

Request for Information (RFI)
Host Organization for Better than Cash Alliance
Amended 11/4/11

Version: 1.1
Date: 11/5/2011
RFI number: 005

Amendment to BTC RFI

Due to multiple requests the BTC RFI has been amended to reflect a revised timeline in order for respondents to have additional time to consider the response. This amendment supersedes any and all references to previous timelines contained herein.

Replaces text contained on page 8/12

RFI Release	October 27, 2011
RFI Intent to Respond (Via email to the contact persons below on or before the end of business day)	November 8, 2011
Responses To Respondent Questions (A conference call maybe arrange via WebEx to address questions)	November 8, 2011 Conference call from 4pm-5pm.
Respondent's RFI Submission	November 10, 2011
Selected Respondent's Notified for Submission of RFP	November 15, 2011

-----**End of Amendment**-----

Introduction and purpose of the RFI

Invitation to Reply

NetHope invites your organization to submit information related to your interest in the Better than Cash Alliance and institution formation based on the specifications, requirements, terms and conditions set forth in this Request For Information (RFI).

It is envisioned the Better than Cash Alliance and the institution that hosts it will take a leadership role (advocacy, resource development, and knowledge management) to further the use of cashless payments¹ in private sector businesses, international development programs and in host country direct cash transfers². By moving away from cash, this alliance will lead a campaign to further aid effectiveness, business and donor efficiency and drive financial inclusion objectives. This RFI is intended to enable NetHope and USAID GBI to identify a respondent or collection of respondents to supply

¹ Including but not limited to bank accounts, prepaid cards (bank issued magnetic cards or smart cards) using Point of Sale Devices, and mobile money

² E.g., government worker salaries, welfare payments, etc.

the technical resources and services to develop and deliver the Better than Cash Campaign.

NetHope and USAID GBI

NetHope facilitates collaboration among its member agencies to improve their productivity. Our 34 Non-Governmental Organization (NGO) members seek humanitarian solutions, leveraging replicable and sustainable Information and Communication Technologies (ICT) deployment in the developing world. A list of the names of NetHope members can be found [here](#). Collectively, the NetHope membership represents an annual total spending of over \$40 billion on development projects in over 180 countries. By collaborating via NetHope, these organizations are able to share tools, programs and solutions that can be used across the NGO community. NetHope believes that coordinated and collaborative frameworks that bring together uncommon alliances of donors, the private sector, implementers and governments are critical to extending the impact, reach, and scale of humanitarian programs in the international development community.

In 2010, USAID joined NetHope to form the Global Broadband and Innovations Alliance (GBI). The primary focus of the Global Broadband and Innovations (GBI) Alliance is to provide leadership on a range of information and communication technology (ICT) related activities across USAID's development portfolio. This includes not only infrastructure, but also the leveraging of that infrastructure to support broadband and mobile network-enabled applications for programs including education, health, agriculture, and economic growth.

The GBI Program focuses strategically on two priority areas:

1. Extending the reach of broadband, including enhanced mobile networks, into more remote rural areas as a key infrastructure for extending the reach of socioeconomic services through USAID's NGO and contractor partners, as well as others working within the international, national, and local development community, and
2. Leveraging the extension of these broadband and mobile networks for delivering network-enabled value-added application support across USAID's development portfolio. **This is the primary focus of this initiative.**

Background on Electronic Payments at USAID

USAID has embarked on an ambitious reform effort, USAID Forward, to change the way the Agency does business—with new partnerships, an emphasis on innovation and leverage and a relentless focus on results. USAID's financial and political position provides a major opportunity to promote greater use of electronic payments systems in order to jumpstart usage of these services in target developing countries. There are several forms of technology that can be used to enable non-cash payments, such as bank accounts, Electronic Funds Transfer (EFT), pre-paid cards and smart cards linked to Point-Of-Sale devices, and mobile money. As an example, mobile money has been proven to accelerate financial inclusion and helps achieve broader USG goals. These include:

>>>Increasing financial inclusion: Mobile money provides individuals with access to basic financial services.

- Today, over 15 million Kenyans use their mobile wallet. Contrast this with five years ago, when only 6 million Kenyans had access to formal financial services. And according to a recent survey, over 80 percent of families use M-PESA for saving money.

>>>Improving transparency and rooting out corruption: Paying public employees or collecting utility fees or taxes using mobile phones can serve as the lynchpin in government efforts to improve transparency, mitigate corruption, and reduce leakages in the disbursement of funds. It at once empowers governments to solve their own problems and holds them to account for the outcomes.

- When the Government of Afghanistan started paying government employees and police officers through mobile phones, it immediately cut out so much graft that some employees actually thought they were getting a 30% raise.
- A government that pays salaries using a mobile phone can easily tax transactions and root out 'ghost' payrolls.

>>>Empowering the private sector and entrepreneurs to develop innovative solutions to poverty: A mobile payment infrastructure provides a platform to solve critical public problems. By significantly lowering barriers to entry, it unleashes the private sector and local entrepreneurs to create sustainable fee-for-service models and develop payment products, like affordable access to clean water or medical savings plans.

- In Kenya, Grundfos LIFELINK allows rural communities to access safe water and pay for it using M-PESA.
- In Kenya, Changamka Microhealth Ltd is using M-PESA's bill pay function to help expectant mothers save for maternity health care.

For the reasons listed above, USAID has prioritized the expansion of bank/microfinance accounts, mobile wallet technology, and other technology-driven financial services .

- Afghanistan: USAID launched a \$5 million Mobile Money Innovation Grant Fund managed by the Financial Access for Investing in the Development of Afghanistan (FAIDA) program. Through this initiative, USAID will convert 400,000 Afghan civil servants and security personnel salaries currently being paid in cash onto the mobile phone, facilitate bill payment for the 750,000 electricity customers, and encourage USAID implementing partners to use mobile money.
- Haiti: USAID partnered with the Bill & Melinda Gates Foundation to launch the Haiti Mobile Money Initiative (HMMI) to issue prizes for the start-up and scaling of mobile money in Haiti following the earthquake. If successful, this effort will result in 5 million transactions and millions of active mobile money users within three years. In January 2011, one year after the earthquake, HMMI awarded Digicel and its partner bank Scotiabank, its "First to Market" award of \$2.5 million for "Tcho Tcho Mobile." In August, HMMI awarded mobile operator Voila

and their bank partner Unibank \$1.5 million for “Ti-Cash.” By the end of July, our partners reached 300,000 subscribers and Haitians have conducted nearly 1,000,000 transactions.

In addition to Haiti and Afghanistan, we are beginning to design mobile money programming in several other countries. We are also beginning to actively encourage our Missions and partners to use electronic payments in place of cash, where appropriate.

Background on Better Than Cash

Today, in the developing world, host country governments, private sector businesses and donor agencies make hundreds of millions of dollars of payments in cash. These payments are for everything from salary payments; pensions; welfare payments; ;cash-for-work programs, emergency relief payments, vouchers, conditional cash transfers, and cash transfers to vulnerable populations.

The majority of these payments are delivered to individuals in cash form, despite the presence of infrastructure to enable electronic disbursement – e.g. debit cards, smart cards, ATM networks, mobile money and branchless banking services – in a growing number of emerging markets. Cash disbursements can lead to a four key challenges:

1. The dangers and inefficiency of cash- and voucher- based payments, particularly amongst women who are often targets of violence when holding cash sums. In highly insecure environments, up to 30% of payments are lost to “sticky fingers” and/or systematic corruption.
2. The need for sustainable development solutions through fee-for-service models across agriculture, health and energy.
3. The lack of financial services amongst the developing country populations (less than 10% of the population), which stifles economic opportunities and growth.
4. Limited visibility into financial flows which create a conducive environment for financing drug and human trafficking and other illicit transactions.

Furthermore, there is growing evidence of the benefits that migrating to electronic disbursements for large-scale payments programs, based on initial experiences in emerging markets. For example, the Mexican government has started to disburse welfare payments through electronic and mobile means. This has yielded benefits for both the government and recipients. The cost of delivery for the government has dropped by 20%, and for recipients, the transportation costs associated with obtaining welfare payments have fallen by an estimated 77%. A recent McKinsey report found that the Indian government could save \$22.4 billion annually if it transitioned from cash based payments to electronic payments.

Many private sector businesses in Kenya are finding that the cost savings associated with transitioning from cash to the use of mobile money services. A Microfinance

Institution has found up to 64% cost savings by switching to using mobile money to disburse loans to rural small holder farmers. There is good reason to believe these cost savings can translate across to larger private sector businesses, as well.

In Kenya, where use of mobile money services is widespread, there is mounting evidence of the gains that low-income people have experienced by virtue of having a mobile money account and storing money electronically. Initial studies have shown that families that use mobile money accounts save 50% more than they would otherwise and are 40% less likely to skip a meal for lack of money.

Furthermore, migrating from cash to electronic disbursements for cash-transfer programs can serve as a catalyst for driving greater financial inclusion. Cash transfer programs reach individuals that often lack access to quality financial services, e.g. conditional cash transfer programs that target the poor, and cash-for-work programs that reach individuals in post-emergency situations or fragile state contexts.

Furthermore, there is growing evidence that electronic and/or mobile payments systems can provide the 'building blocks' for extending access to a wider array of financial services. For certain populations, mobile payments address a more urgent need (transferring or receiving money securely and at low cost) and offer a clearer immediate benefits case (cost savings, immediate verification) than other financial services and thus serve as a more appealing 'entry' product to start people down the path of fuller financial inclusion. In addition, there are examples of successfully leveraging mobile money platforms to serve as a delivery channel for additional financial services. In Kenya, Safaricom and Equity Bank have introduced M-KESHO, an interest-bearing savings account linked to M-PESA that provides a vehicle for customers who use M-PESA for money transfers to hold a formal savings account.

Leveraging business, donor, or government financial flows via cash transfer programs could also help achieve scale mobile payments in countries where such services are not yet well established. Generating initial customer interest and adoption is a key challenge in launching mobile payments, given the network effects inherent in mobile transactions. Cash transfer programs could help address the upfront barriers to scale by introducing mobile payments to a sizable population.

Given this context, there is a clear opportunity for the international business, donor, host government communities and other stakeholders to come together to seize this opportunity to move towards electronic disbursements in order to increase the effectiveness, efficiency, and transparency of cash transfer programs.

This opportunity lends itself to a multi-stakeholder approach, given that there are clear benefits for the multiple parties that would be involved in a mobile payments system at a country level. In migrating from cash to mobile payments, international donors would benefit from increased transparency and greater assurance that their development expenditures are reaching their intended recipients. Host government agencies have the potential to reduce their own operating costs while simultaneously reducing leakage of payments – and these same benefits would accrue to NGOs and other implementers of

donor-funded cash transfer programs. Private sector actors – notably mobile payments technology companies, mobile operators, and banks – would have a vested interest in expanding mobile payments in that it would potentially enable them to access new customers and could provide additional revenue streams. Finally and most importantly, recipients of mobile payments would benefit from a safe and efficient way to receive payments that offers them greater convenience and reduced costs (in terms of logistical and security costs of transporting cash, time waiting in line, etc.). And as noted above, migration to mobile payments could be a catalyst to help drive wider financial inclusion among excluded populations.

In light of this opportunity, USAID is exploring the potential to launch a multi-stakeholder Alliance and Campaign – provisionally entitled *Better Than Cash* – with the aim of significantly reducing reliance on cash disbursements of donor-funded development programs and host government cash transfer schemes.

The role of this multi-stakeholder alliance would be to set an ambitious target for the scale up of electronic disbursements (and scale down of cash transfers); to provide enabling mechanisms to migrate from cash to electronic means; and to hold alliance members accountable for achieving the stated goals through transparent measurement of progress.

Such an alliance would likely involve the mobilization of a campaign – to raise awareness of the compelling case for electronic disbursements – as well as mechanisms for accessing financial and technical resources needed to enable implementation of electronic disbursements. The envisioned alliance would be supported by a secretariat charged with managing the global awareness; coordinating implementation efforts across countries; monitoring and reporting progress; and managing ongoing stakeholder relationships.

Such an alliance would ideally involve multiple host country governments, private sector businesses, and major international donors that fund cash transfer programs – e.g. USAID, World Food Programme, UNDP, and the World Bank. And it would initially focus on a set of countries which have both large scale cash transfer programs as well as established or rapidly emerging mobile payments systems and infrastructure. One way this campaign could be crafted would be that these alliance members would agree to:

- a) a set of principles in moving away from using cash
- b) individual work plans including benchmarks in replacing cash
- c) agreement in how they would track their movement away from cash
- d) Active participation in the alliance to share experiences and be open for further research

The home institution, or the secretariat, would lead and coordinate amongst the initial alliance members and new alliance members in these efforts.

Scope

Through this RFI, NetHope is seeking to focus on developing the strategy and design of the envisioned alliance and campaign. Within this RFI, we are seeking to get an understanding of how the responding entity would work with USAID to identify the initial prospective members of the alliance, define the structure and role of an alliance secretariat, craft a roadmap and implementation plan, and develop an accountability framework, and estimate resource and funding requirements.

Specifically we are using this RFI to determine the responding organization's structure for determining and ultimately housing the Better than Cash Alliance, Campaign and institution including strategies for:

- Timescales for implementation / high level work plan
- Communications plan and expertise in campaign management
- Roles and responsibilities of key stakeholders
- Role and profile of the 'alliance secretariat'
- Managing stakeholder relationships; attracting new members
- Measuring and monitoring progress
- Managing the 'campaign'
- Sharing learning and communicating successes and lessons learned
- Managing any centrally-held budget / resources
- High level resourcing / staffing requirements

Next steps

NetHope expects rapid turnaround on this process and ask respondents to execute the intention to respond form no later than November 3, 2011. Full submission of the RFI materials are due by the close of business (5pm EST) by November 7, 2011.

RFI Timetable

EVENT	DATE
RFI Release	October 27, 2011, 2011
RFI Intent to Respond (Via email to the contact persons below on or before the end of business day)	November 3, 2011
Responses To Respondent Questions (A conference call maybe arrange via WebEx to address questions)	November 4, 2011
Respondent's RFI Submission	November 10, 2011
Selected Respondent's Notified for Submission of RFP	November 15, 2011

NetHope Contacts

Respondents will submit any inquiries, responses of intent to bid, clarification requests and submissions related to this RFI to the following NetHope contacts:

Dr. Erin Mote
Chief of Party
USAID Global Broadband and Innovations Alliance
rfireplies@gmail.com
Skype: erinmote

Duplicate copy to alison.padget@nethope.org

Instructions for Intent to Respond and Submitting Proposals

1. It is requested that respondents notify in writing one of the individual listed in above either accepting NetHope's invitation to participate in this RFI process or expressing your intention not to participate. It is encouraged that for respondents to do so by e-mailing the Intent to Respond Form set forth in Appendix I to the email addresses of the contact listed above no later than close of business on November 3, 2011. The person listed in the Intent to Respond Form will be treated as the main contact for this process. **The RFI and the matters described therein are confidential and should be treated accordingly.**
2. A conference call will be arranged to assist in the preparation of your written response and presentation/demonstration, provided that you will bear any out-of-pocket costs incurred in so doing. Written questions should be sent to appropriate contacts no later than October 30, 2011. Questions will be answered by November 4, 2011 or as soon as commercially practicable thereafter.
3. You must submit electronic copy of your response in a single Adobe PDF format. All documentation shall be submitted by close of business (5pm EST) on November 10, 2011 to the contact listed above. Any response received after this date will be considered non-responsive, and NetHope will not be obligated to engage your organization any further in our RFI process.
4. All responses and supporting documentation become the property of NetHope and will not be returned.
5. NetHope ultimately reserves the right throughout this process to select any servicing option that best meets its business requirements and to hold discussions with any and all respondents.
6. You must agree to the following conditions if you submit a response to NetHope regarding this RFI:
 - a. Neither issuance of this RFI nor receipt of proposals represents a commitment on the part of NetHope or any affiliate, subsidiary or local

- office. Any obligation of NetHope to proceed with any party is conditioned upon the negotiation and execution of a definitive agreement between the parties.
- b. If NetHope selects your organization to advance in the RFI process, a definitive agreement will be negotiated between NetHope or any NetHope member organization and you, subject to such other terms and conditions as NetHope or NetHope member organization may propose and you may agree.
 - c. You will bear any and all costs and expenses incurred by you in the preparation of any responses or presentations relating to this RFI.
7. Neither party shall use the name of the other in publicity releases, referrals, advertising, or similar activity without the prior written consent of the other.

Required Written Response

Respondents need to respond in a format that refers to the following sections and numbered items and must specifically address each and every request for information contained herein. If you are unable to comply with any information requested, an explanation must be provided as part of the response. We ask that the written responses are limited to 10 pages or less (Times New Roman Font Size 12) with no appendices.

1 Company/institution Information

- (i) List your company/institution's full name, corporate address, telephone number and fax number.
- (ii) List your company/institution's primary contact and back-up contact for this RFP process. Please include title, address, telephone number, fax number and email address.
- (iii) Describe your company/institution's philosophy, vision, mission and long-term strategy. Describe how this vision would benefit NetHope, its members, and the USAID BTC Campaign.
- (iv) Describe your company/institution's approach on forming strategic partnerships with their clients.
- (v) Describe your experience in partnering with other global NGO, host country governments, donor institutions and private sector.
- (vi) Provide your company/institution's audited financial statements for the current year and the last three fiscal years
- (vii) Provide a list of your major partnerships, with contact information, that are similar in size and culture
- (viii) Describe any conflicts of interest that your company/institution may have in entering into a relationship with NetHope or a NetHope member organization.
- (ix) Describe any conflicts of interest that your company/institution may have in entering into a relationship with USAID.

2 Core Competencies & Industry Expertise

- (i) Describe your company/institution's Core Competencies. Describe how these competencies would be optimal for the housing of a multi-lateral campaign to

increase the use of electronic payments in lieu of cash-based payments in developing markets.

- (ii) Describe your company/institution’s competencies with knowledge dissemination.
- (iii) Describe your company/institution’s competencies with convening multilateral stakeholders (including governments, donors, private sector, and international NGOs) and brokering partnerships.
- (iv) Describe your company/institution’s ability to execute a communications and marketing strategy, inclusive of social media
- (v) Describe your company’s experience and ability in developing scorecard methodology, data collection and monitoring.
- (vi) Describe your experience in executing technology-based partnerships on other similar projects.
- (vii) Describe your existing worldwide partner network including: host country governments, institutional donors, private sector, and NGOs in developing markets.

3 Approach

- (i) In no more than one page, please provide an overview of your organization’s approach in creating the housing of a multi-lateral campaign to increase the use of electronic payments in lieu of cash-based payments in developing markets.
- (ii) Please describe how existing personnel and leadership of your institution have demonstrated experience or capacity in the housing of a multi-lateral campaign to increase the use of electronic payments in lieu of cash-based payments in developing markets.

END OF RFI

RFI: NetHope Better Than Cash RFI

To:

Dr. Erin Mote
Chief of Party
USAID Global Broadband and Innovations Alliance
rfireplies@gmail.com
Skype: erinmote

Duplicate copy to alison.padget@nethope.org

From: Company Name: _____

Contact Name: _____

Address: _____

Telephone:

Fax:

E-Mail:

Please state your intentions with regard to this RFI by checking one of the boxes below:

- We intend to respond to this RFI by November 10, 2011
- We are not responding to this RFI and will destroy all associated materials by November 10, 2011 the reason we have decided not to respond is:

Signature of Contact Person

Date