usage of financial products. The support will prioritize the removal of market constrains at macro level, such as creation and/or reviewing of relevant regulations, and capacity building and strengthening of public institutions to respond to evolving challenges and market evolution.

Matching: Public sector recipients may be considered for 100% funding support to meet the costs of the proposed intervention. Criteria will depend on the degree of decentralization of the applicant entity, size, and financial strength.

Examples of potential bidders: Promoters, regulators and quasi regulators needing support to test new solutions with potential strong impact on REFP beneficiaries.

### **Window 4: Private Sector (Leveraging Support)**

Under this window the IOF will support innovators in the private sector with capacity to deploy innovative solutions to address financial and related constraints of the project target group such as; access to tailored financing mechanisms to the agriculture sector, insurance, access to information, among others. Private sector institutions include agriculture companies offering e.g. input supplies to smallholder farmers, development consulting firms, etc., Private sector associations and other forms of legal recognized collective entities are also eligible to funding, as IOF will seek to leverage investments from this sector that can feed into the agricultural sector (and beyond). The fund will support the provision of specific/targeted financial services aimed at incentivizing businesses and investors to work with selected rural entrepreneurs and smallholder farmers.

Matching: private sector applicants are expected to contribute 30% in kind or cash to the total costs of the intervention to be financed.

Examples of potential bidders: agribusiness, large distributors (of products to merchants), wholesalers and other business which integrate local individuals and micro-enterprises in their value and supply chain. For instance, agribusiness companies operating the sugar cane, cassava, cotton, and poultry, including also distributors of input products and services (e.g. seed and equipment suppliers)

### **3. IMPLEMENTATION APPROACH**

Project implementation period should not exceed 2 years. For those where it's applicable, the following phases are recommended:

#### **Sub-component of Innovation**

- Development phase – up to 6 months  
Within this phase partners should develop the solution using the human centered design approach (HCD) leveraging on FSDMoç technical assistance (TA). It's in this phase that the product prototype needs to be presented, pre-tested and prepared for the next phase which is the pilot.
  
- Pilot phase – up to 16 months

Within this phase (bidders/implementers) will test the products/service developed during the previews phase. it will be a test and learning approach to ensure that the lessons are incorporated and used to improve the product. FSDMoç will provide TA during the implementation.

- Evaluation phase – 2 months

Within this phase, FSDMoç and the Fund Manager will undertake an evaluation of the project implementation looking to market capacity to absorb the product and identify bottlenecks. It will be in this phase that the evaluation of the achieved results against the initial proposal will take place.

### **Sub-component of Expansion**

- Adaptation phase – up to 4 months

This component funds existing products and services with potential to be expanded to the project target group. Within this phase (bidders/implementers) will work on their proposed solutions to adapt to market and project beneficiaries context, within a viable business model.

- Pilot phase – up to 18 months

After the adaptation, the next phase should be to pilot the solutions. This will be a test and learning approach to ensure that the lessons are incorporated and used to improve the product. FSDMoç will provide TA during the implementation

- Evaluation phase – 2 months

Within this phase, FSDMoç and the Fund Manager will undertake an evaluation of the project implementation, looking to market capacity to absorb the product and identify bottlenecks. It will be in this phase that the evaluation of the achieved results against the initial proposal will take place.

## **INSTRUCIONES TO BIDDERS (PARTNERS)**

#### **4. GENERAL**

All bidders must strictly adhere to all the requirements of this RFP. No changes, substitutions or other alterations to the rules and provisions stipulated in this RFP may be made or assumed unless it is instructed or approved in writing by FSDMoç in the form of Supplemental Information to the RFP.

Any Proposal submitted will be regarded as an offer by the bidder, but it does not constitute or imply the acceptance by FSDMoç. FSDMoç is under no obligation to award a contract to any bidder just based on the response to this RFP.

The proposals, not counting annexes or budget, should not exceed twenty (20) pages. Suggested page lengths are given after each section; however, bidders are free to modify these suggestions as long as they do not exceed the total page limit.

FSDMoç is not obligated to make an award or to pay for any costs incurred by the bidder in preparation and submission of a Proposal in response to this RFP, regardless of whether its was successful or not. FSDMoç shall in no case be responsible or liable for those costs, regardless of the conduct or outcome of the procurement process.

##### **4.1. Conflict of interest**

Bidders must disclose in their tender, details of any circumstances, including personal, financial, and business activities that will, or might, give rise to a conflict of interest, if they were awarded this grant. Where tenderers identify any potential conflicts, they should state how they intend to avoid such conflicts. FSDMoç reserves the right to reject any tender which, in its opinion, gives rise, or could potentially give rise to, a conflict of interest.

Associations and other legal or recognized form of collective institutions, private or public, that have a role within the REFP project implementation structure, are not eligible to submit Proposals.

#### **5. SPECIFIC**

### **5.1. Clarification of Proposals**

FSDMoç will allow bidders to request clarifications of any of the RFP documents. This can be submitted through the FSDMoç Procurement management platform <http://form.fsdmoc.org.mz/> or via the email [refp@fsdmoc.org.mz](mailto:refp@fsdmoc.org.mz). The questions will be answered to all bidders through the same channels. Any delay in providing the clarifications response shall not cause an obligation on the part of FSDMoç to extend the submission date of the Proposals, unless FSDMoç deems that such an extension is justified and necessary.

### **5.2. Amendment of RfP documents**

FSDMoç may for any reason deemed necessary, such as in response to a clarification requested by a bidder, modify the RFP in the form of a Supplemental Information to the RFP, prior to the deadline of proposal submission. FSDMoç may use the same channels used to launch the RFP to make available all changes/amendments and additional instructions through the supplemental information to the RFP. To allow bidders reasonable time to consider the amendments in preparing their Proposals, FSDMoç may, at its discretion, extend the deadline for submission of Proposals.

### **5.3. Preparation of Proposals**

An indicative list of requirements to each group of bidders is provided in the table below, to guide them in the preparation of their business proposals.

#### **▪ Language**

The Proposal, as well as all related correspondence exchanged by the bidder and FSDMoç shall be written in ENGLISH or PORTUGUESE, only.

Any other relevant document submitted by the bidder to support the proposal in a language other than the language indicated above, must be accompanied by a translation. For purposes of interpretation of the Proposal, and in the event of discrepancy or inconsistency in meaning, the version translated into the preferred language shall govern. Upon conclusion of a contract, the language of the contract shall govern the relationship between the contractor and FSDMoç.

#### **▪ Technical Proposal**

The technical proposal should incorporate the following information:

Window 1	Window 2 and 4	Window 3
<ul style="list-style-type: none"> <li>- Bidder's capabilities (20%) - The capabilities of the individuals, enterprises, associations, or others showing prior relevant experience, with the activity operating on</li> <li>- Demonstrate how the proposed innovation will be implemented and what is the management structure in place. If associated with other individual (s) explain the role of each.</li> <li>- Explain the business opportunity identified and how it will be profitable and self-sustainable.</li> </ul>	<ul style="list-style-type: none"> <li>- Bidder's capabilities (20%) - The capabilities of the individuals, institution, showing prior relevant experience, including the list of projects/contracts (both completed and on-going, both domestic and international) which are related or similar in nature to the requirements of the RFP.</li> <li>- The management structure to implement the project, if a partnership, the management structure of all partners.</li> <li>- If a partnership, the role of each partner.</li> <li>- Key staff: roles of 1-3 key people, with the percentage of time that each will devote to the project CVs of key people should be in annex.</li> <li>- The Business opportunity – demonstrating how the pilot project can contribute to the objectives of REFP.</li> <li>- The importance of the business and its value chain in promoting social and economic inclusion of local communities.</li> <li>- Scalability – how this model can be replicated in other locations</li> <li>- Exit strategy – how will the implementation of the proposed business or initiative continue after REFP support.</li> </ul>	<ul style="list-style-type: none"> <li>- Describe the Agency/Institute/Ministry and its main mandate.</li> <li>- Provide details of the implementation structure for the proposed project.</li> <li>- How the proposed project is aligned with the Agency/Institute/Ministry mandate and what is the market constrain that is being addressed; if is related to a law or regulation provide details of the current stage and what is the change proposed;</li> <li>- Exit strategy – how the project will continue after end of REFP funding;</li> </ul>

- **Proposed Methodology and Approach (15%)**

A broad implementation approach has been provided to ensure that there is opportunity to develop and test solutions. Specifically, bidders should provide more details about what is planned for each phase.

- Describe your product/solution
- Provide details of the project and implementation approach
- Identify the specific target group for your solution – describe specifically which of the one presented above is your target group.

- **Business model (30%)**

- Revenue model: how does the initiative generates income or becomes sustainable?
- Growth projections: without any further donor support, demonstrate what outreach you anticipate attaining at 2, 4, and 6 years.
- Strategic buy-in: is IOF funding policy to sought cost sharing with the recipient of funds. Please demonstrate your organization matching contribution. (Please refer to the Financial Proposal section on the matching fund requirements);

- **Monitoring and Evaluation (10%)**

- Appropriate M&E plan to measure project results.
- Relevant M&E tools and performance indicators

- **Implementation Plan**

- Detailed work plan including:
  - all programmatic and administrative areas of the activities.
  - Timeline of activities.

## **5.4. Partnerships**

FSDMoç strongly encourages partnerships between those working with project target groups or rural communities (e.g., those promoting contract farming of smallholder farmers) and technology companies (e.g., FinTech's) to complement each other's capacity and develop innovative products and models with best chance of reach REFP's objectives.

If the bidder is a partnership of legal entities, they shall confirm in their Proposal that:

- They have designated one party to act as a lead entity, duly vested with authority to legally represent the partnership and lead engagement with FSDMoç.
- If they are awarded the grant, the grant agreement shall be entered into, by and between FSDMoç and the designated lead entity, who shall be acting for and on behalf of all the member entities comprising the joint venture.

After the Proposal has been submitted to FSDMoç, the lead entity identified to represent the partnership shall not be altered without the prior written consent of FSDMoç.

### **5.5. Financial Proposal**

The Financial Proposal shall cover all costs associated with the implementation of the project. It shall also list all major cost components associated with the project phases, and the detailed breakdown of such costs. Matching funds will be required according to each window, and REFP and FSDMoç reserves the right to negotiate this amount with the winners.

Bidders should demonstrate:

- Alignment to REFP objectives, specifically to IOF funds, elaborating on the extent to which the project will contribute to meeting these objectives, creating a socio-economic impact at scale and replicability.
- Value for Money: how the project will consider efficiency and effectiveness, therefore avoiding waste of funds and reaching a scale that is proportionally acceptable for the amount being invested;

### **5.6. Currency of the Proposal**

The financial proposals can be presented either in MZN or US dollars (\$). Disbursements will be made in MZN.

### **5.7. Submission of Proposal**

Terms of reference are available for download on fsdmoc's acquisition platform <http://form.fsdmoc.org.mz> . Sign up on FSDMoç's acquisition platform <http://form.fsdmoc.org.mz> to submit the proposal or send to email: [refp@fsdmoc.org.mz](mailto:refp@fsdmoc.org.mz)

We encourage all those interested in submitting proposals to participate in the promotion sessions that will be organized by FSDMoç, in all provinces.

Proposals are open until all funds have been allocated by the Evaluation Committee.

### **Deadline for Submission of Proposals and Late Proposals**

Proposals are open until all funds have been allocated by the Evaluation Committee.

### **5.8. Evaluation of Proposals**

Bidders should be able to demonstrate the development impact ( direct or indirect), the potential systemic change elaborating on how the project will reach others beyond its immediate beneficiaries, how and if it has potential to scale, and the impact on women's economic empowerment. Bidders will have to develop and deploy appropriate and innovative financial products and alternative delivery channels (DFSs) that increase their outreach to the very poor and marginalized groups.

The Evaluation Committee will undertake the evaluation of the proposals against the selection criteria listed in the table 2. Bidders should structure their proposals according to the criteria to facilitate scoring.

Table 2: Selection Criteria

Selection Criteria	Weighting
Innovation and Potential for Expansion	30%
Capabilities (individual and organizational)	20%
Business model	20%
Implementation Plan (incl. M&A)	20%
Budget	10%
<b>TOTAL</b>	<b>100%</b>

### 5.9. Due Diligence

Upon selection, FSDMoç will undertake a due diligence process. The due diligence reviews and evaluates current and existing operating and financial systems of applicants. Emphasis is placed on the organization's overall management capacity, financial reporting and management capability and technical expertise/experience. This will be done by FSDMoç and REFP.

