



Issuance Date	January 5 th , 2025
Preapplication Questions Response Conference	By January 12 th , 2025, 2:00 p.m. EAT
Closing Date /Time for submission of the Applications	By January 20 th , 2025, 11:59 p.m. EAT
Estimated Grant Period of Performance (PoP)	Two years

Subject: Notice of Funding Opportunity (NOFO) #IRiS-NOFO-010-2024 for Scaling access to formal financial services to micro and small businesses run by women -SLI (Adolescent Girls' Education in Somalia Activity)

Dear Prospective Applicants:

The Inclusive Resilience in Somalia (IRiS) program is seeking grant applications from qualified Impact financial institutions (FIs) in Somalia interested in implementing access to credit for women-owned micro-businesses activity.

IRiS intends to make an award to the applicant responsible whose application best meets the requirements of this NOFO, and the Merit Review Criteria contained herein. While more than one award is anticipated as a result of this NOFO, IRiS reserves the right to fund any or none of the applications submitted.

To be eligible for the award, the applicant must provide all information as required in this NOFO and meet eligibility standards in Section 3 of this NOFO Document.

If you decide to apply, it should be received by the closing date and time indicated at the top of this cover letter via email attachment to iris.grants@dt-global.com.

Applicants must meet the requirements of eligibility for this Notice of Funding Opportunity (NOFO), those who do not will be disqualified.

The grant(s) will be awarded and implemented in accordance with U.S. government regulations governing grants and the Project's internal grant management policies.

Potential awardees will be subject to a pre-award risk assessment that will be conducted by the IRiS Program and may include a pre-award visit to the applicant's place of establishment. A positive risk assessment will confirm that the awardee possesses, or has the ability to obtain, the

necessary management competence in planning and carrying out project activities and that it will practice mutually agreed upon methods of accountability for funds provided by IRiS program.

Pursuant to 2 CFR 200 Subpart E and 2 CFR 700.13, it is USAID policy not to award profit under assistance instruments. However, all reasonable, allocable and allowable expenses, both direct and indirect which are related to the grant activity and are in accordance with applicable cost standards (2CFR 200 Subpart E for non-profit organizations and educational institutions, and the Federal Acquisition Regulation (FAR) Part 31 for for-profit organizations), may be paid under the Award.

Awards shall be made and administered in accordance with all pertinent USAID policies and regulations.

For non-U.S. organizations, the ADS 303mab, Standard Provisions for Non-U.S. Non-governmental Organizations and 2 CFR 200, where incorporated, will apply.

The IRiS program may issue one or several grants and reserve the right to fund any or none of the applications submitted. Issuance of this NOFO does not constitute an award commitment on the part of IRiS, nor does it commit the program to pay for costs incurred in the preparation and submission of an application. Further, IRiS reserves the right to reject any or all applications received if such action is in the best interest of the IRiS project. Applications are submitted at the risk of the Applicant; should circumstances prevent making an award, all preparation and submission costs are at the Applicant's expense.

Thank you for your interest in Inclusive resilience Program in Somalia (IRiS)

Sincerely,

Robert Mwadime Ngolo

Chief of Party • IRIS

This NOFO consists of the following sections:

- Section 1–Description of the Funding Opportunity
- Section 2–Award Information
- Section 3–Eligibility Information
- Section 4 – Application Questions and pre-application conference
- Section 5 – Application and Submission Information
- Section 6 - Evaluation of Applications
- Section 7 – Annexes

Section I – Description of the Funding Opportunity

Activity Summary

IRiS works with various institutions and partners to deliver flexible and context-relevant interventions at the Community, State, and Federal levels. The Inclusive Resilience in Somalia (IRiS) project is a five-year program (2022-2027) funded by USAID and the Foreign Commonwealth Development Office (FCDO). The program is being implemented by DT Global and other consortium partners, including Save the Children, Mercy Corps, Somalia Agriculture Technical Group (SATG), and ITAD. Since 2022, IRiS has been working in Benadir, Hirshabelle and Jubaland regions within USAID's Geographic Focal Zones (GFZ). (Refer to map figure one)

IRiS implements an inclusive market systems transformation approach using grant and non-grant partnerships to improve households' livelihoods through improved business and system-wide resilience. The program strengthens partners' capacities to improve market systems in the agriculture, livestock, fisheries, financial inclusion, and energy sectors.



Figure 1 USAID's Geographic Focal Zone in Somalia

Contextual Background

The Somali urban population is rapidly growing due to high levels of rural-to-urban migration prompted by economic opportunities and displacement as a result of conflict and climate-related shocks¹. The country has an urban population of 8.6 million, comprising 46.5% of Somalia's total population. 54.6 % of the urban population lives below the national poverty line of \$2.06 per day.² The national unemployment rate in the country stands at approximately 19%, with women facing a higher unemployment rate of 24.86%.³ Moreover, the nation hosts the largest IDP population in Africa, next to DRC. Congo of 3.8 million⁴, of whom 75% live on less than \$1.92 per day.⁵

IRiS envisions the integration of urban poor and IDPs into the urban economy by addressing underlying causes of market failure that inhibit their gainful participation. These include limitations in infrastructure, supply of efficient technologies, access to financial services, skill training, access to domestic and international markets, and business enabling environment. This intervention addresses constraints in the enabling environment to improve access to formal financial services for micro and small businesses run by women.

Market System-level Constraints

Women make up 50% of Somalia's population⁶ and are the primary breadwinners in 32% of households⁷. Enhancing women's participation in productive economic activities can significantly improve their families' livelihoods. However, Somali women face numerous barriers to economic engagement, including restrictive cultural norms that favor men in the workforce and limit women's roles in decision-making. Many women lack access to education and vocational training, which severely restricts their job prospects. Notably, 54% of women aged 15 to 24 are neither employed nor in school, compared to 24% of men in the same age group. Additionally, 51% of women have no formal education, compared to 26% of men⁸.

Most Somali women rely on informal and micro-businesses to support their families, with women owning 60% of micro-businesses, 70% of which operate informally⁹. Despite their critical role in the economy, these women face numerous challenges in accessing formal financial services. Key barriers include stringent collateral requirements, a lack of financial products tailored to women and micro-businesses, cultural norms that exclude women from financial decision-making, and the absence of required identification documents. Institutional factors further complicate access, as financial institutions often perceive lending to women as high-risk due to Somalia's economic instability and security concerns. Additionally, many women entrepreneurs operate in low-margin sectors with limited market linkages, making them less attractive to lenders. A study by Oxfam in Somaliland revealed that only 9% of women business owners had applied for formal loans, with only half of these applications approved. Furthermore, 74% of women do not have a bank account, while 90% rely on mobile money to save and transfer funds¹⁰.

To address these challenges, tailored interventions are essential, including financial literacy programs, gender-sensitive policy reforms, and innovative financial products designed to meet the needs of women in micro-businesses. IRiS partnered with IBS Bank and Shaqadoon organization as a Business Development Services provider in its second year to tackle these barriers. Through this collaboration, IRiS facilitated investment readiness and access to finance training for 300 youth & women drawn from Mogadishu, Baidoa and Kismayo with specific types of financial products (Murabah) microloans, which is an asset-based financing type within the broader range of Islamic financing Instruments ranging from \$500 to \$1,000 through IBS Bank which was based on the businesses plan presented by the participants. This intervention has made a significant impact by supporting women and youth in expanding their businesses and increasing their profits, resulting in the creation of 402 additional jobs (temporary and permanent). Building on the success of this pilot, the IRiS Urban Livelihood Team plans to scale the initiative to reach

an additional 2,000 women-owned micro-businesses by selecting from a pool of 10,000 Women's Village Saving and Loan Associations (VSLA) groups that have been supported by the AGES project, funded by USAID and implemented by CARE International Somalia in Mogadishu, Kismayo, Badioa and Jowhar.

Program Description

IRiS will provide funding through a Fixed Amount Sub-award (FAS) grant of up to USD 200,000, to a selected financial institution (FIs) as a (8%) guaranteed fund capital grant of USD 2,000,000 intended for Scaling access to formal financial services to micro and small businesses run by women -SLI (Adolescent Girls' Education in Somalia Activity). Subsequently, the grant support will help the grantee in the development of digital tools for awareness creation on financial literacy and facilitating in person awareness creation campaigns.

This stimulus will help the grantee to stimulate on-lending to micro and small businesses run by women to reduce the perceived high risk to financing the productive sector, thereby enabling them to grow or expand their businesses.

The requirement is that under this program assistance - a minimum of 2000 loans, with average loan size of \$750 ranging from \$500 to \$1000 be provided to the micro and small businesses run by women.

Conditions will be lifted, and the grant will become permanent on closure of the IRiS project (o/a June 2027) when DT Global vests the guarantee fund (grant) to the grantee, whose role is to continue to issue guarantees to build loan volume to businesses within the respective IRiS productive sectors.

Features of the Scaling access to formal financial services to micro and small businesses run by women -SLI (Adolescent Girls' Education in Somalia Activity)

IFIs who receive grant support are required to:

- i. Provide loan from their resources to the micro and small businesses run by women from the productive sector MSMEs, including women- and youth-owned businesses, and other marginalized groups.
- ii. Create a digital financial literacy tool that could be used during awareness creation and made accessible to the public.
- iii. Conduct awareness creation on financial literacy and requirements of formal financial institutions for women running a micro business to at least 6000 women from the 10,000 graduates of the AGES project
- iv. Assess major types of business the women are engaged in and tailor the existing loan products to their needs (repayment duration, grace period, and loan size)
- v. Support interested micro businesses to complete their application for loans
- vi. Undertake due diligence to select feasible micro business for formal loan
- vii. Disburse the funds for micro enterprises and provide monitoring support

Performance Incentives: The grant agreement may incorporate performance incentives for the use of the grant to underwrite borrower loan risk at ‘tiered levels’ on loans advanced that carry differing levels of risk. i.e. sectoral, financial, operational, security and political. This serves as an incentive for the FI to issue and maintain larger SME loan balances and volume throughout the period of the program.

Market Incentives: The FI benefits from the de-risking of its loan portfolio to enable it to finance more and larger value SME loans. As the FI demonstrates accelerated loan volume expansion.

Terms of Disbursement: The grant amount will be disbursed based on the achievement of predetermined milestones as set out in the grant agreement that reflects the grantee’s lending performance and utilization of the guarantee facility.

Utilization of the grant fund:

The grantee FI is required to administer the credit guarantee scheme to participating MSMEs over the life of the grant agreement (February 2025 – February 2027). Our current estimates for utilization of the grant fund:

- i. Average loan size (\$750) X guarantee coverage (8%) = \$60 per loan.
- ii. \$60 x 2000 clients = \$120,000 (de risking fund)
- iii. IRiS the grantee will co-invest other activities
 - Development of digital tool for awareness creation on financial literacy
 - Facilitating person awareness creation campaigns

Grant/Activity Description

This intervention targets women micro-business owners seeking formal credit to grow or expand their businesses. In the scale-up phase, IRiS partners with financial institutions to facilitate access to credit for women-owned micro-businesses, focusing on 10,000 girls and women who have participated in job readiness and financial literacy training. These courses, provided through the AGES project, cover literacy, numeracy, financial literacy, savings, basic business planning, leadership skills, and sexual and reproductive health.

In this phase, IRiS will leverage 8% of the loan amounts for the first 2,000 women, with loans ranging from \$500 to \$1,000. Additionally, the project will incorporate the development of an investment readiness toolkit to enhance women’s financial management and investment decision-making capacity.

By improving access to formal financial services, this intervention aims to foster employment opportunities for the urban poor through micro-business growth and expansion. Moreover, it will increase micro-businesses resilience to economic shocks by improving savings habits, diversifying income sources, ensuring sustained access to financial services, and enhancing household and market system resilience.

Gender and Inclusivity in the MSD

The primary gender and inclusivity objective of this activity is to ensure that women, youth, and people with disability are not marginalized because of their inability to provide formal credit history or pledge land, buildings or other assets as collateral for the loan. IRiS will mainstream the inclusion of women, youth, and people with disability in this activity by:

- i. IFI guaranteed loan offerings will encompass Women's Economic Empowerment as part of its core mandate.
- ii. IFI will be encouraged to have gender-sensitive processes and training materials/tools with modules on gender sensitivity in service delivery.
- iii. IFI will be required to develop gender-sensitive financial products, especially those targeted to PWD and Youth.
- iv. IRiS MEL systems will rigorously measure uptake and impact for women, youth, and other marginalized groups (minimum quarterly).

Grant activity Outputs and outcome

IRiS' partnership with Fis is projected to contribute to the following performance indicators:

<i>EG.4.2-1</i> Total number of clients benefiting from financial services provided through USG-assisted financial intermediaries	Approx # of clients: 2000
<i>PSE-4</i> Value of private sector resources the USG leverages to support U.S. Foreign Assistance Objectives.	\$ 750*2000=1,500,000
<i>EG.5.1</i> Number of enterprises directly or indirectly supported by USG micro, small, and medium-sized enterprise resources.	260
<i>EG.3.2</i> Number of individuals participating in USG food security programs.	2000*5=10,000

Section 2 – Award Information

- i. **Estimate of Funds Available**
Subject to the availability of funds, the IRiS Program intends to provide up to USD 200,000 to successful grantees over a 24-month period.
- ii. **Type of Award**
IRiS plans to negotiate and award a Fixed Amount Sub Award (FAS) grant to successful financial institution applicants. Under the Fixed Amount Award all payments will be a fixed sum payable upon completion of milestones, which will be defined in detail during grant agreement negotiations.
- iii. **Number of Awards Contemplated**

IRiS intends to award one (1) FAS Agreement pursuant to this NOFO to the responsible applicant whose application conforming to this NOFO offers the greatest value to the IRiS. However, IRiS at its discretion may make awards to more than one organization.

Note: *The IRiS may (a) reject any or all applications, (b) accept other than the lowest cost application, (c) accept more than one application, (d) accept alternate applications, and (e) waive informalities and minor irregularities in applications received*

iv. Start Date and Anticipated Period of Performance

IRiS anticipates making an award no later than February 28th, 2025. The period of performance anticipated herein is 24 months.

Section 3 - Eligibility Information

Only Somalia-based impact financial institution (IFI) partnered with Financial Service Providers (FSPs), and have been lending to SMEs within the crops, livestock, fisheries, and energy sectors in Somalia are eligible to apply.

Eligibility Criteria

Applicants are required to satisfy the following criteria -

- Applicants must have and submit registration issued by the applicable government authority and a valid Tax Compliance Certificate (TCC) - (attach a copy of the Applicant's valid registration and TCC.
- Demonstrate that the organization has human resources and capacity to manage and implement a credit guarantee scheme.
- Have been operating for at least 3 years and provide proof of allocation of grant agreement from a multilateral organization.
- Is willing to on-lend to Financial Service Providers (FSPs), in the productive sectors. i.e., agriculture -Fish, farming, and livestock.
- Provide evidence that they have previously administered a loan/credit guarantee scheme to partially underwrite risk on loans.
- Not be identified in the System for Award Management (SAM) as ineligible to receive U.S. government funds.
- Not appear on the Specially Designated Nationals (SDN) and Blocked Persons List maintained by the U.S. Treasury for the Office of Foreign Assets Control, or "OFAC List."
- Not listed in the United Nations Security designation list.
- Be willing to sign and submit required certifications before awarding the grant.
- All selected grantees are required to obtain a **unique entity identifier (UEI) number** before an award is made. UEI numbers may be obtained online at [SAM.gov](https://sam.gov) | [Home](#)

Section 4 – Application Questions and pre-application conference

IRiS will engage virtually discussions to answer questions from potential applicants and to provide an overall grant process from application to award. Therefore, if an applicant is interested in attending such a session, they should send their intention to participate and questions that they

would like addressed in writing to: iris.grants@dt-global.com not later than **January 11th, 2025, 11:59 p.m. EAT**

The virtual pre-conference is scheduled **for January 12th, 2025, from 2:00PM to 3:00PM. EAT.**

The IRiS activity and DT Global reserve the right not to respond to or post questions that are duplicates of other questions or questions that are deemed not relevant.

Section 5 – Application and Submission Information:

The following provides instructions for the format of application.

- a) Applications must be submitted in the templates and format provided.
- b) Budget Proposal and Budget Narrative: The budget should be submitted in Annex B, in Microsoft Excel format, showing formulas, and recorded in USD. Please also submit a corresponding budget narrative that explains in detail the proposed costs of the grant activity.
- c) Printed hard copy submissions are not permitted.
- d) Incomplete submission may mean non-processing, significant delay in processing of the application, or rejection.
- e) All applicants should retain, for their records, a copy of their application and all accompanying enclosures.
- f) Applicants are kindly requested to only submit one application per organization. If a single organization submits multiple applications, the last application submitted by the organization will be evaluated.
- g) All applications must be in English, single-spaced, Gill Sans MT 12 font, sized to print on A4 size bond paper, with each page numbered consecutively. All application documents must be submitted in Microsoft Word and PDF format. Applicants should strictly observe the maximum number of pages allowed according to the table below.

Section/Description	Maximum Page Number / Text Limits
Part 1: Applicant information	1 page
Part 2. Grant Activity Proposal	
Proposed Grant Activity Details, Executive summary and justification and background	2 pages
Grant activity Goals and Objectives, expected results and Target groups	1.5 pages
Description of Grant Activities	2.5 pages
Staff plan	1/2 page
Part 3 – Institutional Capacity	
Brief description of the organization, Organization’s Experience, Organization’s Experience, and annual Revenue Review	2.5 pages
Budget and Budget Narrative	No page limits
Application Annexes	No page limits

All applications in response to this NOFO shall consist of a technical proposal and a budget proposal with narrative (The technical proposal must be no longer than 10 pages in length excluding supporting documents and CV of the proposed key staff members, which the Applicants are required to submit (please see the Application Form), will not be counted toward the 10 pages limit. The cost proposal shall be submitted as a separate file from the technical proposal. Applicants are advised to fill in the budget form as detailed as possible and include a Budget Narrative. Lump sums will not be accepted. All the materials of the application package must be submitted in one email prior to the application deadline.

According to the Mandatory Standard Provisions for Non-U.S., Non-governmental Recipients, uniform administrative requirements on cost principles for federal awards 2 CFR 200, Subpart E, Cost Principles, and Cost Principles for Commercial/For-Profit Organizations (48 CFR 31.2 Federal Acquisition Regulations), taxes, including value added taxes, are not allowable costs where an exemption or refund of such taxes mechanism exists. Please do not budget taxes of any kind in the project budget breakdown.

Section 6 – Evaluation of Applications

The criteria presented below have been tailored to meet the requirements of this NOFO. The applicant should note that these criteria serve to identify the significant issues that applicants should address in their applications, and to set standards against which all applications will be evaluated.

Application evaluation and selection criteria:

Evaluation	Expectations	Max Score
Capacity	<ul style="list-style-type: none"> • The applicant FI has the adequate capacity such as specific technical skills and expertise, previous experience in the proposed intervention(lending to micro business, delivering training and awareness creation on financial literacy, business skills, and coaching micro businesses, partnership with development partners in facilitating inclusive financial services), financial capacity to meet the required deliverables in the proposed initiative. • The financial institution has the capacity to lend to 2000 women an average of \$750 with in the period of the agreement 	30

Innovation	The proposed approach or product has potential to address constraints poor and marginalized communities (women, youth, IDP, and PWD) are facing in accessing financial services	15
Existence of market demand	<ul style="list-style-type: none"> • There is demand for the proposed credit facility without smart subsidy. • Financial viability of the loan product is proved and clients eligible for the product is credit worthy by financial institutions assessment 	20
Business model	<ul style="list-style-type: none"> • The business model is clear in establishing and sustainably providing the loan product to women, youth, IDP, and other vulnerable groups 	10
Sustainability	<ul style="list-style-type: none"> • The financial institution continues to provide the proposed credit facility as one of its products after the end of partnership to women, youth and IDPs. • The financial institution expands the loan product to the remaining women trained by AGES and other eligible for the loan The financial institution creates similar products that service micro business based on this learning. 	10
Environment	<ul style="list-style-type: none"> • The loan product contributes to reducing pollution through financing business in circular and green economy 	5
Inclusion	Clear strategy for including marginalized population (women, disability, minority groups, etc.) in the products and services of financial institution.	10
Total		100

Section 7 – Annexes

Annex A- Application Form

Annex B- Budget template.

Annex C- Application checklist.

