



Request for Proposal

Acceleration Facilitation for Digital Innovation

Terms of Reference

1. Background

Nepal has undergone rapid economic transformation and modernisation in the last decade and is on a journey to graduate from a Least Developed Country to a Middle-Income Country Status by 2026. The country's challenging topography, however, restricts the delivery and access to basic services and entails high cost of doing business. In this context, digital development has a significant potential for accelerating economic growth for Nepal by reducing costs of doing business, creating new jobs, opening up new markets, and facilitating access to private basic services.

In recent years, Nepal has established the foundation for digital technology through increased mobile cellular and broadband subscription. However, Nepal lags behind in terms of both digital entrepreneurship and innovation which are of primary importance to develop the digital economy. Private stakeholders are otherwise unwilling to take risks and to bear the high costs and uncertainties of innovation. Furthermore, digital literacy, estimated at 31%, is insufficient in Nepal and stands as a barrier both for the uptake of digital innovation by the larger economy and for a large section of the population to benefit from digitalisation.

In this context, the Swiss Agency for Development Cooperation (SDC) has launched the project Digital Innovation for Growth and Inclusion in Nepal (DIGI Nepal). The project incentivises the development and adoption of digital solutions through grant funding and technical assistance, and facilitates access to Swiss and international expertise. This is expected to enable increased access to affordable private basic services and jobs for women and men, including from discriminated groups and beyond the capital.

The DIGI Nepal project has three outcomes building on each other as follows:

- Outcome 1: Digital tech companies including SMEs, develop and offer innovative digital technology solutions in the Nepali market.
- Outcome 2: Basic service providers use innovative digital technology to improve affordability and outreach.
- Outcome 3: Regulators create an enabling environment for digital innovation.

2. DIGI Nepal's acceleration approach

DIGI Nepal Phase I will focus on Outcome 1 whereby digital technology providers, including SMEs, will develop innovative solutions which will subsequently be piloted. Outcome 1 will be achieved through two outputs:

Output 1.1 Digital technology providers (incl. SMEs) develop innovative solutions in the form of business models

Output 1.2 Digital technology providers (incl. SMEs) pilot innovative solutions in partnership with Nepali, Swiss and international partners.

Acceleration support is one of the innovative approaches through which DIGI Nepal will support development and piloting of innovative digital solutions. DIGI Nepal will work through acceleration facilitators who are business development service providers. The acceleration facilitators will provide technical assistance, mentorship support, learning and networking opportunities, and other relevant support to digital tech companies for the development of impact oriented digital innovations, their integration into business models, and piloting.

Through an intensive study on the digital ecosystem landscape and commercial opportunities in Nepal, SDC has identified three potential sectors where digital innovations have a high impact potential. The three sectors are broadly defined as:

- Financial services (including payments, lending, insurance, remittance management, etc)
- Health and education (including healthcare management services, online appointments and consultations, digital learning management systems, Enterprise Resource Planning (ERP) for educational institutions, etc)



- Agriculture services and logistics (including advisory platforms, agri-insurance, e-marketplace, financing, warehousing, transportation, etc)

DIGI Nepal acceleration program will focus on the aforementioned 3 sectors. As such, SDC seeks **3 acceleration facilitators, one for each sector**, to facilitate the acceleration process for DIGI Nepal Phase I.

3. Objective of the assignment

The acceleration support is being commissioned by SDC with the following objectives:

- Develop a pipeline of digital innovations to increase access and affordability of private basic services
- Support economic development outside of Kathmandu through increased or improved employment opportunities through private sector led initiatives
- Support development of Nepalese digital economy by fostering innovation culture and digital entrepreneurship

4. Scope of the assignment

DIGI Nepal will provide acceleration support to Nepalese digital technology innovators. Digital technology innovators refer to tech-based companies, tech SMEs or strategic business units (SBUs) embedded inside large conglomerates working on digitally enabled basic services.

As the digital landscape in Nepal is fairly young and the digital innovations across the basis services sectors are limited and at an early stage, a broader based definition of acceleration will be adopted. As such, while business acceleration approaches will be prioritised, DIGI Nepal will also be open to Venture studio models or business incubation approach in case of low number of active private sector actors in the sector.

In this context, the scope of DIGI Nepal acceleration program is as follows:

I. Develop a pipeline of digital innovations in the selected sector

Acceleration facilitators will create pipelines of potential investable digital innovators in their respective sector. They will select digital technology companies through a public call for application. Depending on the sector, the number of digital technology providers finally selected could be between 5 to 10.

In the frame of the call for proposal, the acceleration facilitators will develop selection criteria relevant for their respective sector, in collaboration with the SDC National Program Officer- Innovation and Digitalisation. In addition to sector specific criteria, the selection will consider the following:

- Early stage or established digital technology provider, including SME and large provider
- Proven experience of commercially developing and testing digital products in Nepal (either for local market or international market)
- Impact potential of the digital product (in terms of increasing access to basic services and jobs)
- Feasibility to scale
- Consideration for SDC transversal themes (geographic coverage, climate impact and gender and social inclusion)
- Buy-in and capacity to co-fund

As a part of the selection process, the acceleration facilitator will also conduct a preliminary screening of the private digital tech providers in accordance to the SDC Handbook on Private Sector Engagement. An orientation on the screening process will be provided by the SDC during the contracting phase. In summary, the screening will be conducted against the following criteria:

- Screening against SDC's exclusion list (sectors, activities, products, services, trades and involvements that are illegal and/or have inherent negative impacts contrary to the SDC's objectives and cannot be mitigated)
- Screening against SDC's list of critical sectors (like commodity trading of precious materials and gemstones, mining, mineral resource extractives, garment, animal testing, etc.)
- Assessing Politically Exposed Persons
- Assessing Environmental, social and governance (ESG) risks



II. Provide technical assistance to the digital technology providers to refine innovation

After the selection and successful screening of digital tech providers, the acceleration facilitators will sign an agreement with the digital tech providers and support them in refining business models, incentive structures, governance, product-market viability, go-to market plan and other key areas of business operation. Acceleration facilitators will source the necessary sector and subject matter experts to provide technical assistance to the cohort companies. The support will mandatorily include the development of targeted digital literacy interventions under the innovations' go-to market strategy.

Additionally, the acceleration facilitators will also help address the SDC transversal themes (GESI considerations, geographic focus and climate change adaptations) through the acceleration program. The facilitators will support digital tech providers in targeting GESI groups (prioritising innovations positively affecting the discriminated groups) and/or prioritize discriminated group led innovation. The facilitators will also support digital tech providers in targeting economic decentralisation (i.e., inclusion of tech companies outside of Kathmandu, and innovation to increase outreach of people beyond Kathmandu) and climate change adaptations, as relevant.

III. Recommend investable digital solutions for piloting

At the end of the acceleration cycle, the acceleration facilitator of each sector will shortlist and present the top 2-3 companies (depending on the pipeline of digital innovation) to the SDC selection committee for consideration for piloting support under output 1.2. A business plan and proposal for each of the selected innovation will form an integral part of the recommendation. The SDC Selection Committee will make the final decision on selection of a digital solution for further support which includes co-funding¹ and technical assistance. One digital solution will be selected from each sector.

IV. Provide post-funding technical assistance

After the selection decision by SDC, the acceleration facilitator will also support the selected digital tech companies (one per each sector) to pilot the digital innovation. The acceleration facilitator will ensure further provision of tailored technical assistance as needed for the digital tech company to pilot the digital innovation. The objective of the technical assistance is to guide the innovators to pilot the solution, adopt necessary pivots on the technology solution based on market feedback, and develop capacity to optimally use the funding received. The acceleration facilitator will conduct a need assessment, and the digital innovator will develop a market plan, which will feed into a customized workplan to deliver technical assistance to the innovator. Based on this, the acceleration facilitator will identify and onboard necessary experts.

V. Secretariat support to the Innovation Committee

As a part of the steering mechanism of DIGI Nepal, an Innovation Committee will be established for each of the acceleration innovation process. The acceleration facilitator will provide secretariat support to the Innovation Committee, leading the following roles:

- Prepare and submit quarterly operational and financial reports, covering progress, lessons learnt, challenges, opportunities and proposed project adaptations.
- Organise meetings in consultation with the committee members and define agenda points.
- Summarise key arguments and steering decisions of the innovation committee in short meeting notes.
- Ensure feedbacks from the committee are well communicated with the digital innovators and are well incorporated.

5. Deliverables and timeline

The Acceleration Facilitator shall provide the Embassy of Switzerland with the following:

Deliverables	Deadline
Inception report entailing detailed methodology and work plan	Within 1 month of the signing of contract
Quarterly operational and financial report	Within 2 weeks of each quarter

¹ The selected private company must also invest some resources into the piloting as co-funding. A commitment from the acceleration facilitators to ensure co-funding by the private company at a later stage is also requested in the proposal (reference Section 7)



Recommendation of 2-3 digital companies for funding with their business plan	TBD
Post funding technical assistance plan	TBD
Final operational and financial report	Within 1 month of the end of contract

6. Required Qualification:

Business development service providers and facilitators are eligible to carry out this assignment. The applying entity shall have the following expertise and skills:

- In-depth understanding of Nepal's digital economy and landscape
- Proven experience in conducting incubators and/or accelerations in Nepal or in South Asia.
- Past experience of working with Nepali digital technology companies
- Strong technical competency in the selected sector
- Management capacity to undertake the project including good interpersonal skills and time management.
- Understanding and considerations for GESI, decentralisation of economic activities and climate change adaptations.
- Strong writing skill in English.

7. Submission guidelines and evaluation criteria

Interested applicant(s) with relevant expertise and experience is/are requested to submit the following:

- A technical proposal (max. 7 pages) outlining the following key information
 - understanding of the Nepalese digital landscape, highlighting the selected sector
 - summaries of past experience in conducting acceleration, detailing outcomes of each
 - technical competencies in the selected sector
 - relevant experience of the proposed team members
 - the approach and methodology, including a work plan
 - opportunities, risks and mitigation measures
 - declaration to ensure co-funding by private tech companies during piloting of innovation
- A detailed budget, including all costs related to the assignment in Nepali Rupees
- Updated CV(s) of the proposed personnel highlighting relevant experience
- Organization registration document
- Audit report of last 2 years

The proposal received will be evaluated based on the criteria as shown in the table below:

Evaluation criteria	Weightage
Demonstrated understanding of the assignment and context	15
Relevant experience and competency	10
Organisational capacity	15
Proposed Methodology	15
Impact orientation (access to services and jobs)	10
Consideration of relevant SDC transversal themes (federal state building, GESI and climate change adaptation)	15
Budget and co-funding commitment	20
TOTAL	100

Applications are to be sent by email to the Embassy of Switzerland in Nepal at (kathmandu@eda.admin.ch) with "**DIGI Nepal Acceleration (sector applied for)**" in the subject line. In case of application by one company on multiple sectors, maximum of one sector will be considered for award per company. Only complete submissions will be taken into consideration and phone calls will not be entertained. The deadline for submission is 13 May 2024 at 23:00hrs Nepal Standard Time (UTC +5:45). The results from the selection process will be communicated within 20 working days from the submission deadline. The project is planned to start from mid-June 2024.