**REQUEST FOR EXPRESSIONS OF INTEREST**

**Sierra Leone FinTech Challenge 2019-2020**

The world is experiencing unprecedented increases in connectivity and global data flows. This is underpinning the so-called fourth industrial revolution, which is characterized by end-to-end digitization of all assets and integration into a digital ecosystem. The rise of ‘superplatforms[[1]](#footnote-2)’ – digitally connecting people to communicate, buy and sell goods and services with a touch of their phone – is starting to enter the African markets and will have significant implications for consumers, incumbent financial institutions, local entrepreneurs as well as for regulators. The entry of super platforms could integrate disparate DFS innovations into a larger, more compelling and affordable offering.

Sierra Leone too is facing a wave of new opportunities. Rapid mobile phone and network penetration across the country is opening the door to new services, making it easier than ever for people to use digital payments in their everyday lives. Adoption of digital financial services (DFS) in the country continues to grow — active adult users increased from 6 percent to [10 percent](https://www.uncdf.org/article/4292/state-of-the-digital-financial-services-market-in-sierra-leone-2017)[[2]](#footnote-3) from 2016 to 2017. As DFS become more mainstream, domestic resource mobilization has emerged as a new frontier in Sierra Leone where the informal economy represents a whopping [53 percent of GDP](https://www.imf.org/en/Publications/WP/Issues/2017/07/10/The-Informal-Economy-in-Sub-Saharan-Africa-Size-and-Determinants-45017).[[3]](#footnote-4) According to the recent DFS Annual Provider Survey, at least [$23 million](https://www.uncdf.org/article/4292/state-of-the-digital-financial-services-market-in-sierra-leone-2017) from the cash economy is being digitized at mobile money agents[[4]](#footnote-5), representing only a [tip of the iceberg](https://www.uncdf.org/article/4292/state-of-the-digital-financial-services-market-in-sierra-leone-2017). [[5]](#footnote-6) Under President Julius Maada Bio’s new administration, domestic revenue collection remains a top priority in Sierra Leone – to help fund the government’s free education initiative and investments in key sectors such as agriculture and health.

The Sierra Leone FinTech Challenge 2019-2020 aims to harness the growing digital economy to develop and test innovative solutions to leapfrog financial inclusion and consequently building out government and private sector platforms to operationalize the benefits of the digital economy. Specifically, the Sierra Leone FinTech Initiative 2019-2020, funded through the IBSA Fund, will support the Government of Sierra Leone’s new direction in domestic resource mobilization while improving the economic well-being of Sierra Leoneans.

**Objective of this Expression of Interest**

UNCDF is seeking to provide funding to partnerships between Fintechs and innovation hubs that will improve Sierra Leone’s domestic resource mobilization and the economic well-being of Sierra Leoneans living in rural and underserved areas.

Leveraging advances in technology, the FinTech Challenge 2019-2020 will test and build business models for digital infrastructure at the community-level to shift from informal cash–based transactions to digital financial services that can mobilize domestic resources and address their latent needs around health, education, agriculture and help them save and plan for the future.

The UNCDF will facilitate exchanges between private sector partners in-country and those implementing successful business models in innovation hubs from different countries. This will help bring global innovations and localize them for Sierra Leone through partnerships.

Through selection and match-making processes that will be done by a team of UNCDF in-house digital finance experts, partnerships between local and digital innovators will be structured to develop new ideas/solutions into minimum viable products (MVPs) and approved for piloting.

Specific objectives are as follows:

1. To develop or improve customer centric innovative products that can facilitate safe custody of money for the village loan and savings associations of the low-income populations;
2. To develop or improve financial services that can facilitate government payments and collections.
3. To build or improve meaningful partnerships between two or more institutions to accomplish the objectives.

Any innovations that address the specific needs of women and youth, who represent the majority of unbanked adults in Sierra Leone, will be considered favorably.

The desired outcome of this Challenge will be:

* At least two partnerships have developed, piloted and introduced innovative financial services that facilitate safe custody of money for the village loan and savings associations of low-income populations, with special emphasis on women, youth and the rural poor;
* At least two partnerships have developed, and piloted new products designed to support government payments and collections.

Our learning questions for this work are:

* How can access to innovative savings product increase the usage and adoption of Digital Financial services (DFS).
* Can focusing on user experience improve the uptake and use of DFS?
* Could more meaningful partnerships improve the sustainability of DFS?

**Type and Use of UNCDF MM4P Support**

Support will be primarily in the form of technical assistance agreements, which will be accompanied by performance-based grants or loans. If you have a desired private sector company or Fintech presently in Sierra Leone in mind, please indicate this in your proposal. However, UNCDF will help any organization / innovation hub find a strong technical private sector company or Fintech. The type of support will be decided based on the expressed needs and in discussion with applicants after the submission of the EOI. Support will be provided in stages as your organization reaches specific milestones.

Institutions are expected to pay for internal costs related to the project (e.g staff time, local travel expenses, etc.), while UNCDF will pay for technical assistance costs and may provide some grant funding to defer the additional costs of implementing a pilot. Technical assistance may include a part-time or full-timer person within your institution as agreed with the applicant. In addition, the institutions must have one dedicated staff person who will be expected to spend 50% or more of their time on the project.

Please note that MM4P funding is not designed to provide large amounts of funds for start-up or national expansion of providers; rather it is to be short-term, catalytic funding to help partners overcome obstacles or take advantage of an opportunity to test new ideas that have the potential to scale up the reach of services more quickly than otherwise feasible.

**Eligible Institutions**

To be considered for the support, institutions should fulfill the following minimum requirements:

1. Must be operating in Sierra Leone or have a partner who is operating in Sierra Leone. International or regional entities not based in Sierra Leone may apply provided that their work directly benefits an identified Sierra Leonean partner.
2. Must be institutions with experience in providing or supporting some aspect of mobile financial services, including: banks, other financial institutions, mobile network operators and Fintech.
3. The product, service or solution must be implemented in Sierra Leone;
4. The product, service or solution can have a financial nature, but a support service to a financial service provider will also be permitted;
5. The product, service or solution must be network operator agnostic;
6. For Sierra Leone-based organizations: The lead applicant must have a registered business in Sierra Leone with at least 15% ownership by a citizen of Sierra Leone; For non-Sierra Leonean Fintechs from innovation hubs, this requirement does not apply at the beginning of the competition;
7. The lead applicant must have a sound track record of performance of at least one year; and
8. The lead applicant must be a for-profit entity or be part of a chain of for-profit institutions;
9. Institutions that are majority owned by government or its institutions, as well as not-for profits will not be eligible.
10. Must be compliant with all applicable statutory and regulatory requirements of Sierra Leone with respect to the proposed activities or in the process of achieving compliance.
11. Must have full documented support from the management and governing body for the proposed project, *as evidenced by a letter of support from senior management.*
12. Must have adequate financial systems in place to manage external support as demonstrated by providing audited or certified financial statements.

Please be aware that UNCDF will be required to advise the Bank of Sierra Leone of any *grant* assistance proposed, which has the right to object to such assistance.

**Selection Criteria**

The selection criteria that should be demonstrated in the EOI include, but are not limited to:

1. **Feasibility (40%).** The applicant must clearly demonstrate the ability to execute the concept through:
   * A team with the expertise and track record to deliver;
   * A product, service or solution that has a robust and commercially viable business case;
   * A clear understanding of and plan to mitigate key risks.
2. **Relevance (30%).** The applicant must clearly demonstrate demand for the product, service or solution from a critical mass of people and businesses in Sierra Leone through:
   * A clear and demonstrated value proposition to the target client group;
   * Evidence of accessibility, affordability functionality from a critical mass of user testing; and
   * An alignment to Government of Sierra Leone and Bank of Sierra Leone objectives.
3. **Impact (30%).** The applicant must clearly demonstrate how this product, service or solution has transformational potential through:
   * Its innovative and disruptive approach to a persistent client challenge or other constraint and opportunities in the financial sector in Sierra Leone;
   * Its potential to reach and maintain a large number of clients and/or transaction volumes;
   * Its potential to reach those most in need in Sierra Leone, especially but not limited to the unbanked, women, youth, growing businesses, key economic sectors (such as energy, fisheries, and exports), the most vulnerable and entrepreneurs.
   * Demonstration effect – the ability of the project to demonstrate a sustainable new model;
4. Partnerships – the effective use of efficient and meaningful partnerships to reach non-urban clients;
5. Capability – the perceived managerial, technical and financial capability to achieve the proposed results; and
6. Soundness – the track record, stability, sustainability and governance of the institution to implement the proposed project;
7. Value for money – the number of new active clients to be served as compared to the cost the proposed project.

**Submissions**

The EOI should include:

* Application Cover Sheet (provided)
* Up to one-page description of the institution (mission, location, current, activities and/or products, clients)
* Maximum five-page description of proposed use of funds (please do not include a full proposal at this stage of the process)
* A letter from senior management, preferably the CEO and/or Board Chairman, stating their support for this application and acknowledgement of the commitment to providing the necessary resources for its success.
* Lean canvas form (Annex 1)
* Annexes may be included
* *Financial statements are recommended; however they will only be required from short-listed institutions and need not be submitted by institutions at this stage of the process.*

**Process**

Expressions of Interest will be accepted on a rolling basis, and reviewed using a “first come, first served” basis through **29 March 2019**. UNCDF will contact eligible institutions that are selected based on the quality of their expression of interest. UNCDF will determine, after discussion with the applicants, if the applicants are required to submit a more detailed plan or proposal or simply provide additional documents. In some cases, a partner may be asked to receive a technical assistance mission for due diligence or to assist in the development of a more detailed plan.

**Expressions of Interest must be made by email at** [**MM4P@uncdf.org**](mailto:MM4P@uncdf.org)

**Interested institutions should address their questions and applications to** [**MM4P@uncdf.org**](mailto:MM4P@uncdf.org)

For more information about UNCDF’s background, mission, and activities, please visit our website: <http://uncdf.org/mm4p>

**Application Cover Sheet**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | Name of Institution |  | | |
| 2 | Contact Person (Name, e-mail, phone, address) |  | | |
| 3 | Legal form of institution/ownership |  | | |
| 4 | Name of partner organizations involved in project (if any) |  | | |
| 5 | Purpose of project |  | |  |
| 6 | Type(s) of financial services to be offered |  | | |
|  |  | Product 1 | Product 2 | Product 3 |
| 7 | Total number of *active* financial service clients\* by main product (e.g. money transfer, savers, borrowers, etc. who have transacted in the last 90 days). This may be attached as an annex |  |  |  |
|  |  | Product 4 | Product 5 | Product 6 |
|  |  |  |  |  |
|  |  | Current | Dec. 2014 | Dec. 2015 |
| 8 | Projected total number of active financial service clients to be reached through this project\*\* |  |  |  |
| 9 | Proposed number of new agents to be created due to this project |  |  |  |
| 10 | Attachments | Letter of Support  Lean canvas form | Other (Please list) | |

\* If not a current financial service provider, please indicate total client base in “other” and the type of service currently offered

**Suggested Key Issues to Address in the Expression of Interest**

Expressions of Interest (EOI) may be provided in any format. UNCDF suggests that the following key questions be considered in the formulation of the EOI

1. Project Description
   1. What are you proposing?
   2. What outcomes are you hoping to achieve?
   3. How is this project innovative?
   4. What is the timeframe for this project?
   5. How do you define the success of this project? How will you measure it?
   6. Do you have a desired private sector partner / Fintech in Sierra Leone?
   7. What are the main obstacles, challenges or risks to this project?
2. Appropriateness of Product or Service
   1. What segment do you wish to target? What client research has been done or is planned?
   2. How does the service fill a market gap or demand?
   3. Briefly explain how the design (terms and conditions) and pricing address the clients?
   4. What consideration has been given to the specific issues or needs of women and youth clients?
   5. How will clients be educated as the appropriate use and benefits?
3. Scalability
   1. How large is the proposed target market for this project?
   2. What is the total market potential (i.e. number of clients that could be served)? Is it based on sound primary or secondary research or data?
   3. What is the estimate of the number of rural clients it can reach in the next three years?
   4. Will this service reach the unbanked? If so, what is an estimate of the number of unbanked clients it can reach in the next three years?
4. Effectiveness and Efficiency of Delivery Mechanism
   1. What is the technology to be deployed? How secure is it?
   2. Describe if other partners are part of the product provision or delivery mechanism and what agreement, if any, you have in place with the partners.
   3. How will service be marketed, sold, serviced, and monitored?
   4. What will be to done to maximize the efficiency while preserving the necessary service quality?
5. Sustainability and Profitability
   1. Do you have estimates on revenues and expenses of this project? If so, please summarize. If not please indicate how you wish measure commercial success (e.g market share, direct revenue, revenue per user, etc.)
   2. Are their indirect revenues or expenses (e.g. that benefit other business lines) that need to be considered?
   3. Can the service be offered on a sustainable basis? If so, what are the critical factors and timing for break-even?
6. Institutional Capacity
   1. What is your institution’s vision or mission in regard to providing financial services?
   2. What is your current strategy, if any, for reaching non-urban Sierra Leonens?
   3. What experience does your institution have in reaching low income clients, including rural households and women, with your current services?
7. Need for assistance
   1. What is your management, technical and financial capacity to undertake this project?
   2. What additional technical resources will be needed for this project? Please indicate if you have specific needs in mind, particularly technical support.
   3. If you have a cost estimate for the pilot project and/or roll out, please provide it.
   4. What resources will you provide to ensure it success?

All applications must include the applicant’s “Lean canvas form – annex 1”.

1. [↑](#footnote-ref-2)
2. [↑](#footnote-ref-3)
3. [↑](#footnote-ref-4)
4. [↑](#footnote-ref-5)
5. [↑](#footnote-ref-6)