

REQUEST FOR PROPOSAL

Biashara Financing Innovation Fund (BFIF)

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INTRODUCTION

The Financial Sector Deepening Trust (FSDT) seeks to support projects that will increase penetration of SME Finance Products, Services and Business Models to SME through a challenge fund.

This document is an invitation for Financial Service Providers and FinTechs to submit proposals for awards in the amount of up to USD 100,000. We invite firms to propose most innovative ideas to scale up financial solutions targeting SME.

1. About Biashara Financing Innovation Fund (BFIF)

The BFIF is a challenge fund that aims to contribute to the acceleration of the development of an inclusive SME Finance ecosystem in Tanzania. Through the provision of financial assistance, BFIF supports roll-out and scale up of innovative and customer centric products targeting Small and Medium Enterprises (SME) that are affordable, accessible and responsive to SME needs. The BFIF aims at strengthening the supply of inclusive SME Finance products in Tanzania.

The BFIF intends to contribute to increase penetration of products, client value and sustainability of SME Finance products. Specifically, BFIF aims to help Financial Service Providers (FSPs) and FinTech firms to: -

- scale up products and services that increase options for SMEs to access and use financial services and products
- improve offerings of existing financial products, services and business models through improvements in scale, efficiency and client value,
- strengthen distribution of viable financial products, services and business models that have been researched and developed, tested, and piloted.
- build the capacity of FSP and Fintechs in deploying and scaling up of products targeting SME.

2. Motivation

In Tanzania, there are 3.1 million small and medium enterprises, employing 5.2 million people, contributing to 27% of GDP. 3% of enterprises (approximately 100,000) are small and medium enterprises employing more than 5 employees (MSME Survey, 2010). Surprisingly, 70% of enterprises do not use formal financial services, 39% access loans from friends and family, 28% of MSME fail to access credit due to lack of collateral while 38% closed their business due to challenges in accessing working capital (MSME Survey, 2010). Equally, there is a notable limitation of financial products, business model, services offered to MSME by formal financial institutions. As a result, enterprises use costly unregulated informal financing channels e.g. private moneylenders, small businessmen, etc. family members (Charles, 2014).

On a positive note, the evolution of the digital technology which is driving products and solutions development in recent years has increased channels that enterprises can use to access and use financial products and solutions. Despite these technological developments, access and usage of financial products. Taking into account the exiting challenges, there is a need to stimulate the financial market and related stakeholders to develop new products that will enhance the usage of working

capital options for the enterprise market. In trying to fill in the existing gaps, it is imperative for FSDT to work with Financial Service Providers, Fintechs and Techfins to support piloting and scaling products, services and solutions tailored for the enterprise market in Tanzania.

3. Focus areas

The BFIF seeks proposals covering any of the following focus areas:

3.1. Scale

The BFIF seeks to support projects that will increase penetration of SME Finance Products, Services and Business Models to SME. The BFIF seeks to support promising solutions targeting SME.

3.2. Client value

The BFIF seeks to support innovations that provide good value to SME. To achieve this, products must be appropriate, affordable, and accessible and used to address the needs of this market segment. The services, products and business models must also address the real needs of the target markets.

3.3. Sustainability

The BFIF supports the development of viable and sustainable business models. Business models must ensure access to SME Finance Products, Services and Business Models services for a large number of SME on an on-going basis. The BFIF seeks to support innovative partnerships aimed at building effective and scaled-up sales and distribution channels.

4. Eligibility

The challenge is open to market actors in the SME Finance space offering Products, Services and Business Models and other auxiliary services to SME that operating in Tanzania and internationally. Specifically, eligible organizations can include the following:

- Microfinance institutions and Financial institutions
- SACCOs and other community based organizations
- Fintechs and Techfins
- Mobile Network Operators
- Aggregators
- Cooperatives
- Payment service providers/ platform developers
- Non-government organizations
- Industry associations

The intent is to encourage innovations generated locally or globally in business solutions that accelerate the development of inclusive SME Finance Products, Services and Business Models sector in Tanzania. Proposals to the BFIF can be on the following:

- Products
- Processes
- Technology
- Models

Local and international firms are welcome to participate based on the terms and conditions of the BFIF as long as they are developing business solutions or products that will be implemented in the Tanzania market and will be beneficial to the SME segment. Start-ups are also welcome to participate and are encouraged to form strategic partnerships with existing companies to strengthen their applications.

5. Proposal submission

Proposals must be submitted through the standard application process including usage of all application templates. Any proposal submitted for BFIF support from a Non-Financial Service Provider company must have a Financial Service Provider as a partner supported by a signed letter of intent or partnership agreement (*included in the application pack*). A Non-Financial Service Provider company submitting a proposal to use a specific distribution channel(s) will also be required to submit a letter of intent of partnership agreement with the full proposal.

The complete proposal submission pack comprises the following:

- Proposal
- Work plan
- Project budget
- Copies of licenses
- Capability statement or company profile
- Financial statements at least for 2 years (for established organizations)
- Other supporting documents including product brochures, market research studies, business plans, product feasibility plans or reports etc.

Applicants to the BFIF must use the application templates provided but are also free to include any supporting documentation.

6. Proposal evaluation

All proposals to the BFIF will be assessed using the following evaluation categories:

1. Innovation (desirability aspect)

Core assessment	Assessment questions	Score weight
What innovative features are in the product or service to ensure alignment to the characteristics, needs and preferences of SME?	<ul style="list-style-type: none"> ○ How creative is the proposed concept, idea, product or process? ○ How unique is the proposed concept, idea, product or process compare to existing similar products and services? ○ How applicable is the product to SME needs for working capital or productive asset financing? 	15%
2. Market orientation		
Core assessment	Assessment questions	Score weight
Does the project consider the needs, preferences and characteristics of the target market?	<ul style="list-style-type: none"> • Is the applicant committed to increase MSME access and usage of working capital or productive asset financing? • Does the project aim to ensure that SME understand what they are buying and how to derive value (i.e Training, Awareness program etc)? 	10%
3. Feasibility		
Core assessment	Assessment questions	Score weight
Is the proposed project feasible?	<ul style="list-style-type: none"> • Does the project have the potential to serve a large number of MSME? • Can the project be implemented within the governing regulatory environment? • Does the project have a realistic work plan and timelines? • Does the project have appropriate and clear deliverables? 	15%
4. Viability and sustainability		
Core assessment	Assessment questions	Score weight
What are the prospects for potential scale up of the product or service?	<ul style="list-style-type: none"> • Does the project have realistic financial projections and appropriate assumptions? • Is the scale up plan (i.e marketing plan, promotion strategy) feasible? • Are partners committed to long-term engagement in the implementation of the proposed product scale up plan? 	30%
5. Applicant's capabilities		
Core assessment	Assessment questions	Score weight
Core: Is the organization capable of implementing the proposed project?	<ul style="list-style-type: none"> • Does the applicant (including partners, if applicable) have the capacity and technical expertise to manage and deliver on this project? • Does the applicant have appropriate accounting, front and back office processes as well as internal control systems to handle this project? • In the case of a distribution partnerships, are the roles and responsibilities of each player in the value chain clearly defined? 	10%
6. Applicant's commitment		

Core assessment	Assessment questions	Score weight
How is the applicant's demonstrated commitment to ensuring ownership and success of the proposed product or service scale up project?	<ul style="list-style-type: none"> • What is the proposed level of financial investment by the applicant? • What is the track record of the applicant in implementing similar projects? • In case of partnerships, do the partners have a good track record in implementing similar projects? • Does the proposed project align with the applicant's vision, mission, value and goals? 	20%

The assessment criteria above forms the basis to reject or accept the proposal. Applicants must score a minimum of 60% of the score to be accepted. Once accepted, each application will also have some additional assessment focusing on innovation and capacity to scale up the product or service, This final assessment will determine whether a proposal will be finalized.

7. Financing

The BFIF will provide financial support up to US\$ 100,000 per proposal. Funding requests can be for specified technical assistance, solution implementation, or a combination of both, marketing and promotion of the product or service. Funding will be on a cost-sharing basis. The cost sharing proportions will be mutually agreed between FSDT and the applicant. The financing arrangements will be in the form of a signed agreement between FSDT and the organization.

The BFIF will fund:

- Deployment-related activity costs in a product development cycle including but not limited to launching of new products that have already being tested/piloted, sales, marketing and customer care strategies and tools.
- Technical assistance support in relation to scaling up of the product or service (short-term or long-term specific to the initiative)
- Capacity building activities (e.g. training of the SME Department staff or distribution partner on sales and marketing)..
- Market research and feasibility studies at aimed at enhancing client value and product offerings.

The BFIF will **not fund**:

- General operating costs of the organization or its partner(s)
- Salaries for existing or new staff required to implement the project
- Purchase of fixed assets such as computers, furniture, printers, vehicles

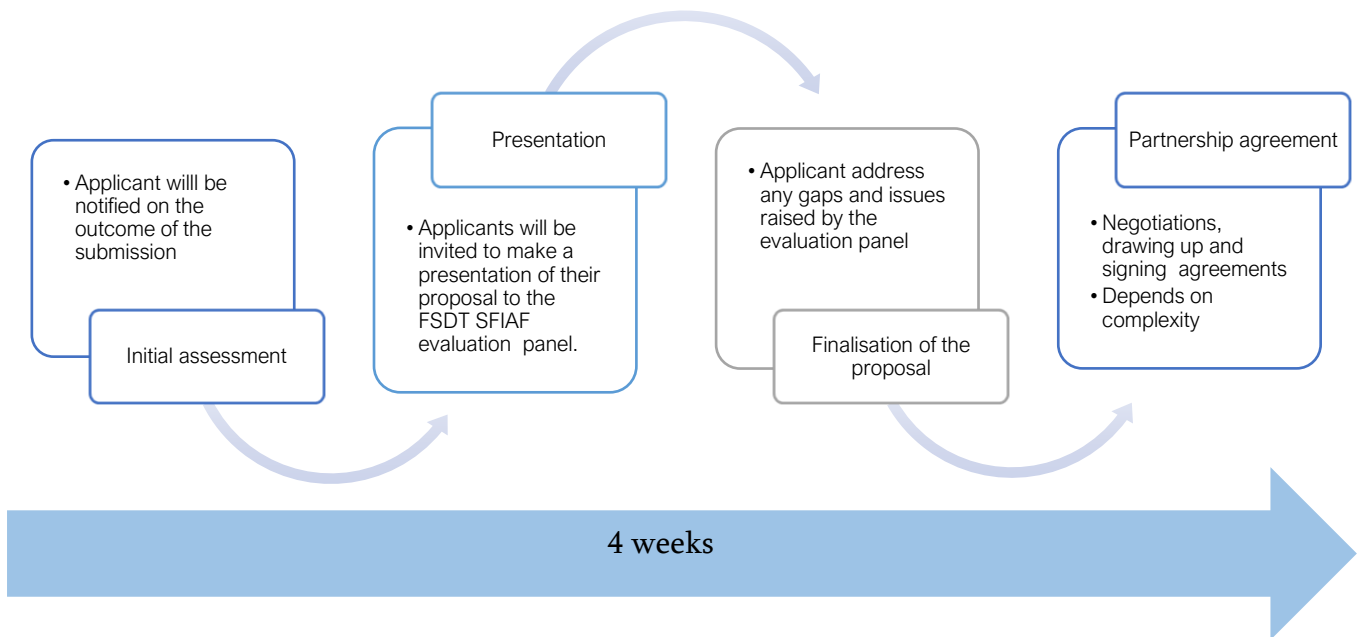
- Premiums or transaction fees or license fees

The evaluation process is expected to take no more than 4 weeks from date of submission. However, this timeline is dependent on the quality and completeness of the concept note and full proposal, as well as the timely submission of these documents. Significant delays in supply of information by applicant may cause cancellation of proposal consideration.

The key ingredients of good proposals are indicated below:

- Applications must follow all guidelines
- Application forms and templates must be completed in full and submitted as a single application
- Strong demonstration of the business case; client and business perspective
- Strong demonstration of applicant ownership, investment and commitment
- Strong demonstration of capacity or organizational structure to effectively manage the project
- Strong demonstration of the ability to scale the product or service and reach more SME customers

The indicative timeline for each evaluation phase is indicated below:



8. How to Submit your Application

Register your business using the application Portal

Start by clicking the application link below. The first time you visit the portal you will need to create an account. After you enter your information, a temporary password will be emailed to you. Return to the portal to personalize your password and complete your account profile.

Application Link:

Appendix 1- BFIF Application Form

Deadline to apply:

Applications to the BFIF must be submitted by email to BFIF@fsdt.or.tz

By 23rd June 2019

An email confirming receipt will be sent to you.

Please ensure you submit a complete application pack containing the following:

- Standard form
- Work plan,
- Budget,
- Resumes
- Organizational documentation and include as much relevant information in your application as possible.

1. Applicant information

1.1	Applicant name (e.g. name of organisation)	
1.2	Name and title of contact person	
1.3	E-mail address	
1.4	Telephone number, including area code	
1.5	Physical address	
1.6	Postal address	
1.7	Type of organisation: Please tick the response which fits best:	<input type="checkbox"/> Bank <input type="checkbox"/> Non-bank Financial Institution <input type="checkbox"/> FinTech <input type="checkbox"/> Mobile Network Operators <input type="checkbox"/> Microfinance institutions <input type="checkbox"/> SACCOs and other community based organisations <input type="checkbox"/> Aggregators <input type="checkbox"/> Affinity groups (such as churches) <input type="checkbox"/> Payment service providers/ platform developers <input type="checkbox"/> Non-government organisations <input type="checkbox"/> Industry associations <input type="checkbox"/> Other (Specify).....
1.8	Purpose, mission and/or objectives of your organisation. What is your core business?	
1.9	Start date of organisation operations	
1.10	Are you currently conducting SME Financing business?	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.11	If yes, please provide details (i.e. Number and details of products, length of	

	experience) and attach relevant brochure/s or product information	
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2. Project overview

2.1	Project title	
2.2	Purpose of project	
<p>What are the main objectives of the project? (Tick one or more as appropriate)</p> <p><input type="checkbox"/> Enhancing client value</p> <p><input type="checkbox"/> Extending geographical reach</p> <p><input type="checkbox"/> Broadening risk coverage</p> <p><input type="checkbox"/> Innovative delivery</p> <p><input type="checkbox"/> Bundling for better risk management</p> <p><input type="checkbox"/> Consolidating a distribution model</p> <p><input type="checkbox"/> Other (specify)</p>		
2.3	Type(s) of product (Please select the response which fits the project best):	<input type="checkbox"/> Health <input type="checkbox"/> Life <input type="checkbox"/> Property (assets and stock) <input type="checkbox"/> Fire <input type="checkbox"/> Multiple risks/composite product <input type="checkbox"/> Agriculture <input type="checkbox"/> Gender <input type="checkbox"/> Other (Specify):.....
2.4	Estimated total project budget (in US\$)	
2.5	Financial support requested (in US\$) (Note: the value requested cannot exceed the grant ceiling of US\$)	
2.6	Total duration of project	
2.7	Target market: i) How many MSME do you intend to reach? Over what period? ii) How do you intend to reach this targeted number?	
2.8	Provide detailed information on the progress of the project to date, if any (attached additional reports/brochures if available).	

3. Detailed Project Description

Tables and graphs: If the application is to include any supporting tables or graphs, these should be assembled in a separate file and attached as an annex. References to the relevant tables or graphs should be included in the main text.

3.1	Why are you proposing this project? How does it relate to the needs to the target market?
3.2	Why is financial support needed?
3.3	Describe the scope and approach to be undertaken to meet the product or service scale up objective.
3.4	What are main activities to be undertaken?
3.5	If successful, to what extent could results from this project be replicated? How?
3.6	What do you expect to learn by undertaking the project?
3.7	How will you assess the results of the project?
3.8	What are the main risks associated with the project and how will they be mitigated?
3.9	Explain how you will ensure the project is a success.
3.10	Does the implementation of the project involve any partnerships with any other organisations? If yes, please provide the details. Describe your distribution model.

4. Annexes

Annexes required to accompany the application form will include:

1. **Work plan:** a summary of the project milestones and a breakdown of the activities required to achieve each milestone with specifics on the expected timeframe for completion of each activity and milestone. Please use work plan template provided.
2. **Budget:** an outline of project costs (in USD) or funding required over the duration of the proposed project, aligned to the work plan. Please use budget template provided.
3. Profiles of key personnel organization/s that will be responsible for overseeing the project. These should not exceed one page per person and should be tailored to the requirements of the project.
4. Financial projections or business plan (if applicable). Note that projections on revenue and expenses should be in (TZS).
5. Organization documentation: Copies of the following documents:
 - Certificate of Incorporation or Registration
 - Business license, license and/or other regulatory documentation that is relevant to the projects
 - Tables, graphs and additional documentation relevant to the project (optional)
 - Letter/s of intent (in case of partnerships)
 - Product specifications (in a table format including the proposed pricing structure)
 - Product cycle development stages (if application is for a new product yet to be developed)
 - Annual reports
 - Membership, awards and any ratings for the organization.
6. For strategic partnerships or consortiums, the application should be submitted by the lead organization and accompanied with details of the partners.

Appendix 2- Project Profile Template

1. Partner

- About the organization (50 to 100 words)
- Other market players involved - the consortium members (30 to 70 words)

2. Project summary

- Project name/product name:
- Project start date:
- Project end date:
- Geographic coverage:
- Key milestones:

3. Beneficiaries

- Description of target market (quantitatively and qualitatively) - briefly indicate their context and needs (50-100 words).

4. Project description

- Overall goal, objectives, implementation phases.
- Please add details that would facilitate the understanding (70 to 150 words).

5. Product and business model

Outline the product specifications and distribution model. Graphic presentation encouraged for model illustration.

6. Key assumptions and potential risks

List the main issues that contribute to the success of the project or potentially impede the project. (100 words).

7. Website

Your website. Consortium websites (if applicable).

8. Photographs

3-4 pictures (in Jpeg format/high resolution) that represent the context of the project (the target group, their livelihoods, the team, marketing tools, consumer education products etc).