



**UPU** | UNIVERSAL  
POSTAL  
UNION

**Japan Fund  
Grant application**

# **Call for projects 2023**

**UPU Postal Financial Services and Financial Inclusion  
Programmes**

**Advancement of postal digital microfinance capabilities and  
digitalization of postal financial services**

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### **Annexes**

Annex 1: Project proposal form

Annex 2: Project budget form

## 1 Background

Posts have traditionally been strong financial inclusion actors, leveraging their vast physical network, proximity to populations and long experience in the provision of financial services – as demonstrated by the 2 billion accounts served by post offices. In order for designated operators (DOs) to increase their financial inclusion footprint and provide relevant, efficient and impactful financial services, for both individuals and small and micro businesses, they will need to embrace digital technologies more rapidly.

To help address this pressing need, the Universal Postal Union, in partnership with Japan's Ministry of Internal Affairs and Communications, is offering DOs of UPU member countries the opportunity to apply for one of the Japan Fund financial inclusion grants. These grants aim to support them in their digital journey, which can often be complex and require significant financial investments.

## 2 Objectives and scope of eligible projects

The grants will fund projects that meet the criteria defined below, with a priority focus on projects fostering postal microfinance capabilities.

### *Priority 1 projects*

Microfinance projects aiming to help DOs promote microfinance solutions in support of underserved populations, with a specific focus on women and micro, small and medium-sized enterprises.

These projects should pursue some of the following goals:

- i Foster financial inclusion through the development of microfinance capabilities, products and services meeting the needs of unbanked and vulnerable populations.
- ii Diversify the DO's product and service offering and strengthen its financial sustainability.
- iii Facilitate partnerships between various players, including DOs, microfinance providers and governments, in order to create an enabling environment for inclusive microfinance development.
- iv Support national financial inclusion goals.
- v Offer training programmes and provide a platform for knowledge sharing.
- vi Examine and support the prospects of postal microfinance regulatory provisions.

Potential areas of focus:

- Assessment of postal business opportunities, i.e. size, impacts and required digital finance solutions;
- Management, partnership options and models;
- Analysis of a DO's operational readiness and opportunities and benefits of digitalization;
- Review of operational procedures to adapt to new microfinance digital environment;
- Drafting of specifications and business models;
- Identification of a microfinance digital financial services (DFS) provider;
- Development of microfinance capabilities, products and services;
- Diversification of DO's product and service offering and strengthening of its financial sustainability;
- Partnerships between various players, including DOs, microfinance providers and governments, in order to create an enabling environment for inclusive microfinance development;
- Enabling of postal microfinance regulatory provisions;
- Support for national financial inclusion goals;
- Training programmes and knowledge sharing;
- Programme assessment leading to deployment plans.

### *Priority 2 projects*

- i Projects that will improve the level of digitalization of the financial services offered by the DO.
- ii Projects that will promote financial inclusion by allowing the DO to better serve low-income populations and small businesses.

#### Potential areas of focus:

- Assessment of postal business opportunities, i.e. size, impacts and required digital finance solutions;
- Selection of DFS partner to enable provision of DFS;
- DFS products and solutions:
  - DFS strategy and implementation plans;
  - Design and implementation of IT platforms to interface with partner systems;
  - Design of joint products with DFS partner;
- Launch of own DFS:
  - Review of postal technical readiness;
  - Customer DFS needs assessment;
  - Competitive market assessments;
  - Assessment of postal regulatory provisions;
  - Definition of deployment plans;
- Improvement and diversification of DFS:
  - Analysis of the shortcomings in existing DFS and identification of opportunities;
  - Customer segmentation to improve efficiency of DFS;
  - Assessment of new business opportunities, including requirements and implications;
  - Positioning and promotion of the new financial service;
  - Financial education.

### **3 Evaluation and selection of proposals**

The UPU will review the project proposals in terms of scope, objectives and potential end user (customer) impacts.

All proposals received will be assessed based on criteria established by the UPU, including the following:

- Existence of an enabling legal and regulatory framework for the DO to offer financial services, particularly microfinance;
- Alignment with government financial inclusion priorities;
- Willingness of the DO's senior management to support the project;
- Relevance of the proposed project in terms of key objectives;
- Capacity of the DO and its technical partners to implement the project within the proposed timelines;
- Clearly identified project team and resources to implement the project;
- Willingness to co-fund the project (20% of direct costs);
- Innovation potential of the project, e.g.:
  - Innovativeness of technologies to be used in the project;
  - Innovativeness of business models to be deployed;
  - New distribution channels to be adopted;

- Potential financial inclusion impact of the project:
  - Targets in terms of number and profile of clients and market share;
  - Comparison between targets and current market situation;
  - Expected contribution to financial inclusion in the country.

#### 4 Financing principles

##### *Financial allocation and implementation period*

A maximum of 110,000 USD will be awarded per grant. The project implementation period should not exceed 12 months.

##### *Counterpart financing*

Project beneficiaries are responsible for counterpart contributions of at least 20% of the total cost of the project (in cash). Under exceptional circumstances, and when justified, the UPU may consider accepting a lower share of co-funding.

##### *Eligible expenditures*

The grant will cover costs related to the following:

- Feasibility studies;
- Training of postal staff;
- Consulting;
- Promotional campaigns;
- Monitoring and evaluation;
- Software;
- Critical hardware purchases (up to a maximum of 25% of total grant value).

#### 5 Application procedure

- / All project proposals must follow the template in Annex 1. The template can also be downloaded at <https://www.upu.int/en/Universal-Postal-Union/Activities/Financial-Services> or requested via FITAF@upu.int.

Applications should comprise the following documents in PDF format:

- Project proposal form (Annex 1);
- / – Project budget form (Annex 2).

Proposals must be submitted in English or French (working languages of the International Bureau).

Project proposals are to be submitted electronically to FITAF@upu.int **by 27 October 2023**.

Proposals that do not meet the above requirements will be disregarded.

##### *Contact*

E-mail: FITAF@upu.int