

Innovation **n** **FUND**

*Financing Innovation
Empowering Nigerians*

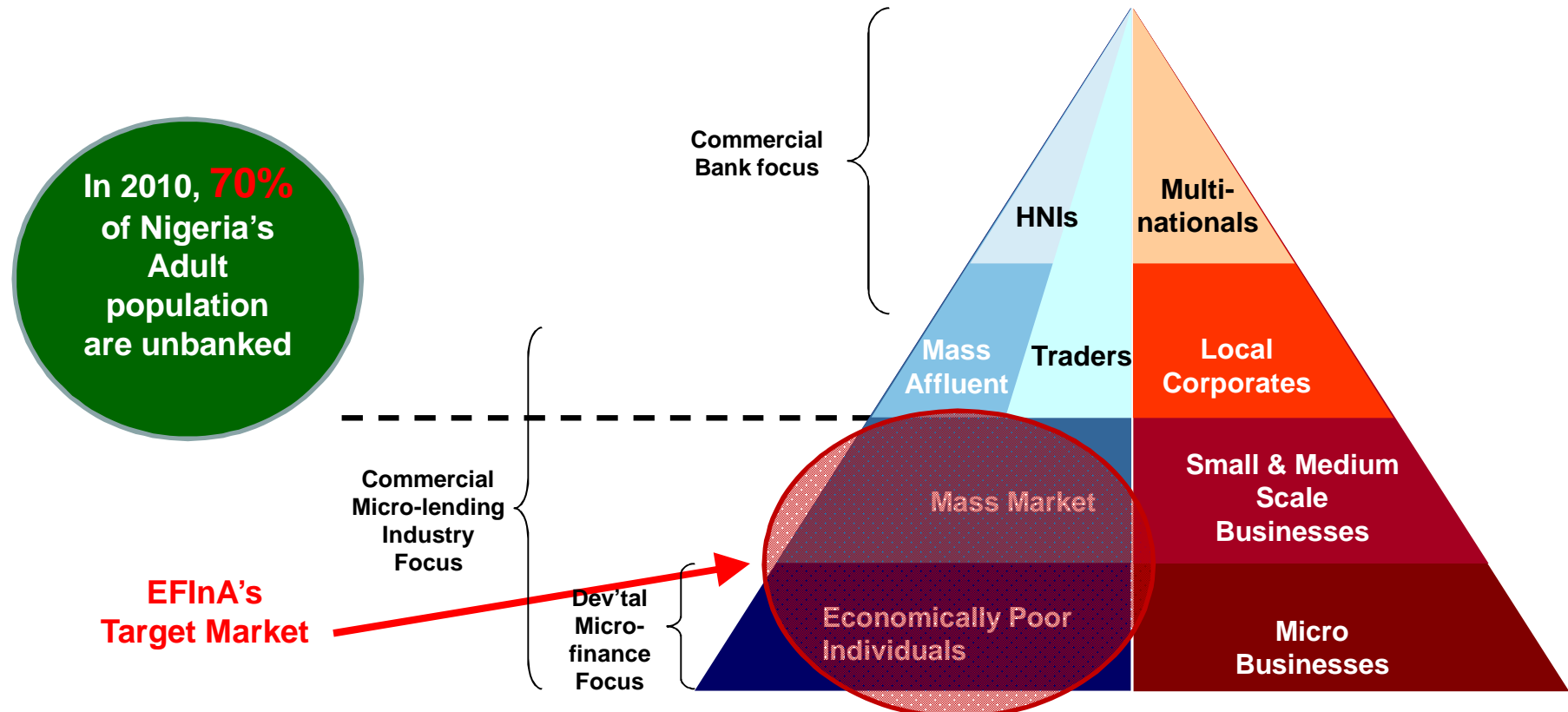
Yewande Adewusi
Programme Manager

- Innovation Fund Overview
 - Project focus areas
 - Eligibility criteria
 - Evaluation criteria
- Reasons for application rejection
- Innovation Grants Overview and RFP Round 3 Launch
- Technical Assistance Grant Overview

EFinA & The Bottom of the Pyramid

EFinA's purpose is to promote pro-poor Financial Sector Development and Financial Inclusion in Nigeria.

EFinA's aim is to become an innovation centre targeting catalytic change across Nigeria's financial sector, to make markets work for those currently excluded from formal financial services.



Innovation FUND

*Financing Innovation
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EFInA Innovation Fund

The EFInA Innovation Fund was launched in 2009

- The Fund seeks to support financial services providers to innovate, diversify and increase their product range to better meet the needs of the large segment of potential customers in Nigeria who remain unbanked or under-banked.
- As innovation involves taking risks, EFInA will share the risk of developing and implementing innovative products by providing grant funding

The Innovation Fund currently provides two different types of grant support:

The Technical Assistance Grant– formerly called ‘Seed Grants’

- The Technical Assistance grant supports the research into, development and field testing of innovative financial and non-financial products, services and delivery mechanisms that contribute to financial inclusion

The Innovation Grant

- The Innovation Grant supports the roll-out and implementation of products, services and/or delivery mechanisms that have already been researched, designed, planned and piloted

Project Focus Sectors

- Branchless Banking
 - Agent banking
 - POS
 - Mobile
- Payment Services
- Savings



Payment System Platform

**Financial Services
Providers**

Project Eligibility Criteria

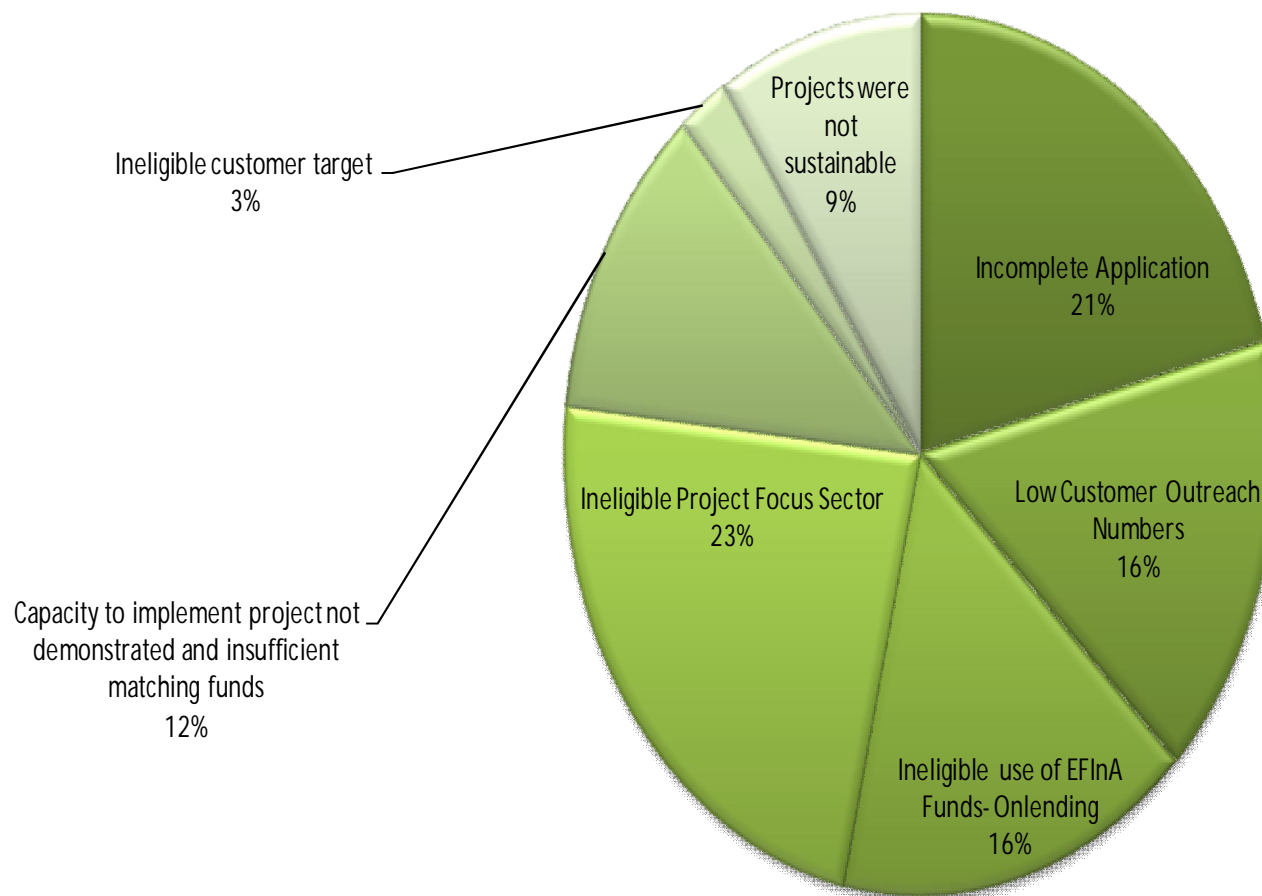
- The project must involve providing access to financial services for the unbanked and under-banked low income customers
- The service proposed must be **innovative to the Nigerian market** and its development likely to be accelerated with the support of the EFInA Innovation Fund
- The proposed project should be designed so that it will be **viable** at the end of the grant period, either because it is self-sustaining or because additional resources are identified to continue the operations
- Technical Assistance grant funding must be utilised within a time frame of 12 months and Innovation Grant Funding within 24 months and impact objectives should be achieved by 6 months after the project has been completed
- **Policy related grants** will be available to advance policy formulation. These grants will produce outputs such as diagnostic studies, draft regulations and manuals while building capacity in policy and regulatory agencies

Evaluation Criteria

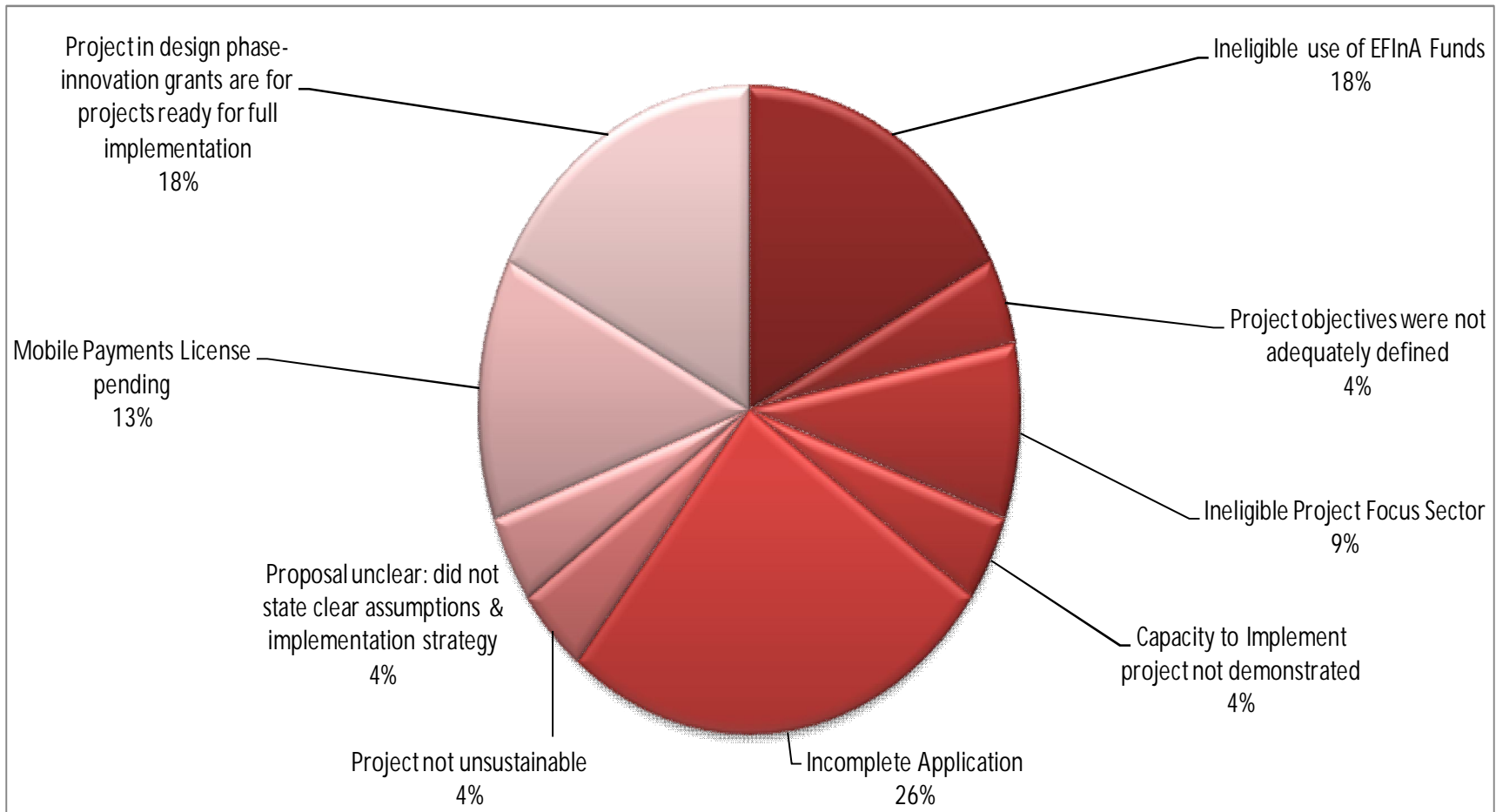
	Technical Assistance Grant	Innovation Grant
Innovation	30%	30%
Viable Project Idea	30%	25%
Developmental Impact	20%	20%
Capacity	20%	20%
Consumer Protection & Financial Education	0%	5%

REASONS FOR APPLICATION REJECTION

Innovation Grant Round 1: Reasons for Application Rejection

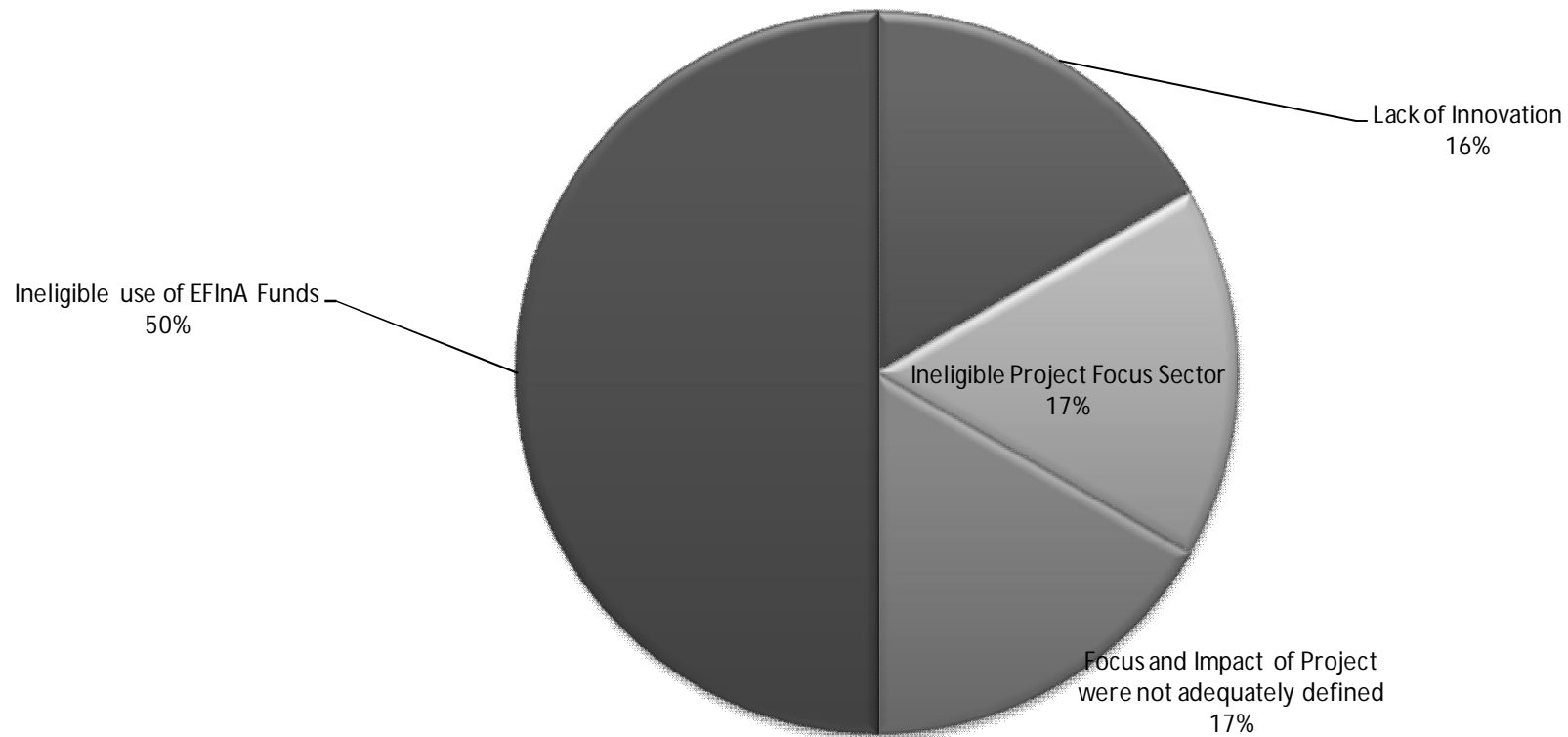


Innovation Grant Round 2: Reasons for Application Rejection



Technical Assistance Grants 2010

Reasons for Application Rejection



INNOVATION GRANT ROUND 3

REQUEST FOR PROPOSALS

Innovation Grant Round 3: Savings

- Setting aside small sums in a safe place allows people to guard against risks like illness or crop failure, build assets, and provide opportunities to the next generation.
- Poor households with access to savings accounts and other basic financial services can manage unexpected events, invest in opportunities like education, and build financial security
- **The issue:** The EFInA Access to Financial Services in Nigeria 2010 Survey highlighted that 23.8 million adults are currently saving at home.
- There is demand for a range of affordable, convenient and accessible formal savings products for low value savers. The design and development of such products is critical to the successful in mobilization of savings deposits.

What are we looking for?

- We are seeking proposals for the development and launch of innovative and effective formal savings products in terms of convenience, flexibility and cost, targeted at the lower income segment that encourages them to save.
- The product and business model should enable the collection of **low-value savings** from **unbanked** and **under-banked** savers, **especially women**. The project proposed should be **sustainable and scalable** for the financial services provider
- EFInA Innovation grants can be used to implement specific projects that should be targeted at the unbanked.
- All applicants will be expected to fund at least 50% of the total project cost

Grant Proposal Categories

Grant proposals must fall under one or more of the following categories:

- **Savings Products for Women**
- **Small Value Savings Accounts**
- **Remittances & Savings**
- **Branchless banking & Savings**

Essential Proposal Requirements

Grant proposals should demonstrate the following:

- **Outreach:**
 - demonstrate the ability to reach high numbers of unbanked or underserved groups
- Products and services offered must have the following features
 - convenience
 - flexible
 - secure
 - usable
 - affordable
- **Financial Literacy**
 - the use of marketing and financial education campaigns to demonstrate to customers the importance of saving; how to set savings goals; and change their saving behaviour to save with formal financial services providers.
- **Consumer Protection**
 - Pricing must be transparent and proposals should incorporate consumer protection redress mechanisms.

Eligibility Criteria- Innovation Grants Round 3

Eligible Applicants

- Commercial Banks
- Microfinance Banks
- Non-Bank Financial Institutions

Eligible Expenditure

- Launching and implementing a new product, service or delivery mechanism, including:
 - Systems upgrades/adjustments
 - Project-specific procurement of devices for the innovation
 - Train non-bank agents
 - Marketing and advertising expenses specifically to improve financial capability
 - Technical assistance consultancy

Non- Eligible Expenditure

- General operations expenses
- Start-up capital
- Acquisition of fixed assets
- Loan capital (on-lending) or guarantee funds
- General Advertising or Marketing

Innovation Grant Application Process

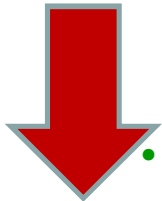
- RFP for Innovation Grant Round announced



- Applicant submits application form, business plan, and supporting documents for EFInA Review



- EFInA invites shortlisted applicant to make a presentation based on eligibility criteria



- EFInA evaluates proposal based on presentation & supporting documents and our evaluation criteria



If Project is Approved for Funding

- Funding for product/ service launch and full implementation (on a matching funds basis)

**Application
Submission**



Evaluation



Approval



≈80 Working Days

TECHNICAL ASSISTANCE GRANTS

Eligibility Criteria- Technical Assistance Grants

Eligible Applicants

- Commercial Banks
- Microfinance Banks/ Institutions
- Non-Bank Financial Institutions
- Technology Providers
- Mobile Telecommunications Operators
- Payment Services Providers
- Policy and Regulatory Agencies

Eligible Expenditure

- Business Plan Dev TA
- Market Research
- Product Dev
- Consultancy fees
- Consultancy fees for business case dev linked to EFInA A2F data
- Pilot (where business plan ready)

Non- Eligible Expenditure

- General Operations expenses
- Start-up capital
- Acquisition of fixed assets
- Loan capital (on-lending) or guarantee funds
- Advertising or Marketing



Technical Assistance Grant

Application Requirements & Process

Concept Note (max 10 pages)

I. Project Objective	<ul style="list-style-type: none"> • Statement of product/service to be offered and linkage to key focus sectors • Statement of how the product/service is innovative in Nigeria • Brief statement of how the solution will benefit the unbanked/under-banked low income customer segment and promote financial inclusion • Need for EFInA funding (additionality)
II. Background	<ul style="list-style-type: none"> • Project Rationale • Product/ Service description • Product/ service delivery channel • Source of the idea (e.g. Similar project in other markets) • How does this product/ service offering fit into the overall strategy of the organisation • Proof of resources to implement the project plan • List names project team members and their role • Capacity e.g. partner financial services providers, technology, software development, consultants
III. Work Plan and Requirements	<ul style="list-style-type: none"> • Detailed work plan (who will do what when) linked to the objectives • A description of what is required to implement the plan • A cost/benefit analysis of the plan
IV. Targets	<p>A set of outcomes linked to the objectives:</p> <ul style="list-style-type: none"> • Customer segment target: banked, unbanked, under-banked • Out reach: <ul style="list-style-type: none"> • Number of unbanked/ under-banked targeted • Geographic target: urban, rural, peri-urban (specify location) • Gender target: male, female both • Development Impact - Direct/Indirect in terms of increasing access to financial services • Customer acquisition costs
V. Key Risks & Mitigants	<ul style="list-style-type: none"> • Identify key risk and mitigation strategy
VI. Budget	<ul style="list-style-type: none"> • Budget for the project, including funding gaps

Technical Assistance Grant Application Process

- Applicant submits concept note and supporting documents for EFInA review
- EFInA shortlists for further evaluation based on eligibility criteria



- EFInA invites applicant to make presentation



- EFInA evaluates proposal based on presentation, supporting documents and our evaluation criteria



IF Project is Approved for Funding

Funding for

- Pilot where business plan is ready and robust

OR

- | | |
|---------------------|---|
| • Business Plan Dev | • Consultancy fees |
| • Market Research | • Consultancy fees for business case dev linked to EFInA A2F data |
| • Product Dev | |

**Application
Submission**



Evaluation



Approval

≈45 Working Days

Q&A

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Email the Programme Manager

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