**Request for Expression of Interest (REOI)**

# Sustainable digital payment agent network expansion, digital saving solutions and developing micro-insurance

**Date:** July 26, 2024
**REF Number:** REOI001/2024

## 1. Introduction

**Financial Services Deepening (FSD) Ethiopia**: Established in 2021, FSD Ethiopia is a development agency that aims to support the development of accessible, inclusive, and sustainable financial markets for economic growth and development in Ethiopia.

FSD Ethiopia's role is to identify the constraints of the financial system, facilitate market actors to address these constraints, and help build a functional and effective financial sector that generates economic gains for Ethiopians from all walks of life.

FSD Ethiopia's vision is to contribute to a thriving financial system that delivers real value to the broader Ethiopian economy and its people. FSD Ethiopia provides technical assistance, grants, and research insights to policymakers, regulators, and market actors to drive large-scale change in financial markets and support sustainable economic development.

It works in collaboration with public, private, and development partners in the financial sector to address critical system constraints and facilitate change that allows the provision of effective, transparent, stable, and inclusive financial systems. It provides tailored services to help diverse stakeholders achieve their goals and designs interventions to make Ethiopia's financial sector function effectively and inclusively for all community members, including women and other underrepresented groups.

For more information on FSD Ethiopia, please visit the website: https://fsdethiopia.org/about-us-2/

## 2. Project Description

In line with the strategic approach and directions of the National Financial Inclusion strategy (2021-2025), FSDE has identified key focus areas for advancing scale for financial Inclusion and deepening financial inclusion across the different regions of Ethiopia. To carry out implementation support of the National Financial Inclusion Strategy, FSDE had identified strategic priorities including, -(i) digital financial inclusion – especially via mobile money and agent networks in unlocking not only urban, but most peri-urban and rural areas. (ii), dedicated solutions for the most

underserved, least developed parts of Ethiopia, (iii) expanding services that are accessible to cover productive credit, conventional and interest free saving and micro-insurance.

## 3. Purpose of the REOI

FSDE is seeking to explore partnerships in Ethiopia to engage in the space of digital innovations that will result in the following three broad areas:

### i. Sustainable digital payment agent network expansion

Agent networks are essential for bringing digital financial services to rural Ethiopia. While there are challenges like limited agents and low investment, the growth potential is huge. The NFIS (2021-2025) recognizes the need for expanding and strengthening agent networks to improve financial access, boost the economy, and create jobs. Furter, agent networks are essential for bridging gender gaps in digital financial services. This is particularly critical in regions where conservative community and cultural norms, as well as religious aspects, may make women uncomfortable interacting with male agents. This gender-inclusive approach to agent network expansion will not only increase women's participation but it is also a business case for FSPs that can open access to new and underserved customer segments.

To this end, FSD Ethiopia is looking at supporting initiatives around creating a sustainable agent network nationwide in alignment with other partners work in the space.

Areas of interest for this expression of interest are:

- Projects focussed on **agent network expansion** that cover strengthening and scaling up the existing network of digital payment agents while addressing gender-based barriers to access
- Projects enabling **business case development that will s**upport and nurture viable business cases to ensure sustainable growth and impact of agent networks with a focus on gender-inclusive models.
- Projects that implement **targeted supply-side capacity** building for agency services, and providing **targeted demand-side awareness** with a specific emphasis on empowering women and other underrepresented segments of the population
- Projects that create collaboration with other FSPs through **shared agent networks and interoperable systems** with a commitment to promote gender diversity and inclusivity within the network.

### ii. Digital Saving Solution

FSD Ethiopia is also looking to support FSPs that can cater to the diverse needs of the Ethiopian population, including cooperative members and community-saving

groups, with a concurrent focus on promoting financial inclusion for women. FSD Ethiopia will select and provide technical and financial assistance to the chosen FSPs to enhance, launch, and monitor gender-responsive digital savings products that address the unique financial needs and barriers faced by marginalized segments of the population in Ethiopia.

FSD Ethiopia aims to collaborate with financial service providers to design customizable digital savings products, establish protocols for automatic savings plans, their applications and quality assessments.

Areas of interest for this expression of interest are:

- **Projects that will identify the needs, preferences, and financing options of targeted groups** including marginalized communities such as women, cooperative members and community-saving groups and assess the existing infrastructure of financial institutions to support tailored products and services.
- **Projects focused on the design and launch of digital saving product that also provides tools and support for customers (women, cooperative and community saving groups)** to manage their customized saving plans.
- **Projects that ensure scalability of the proposed solution** to reach underserved or unserved populations effectively by fostering collaboration, partnerships, and a gender responsive marketing strategy.
- **Projects that implement regular monitoring and adoption** of customized products and services and document best practices for further use.

### iii. Developing the micro-insurance space

Ethiopia's predominantly rural population is highly vulnerable to economic shocks like drought, disease, and crop failure. Microinsurance offers a vital safety net by providing affordable protection against these risks. With low insurance penetration and limited access to formal financial services, many Ethiopians lack the means to cope with unexpected expenses. Microinsurance can help mitigate poverty, enhance resilience, and stimulate economic growth by enabling individuals and communities to manage risks effectively. This is especially important for women, who are often more vulnerable to risks and shocks due to their lower economic and social status. It is crucial to promote and support the availability of tailored microinsurance schemes that can help lift women and other underserved segment of the population out of poverty and build their resilience.

Areas of interest for this expression of interest are:

- **Initiatives that scale agricultural insurance schemes and help scale up the existing promising agriculture insurance schemes**. The initiatives could utilize insurtech and mobile money platforms tailored to the needs of women and other marginalized community members. The intervention could take the form of capacity development, stakeholder coordination, and technological support.
- Iinitiatives that **expand and strengthen innovation, access, and distribution channels for microinsurance.**
- **Initiatives that look at the creation of optimal implementation modality and reduce challenges such as access and usage barrier** particularly influencing informal sector workers, and supply barriers **Initiatives that help build necessary partnerships around microfinance institutions (MFIs), credit unions, cooperatives, commercial banks, various employees, Community-based organizations including cooperatives, trade unions, etc.** will be considered. The initiatives should further support women's access and participation incorporating targeted outreach and awareness-raising activities in the community.

## 4. Eligibility Criteria

Interested parties must meet the following criteria:

i. **Legal Status and Registration**:
   a. The FSP must be a legally registered entity in the country or region where the digital payment agent network expansion is planned.
   b. The FSP should have all necessary licenses and permits required to operate as a financial service provider.

ii. **Financial Stability**:
   a. The FSP should demonstrate financial stability and solvency through audited financial statements for the past three years.
   b. Evidence of adequate financial resources to support the expansion of the digital payment agent network.

iii. **Experience and Track Record**:
   a. The FSP should have a proven track record in operating digital financial services or similar projects.
   b. Experience in managing agent networks or similar distribution channels is desirable.
   c. Demonstrated track record of promoting gender equity in their leadership and workforce.

iv. **Technical Capabilities**:
   a. Demonstrated technical capability to implement and manage digital payment solutions and agent networks.
   b. Capacity to implement targeted supply-side capacity building for agency services, and provide targeted demand-side awareness
   c. Ability to integrate with existing payment systems and platforms.
   d. Demonstrated capacity to identify and incorporate women needs, capacities and preferences

v. **Network and Outreach**:
   a. Extensive network and outreach capabilities in the target areas for the expansion.
   b. Experience in designing and implementing effective women-focused awareness and education programs

vi. **Compliance and Regulatory**:
   a. Compliance with all relevant regulatory requirements and guidelines related to financial services and digital payments.
   b. Commitment to adhere to consumer protection and data privacy regulations.

vii. **Business Plan and Viability**:
   a. Submission of a detailed business plan outlining the strategy for expanding the digital payment agent network.
   b. Clear identification of viable business cases and revenue models to ensure sustainability.

viii. **Innovation and Scalability**:
   a. Demonstrated innovation in leveraging digital technologies for financial inclusion and payment solutions.
   b. Scalability of the proposed business model to reach underserved or unserved populations effectively.

**ix.** **Relevance and Sustainability**
   a. Incorporate a clear way forward to ensure the sustainability of the proposed solution/intervention.
   b. Implement monitoring and adoption strategies to ensure long term relevance of the financial solution for the target community.

x. **Partnerships and Collaborations**:
   a. Ability to establish and manage partnerships with relevant stakeholders such as local communities, businesses, and governmental bodies.
   b. Collaboration potential with technology providers, telecommunications companies, and other financial institutions.

xi. **Commitment to Social Impact**:
   a. Commitment to promoting financial inclusion and improving access to digital financial services for marginalized or remote communities.
   b. Plans for measuring and reporting gender disaggregated social impact metrics related to the digital payment agent network expansion.
   c. Demonstrated commitment to advancing gender equity and women's empowerment through the proposed project.

## 5. Submission Requirements

Expressions of interest should include the following information:

- **Company Profile:** [Brief description of the company, including size (including number of employees disaggregated by gender), location, and areas of expertise.]

- **Relevant Experience:** [Details of previous projects and products similar in nature]
- **Key Personnel:** [Information on key team members and their qualifications.]
- **References:** [List of references or previous clients.]
- **Contact Information:** [Primary contact person, email, and phone number.]

**6. Submission Process**

- **Deadline for Submission:** 13 August 2024
- **Submission Method:** Interested applicants are invited to submit their expression of interest along with the required materials mentioned below via email to bids@fsdethiopia.org.
- Please direct any questions to bids@fsdethiopia.org.

**7. Evaluation and Selection Process**

Submitted expressions of interest will be evaluated based on the eligibility criteria and the quality of the information provided. Shortlisted companies may be invited for further discussions and potential collaboration.

For any questions or clarifications, please contact the FSD Ethiopia team at bids@fsdethiopia.org.

We look forward to your expressions of interest and the opportunity to work together in driving financial inclusion and sustainable economic development in Ethiopia, with a strong focus on empowering women.

**8. Commitments**

✓ **Safeguarding**

FSD has a Staff Code of Conduct, Safeguarding and other Policies, which have been developed to ensure the maximum protection of program participants. The consultancy offered with the opportunity will be expected to adhere to these policies and other FSD and Donor policies.

✓ **Gender equality**

FSDE highly promotes Equality, diversity and inclusion and works with women and men, People with disabilities, and various groups and supports their empowerment and appreciates their achievements constantly.

FSDE also encourages and is considerate of applicants who include women, and people with diverse backgrounds to be part of this assignment.