



REQUEST FOR PROPOSALS

Building economic security through financial services

The Ford Foundation invites project proposals from eligible organisations under its initiative to ‘build economic security over a lifetime’. The objective of this request for proposals is:

“To promote innovation in financial services that will enable large numbers of poor and disadvantaged people to build economic security.”

The types of project that may be eligible for funding under this initiative are described below, as well as details of eligibility conditions, application procedures and some information about the Ford Foundation in Indonesia. This request for proposals is aimed primarily at supporting activities in Eastern Indonesia.

I. SCOPE OF PROJECT PROPOSALS

Objectives

Proposals submitted should state clear, specific and measurable objectives that are consistent with the overall objective of this request for proposals: ‘to promote innovation in financial services that will enable large numbers of poor and disadvantaged people to build economic security.’

Which financial services ?

Poor people themselves have diverse financial needs which may be met by a wide range of financial services including: savings, insurance, credit, remittances or a combination of these services. Similarly, businesses which provide employment and economic security to low income workers and suppliers also face a variety of financing requirements which may be met through loans, equity investments, equipment leasing arrangements etc. Innovations in all kinds of financial service that benefit poor people and contribute to their economic security will be considered. However, the Foundation is particularly interested in initiatives that help poor people address risk, build assets and thereby generate economic security.

What kind of innovation?

NEW SERVICES. Innovative products and services that better meet a wider range of needs of poor and disadvantaged people. Examples could include:

- tailored savings products that help meet common goals of low income clients;
- microinsurance or other risk pooling products that help to cover health, natural disaster, accident or other risks;
- low cost housing or housing improvement finance;
- domestic or international remittances;
- Syariah compliant products designed for low income customers.
- leasing instruments that enable micro and small businesses acquire essential equipment without collateral;
- trade financing products that allow small/social enterprises to expand business;
- value chain analysis that provides banks with information to enter new markets serving low income producers.

NEW TYPES OF DELIVERY CHANNEL. Innovative delivery channels can improve access to financial services for poor and disadvantaged groups, particularly in remote areas by reducing transaction costs. Examples may include:

- service delivery through groups or agent networks
- mobile banking;
- branchless banking technology;
- mobile phone banking;

MOBILISING NEW SOURCES OF FUNDS. Many available financial resources could contribute more significantly to the economic security of poor households if channelled through specialised, sustainable and regulated financial institutions that serve poor customers. Innovative partnerships and projects could help channel new financial resources through such institutions. Examples may include linkages between retail institutions and:

- wholesale bank linkage programmes.
- government welfare or microfinance programmes e.g. Family Hope conditional cash transfer programme, PNPM Community Empowerment Programme;
- new philanthropic resources e.g. Islamic or corporate philanthropy;
- potential environmental subsidies, for example through the REDD mechanism

LINKAGE WITH OTHER NON-FINANCIAL SERVICES THAT IMPROVE LIVELIHOODS. Benefits derived from financial services clearly depend on the livelihood activities of poor clients. Innovations that provide non-financial services or link clients to other service providers can hugely increase the impact of financial services on economic security. Examples might include linkages to:

- extension or technical advice services;
- business advice and training;
- organisational development services for co-operatives, marketing groups etc.;
- financial education programmes.

NEW TYPES OF CLIENTELE. Innovations that enable access by particularly disadvantaged, previously underserved groups (people living with HIV/AIDS, inhabitants of remote islands, migrant workers etc.) through specific initiatives in:

- Financial education aimed at a particular target group;
- Client identification mechanisms e.g. low cost means of poverty ranking or scoring to identify potential clients;
- New product marketing using media channels accessible to the poor;
- Organisational restructuring to make services more accessible to the poor.

What kind of activities ?

Projects funded under this request for proposals should involve piloting of innovations within poor communities. Innovation necessarily involves risk, trial and error which may involve costs which organisations are unable or reluctant to bear themselves. Activities and costs might therefore include: market research, provision of equipment, training, short term subsidy of operational costs, impact evaluation, communications etc. It is expected that projects would be implemented over a 6 month to two year period.

It is unlikely that grant loans funds could be included, unless in exceptional circumstances.

What is an eligible organisation ?

Applicant organisations must be recognised legal entities – Indonesian or overseas organisations authorised to operate in Indonesia. Applicants can be non-profit or for-profit organisations. Successful applicants will be asked to furnish copies of the organisation's legal documents.

Applications are welcomed from groups or consortia of organisations. In many cases, co-operation among partner organisations may be essential to project success (e.g. partner – agent model insurance projects; financial and non-financial service linkage projects). However, one single organisation should generally represent the consortium and would become the legally responsible grant recipient.

It is envisaged that the following types of organisation might be interested in applying: banks, financial co-operatives, NGOs that promote financial services for poor people, technical assistance providers, consulting companies, insurance companies, venture capital firms, etc.

Existing Foundation grantees should note that Government Secretariat regulations currently restrict grantee organisations from receiving multiple concurrent grants from the Foundation.

What are the selection criteria ?

POVERTY OUTREACH AND IMPACT. Impact on a verifiably poor or disadvantaged target group is an essential criteria for selection. Projects selected will need to include explicit and practical means of verifying the socio-economic status of clients reached together with other means of monitoring social performance. Priority will be given to innovations that benefit poor rural populations.

INNOVATION. Grant funds under this RFP are limited and are therefore best used to support innovation and piloting rather than financing the wider scale up of existing programmes or ideas.

POTENTIAL TO REACH SCALE. Projects with potential to impact large numbers of poor or disadvantaged people will be given high priority. Pilots should include explicit and realistic means for much wider dissemination or replication if successful.

SUSTAINABILITY. It is clearly important that successful innovations should be sustained and replicated. This means that the activity should have a good chance of financial sustainability or profitability within a reasonable time period and be carried out by an organisation that is well managed, financially sound, legally registered and preferably regulated. Included within this assessment will be the extent to which the applicant is able to invest its own resources or secure other external resources to co-fund the project.

What is the geographical scope ?

While applicant organisations can be based anywhere, project proposals must include a significant proportion of their activities within Eastern Indonesia or in another part of the country which has been impacted very recently by a serious natural disaster. For the purposes of this request for proposals, Eastern Indonesia includes the provinces of: Nusa Tenggara Barat, Nusa Tenggara Timur, Kalimantan Barat, Kalimantan Tengah, Kalimantan Selatan, Kalimantan Timur, Sulawesi Utara, Sulawesi Tengah, Sulawesi Selatan, Sulawesi Tenggara, Gorontalo, Sulawesi Barat, Maluku, Maluku Utara, Papua Barat, Papua.

How much funding is available under this request for proposals ?

The total amount invested by the Foundation in this initiative will depend on the nature and quality of proposals submitted. At least US\$ 1.2 million will be available this financial year.

What is the maximum project budget ?

There is no minimum or maximum project budget size. Costs will be evaluated based on numbers of poor people impacted directly or indirectly by the project, nature of activities proposed and geographical location. Very small, low cost but innovative ideas will be given particular consideration and may be eligible for simpler disbursement and reporting

procedures. For those concept notes which are developed into detailed proposals, budgets will be assessed against a set of cost norms developed and used by the Foundation. At the point of final negotiation of accepted proposals, applicants would be notified of any budget items exceeding these cost norms.

II. SUBMISSION PROCESS

First stage - Concept notes

An initial concept note should be submitted to the Ford Foundation by hand, post or email before 5 pm. on **Friday 12th March 2010**. Organisations submitting concept notes by hand/post will receive confirmation of receipt by post. Submissions received by email will be acknowledged by email. Early submissions will be particularly welcomed in order to space workload.

The postal address is: Ford Foundation (Financial Assets Programme), Sequis Centre 11th Floor, Jl. Jend. Sudirman 71, Jakarta 12190. The Foundation is not responsible for any late postal deliveries.

Email: ffjakarta@fordfoundation.org, marking the subject line 'Financial Assets RFP'.

Preferably, concept notes should be submitted in English or in Indonesian language with a short 2 paragraph summary in English. Concept notes should not exceed 4 pages of A4 in 11 point font. The concept note should include the following information:

Applicant organisation:

Legal status.

Date of establishment.

Brief background, incl. details of current relevant activities and projects.

Website (if any).

Details of collaboration with other organisations required for this concept.

Concept:

Objective.

Main activities.

Expected outcomes and means of verification.

Target group:

Geographical location.

Expected number of poor people impacted directly and indirectly.

Means of verifying poverty status of target group.

Criteria:

In what ways does the concept fulfil the selection criteria for this request for proposals

Budget:

Estimated total budget in US\$ with breakdown to 5 – 8 main budget categories.

Estimated contribution from own or other sources can be mentioned.

Source of information:

Where did the applicant hear about this request for proposals ?

Second stage - Proposals

The Foundation will try to respond to all concept notes by **31st March 2010**. At this point, the Foundation will request some applicants to develop the concept notes into detailed proposals. This could include discussion of possible changes to the project as proposed (e.g. scaling down of project size, shift in project emphasis) but only with mutual agreement. More detailed guidance on proposal and budget format will be issued at this time – in line with standard Ford Foundation proposal guidelines. The Foundation may request to visit the applicant organisation during the period of detailed proposal preparation. Other applicants will also be notified by 31st March 2010 that their concept note cannot be given further consideration for whatever reason.

Feedback, discussion, negotiation and agreement of accepted proposals is expected to be completed by 31st May 2010. Only at the final proposal stage can a comprehensive assessment of all the proposals be made. Therefore, the Foundation cannot make any prior commitment to organisations invited to develop concept notes into detailed proposals.

Project implementation

Approved projects will be subject to the same procedures as all Ford Foundation grants. Following approval of the grant by the Ford Foundation, the grantee will also need to seek approval from relevant government department and the State Secretariat prior to disbursement of grant funds by the Foundation. The Foundation also requires annual financial and narrative reporting.

III. ENQUIRIES

Any questions and queries relating to this request for proposals are welcomed, preferably by email to ffjakarta@fordfoundation.org. Please include 'Financial assets RFP' in the subject line.

FORDFOUNDATION

The Ford Foundation is a private donor organisation based in the US which has been operating in Indonesia since 1953.

Its mission is to support visionary leaders and organisations working on the frontlines of social change worldwide. The Foundation's goals are to: strengthen democratic values, reduce poverty and injustice, promote international co-operation and advance human achievement.

In Indonesia, the Foundation is implementing the following initiatives:- Advancing public services media;- Building economic security over a lifetime;

- Expanding community rights over natural resources;*
- Promoting reproductive rights and the right to sexual health;*
- Promoting transparent, accountable and effective government.*

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