

The funding windows and selection criteria

Funding windows

The FEF will allocate funds in four categories:

1. Projects providing financial education implemented by non-private sector entities (**Category A** projects)
2. Projects providing financial education implemented by private sector entities (**Category B** projects)
3. Projects which will focus exclusively on the evaluation of existing financial education interventions implemented by third parties that are not funded by the FEF (**Category C** projects)
4. Projects designed to create an enabling environment for financial education in a country and which does not entail the direct provision of financial education (**Category D** projects)

Funding allocations to **Category A, B and C** projects will be made on a competitive basis by the Investment Panel, i.e. applications will compete with other applications for the available funding. It is anticipated that the Fund Manager will have to trigger applications for Category C projects through interaction with existing projects funded by third parties. However, Category C projects will compete on an equal basis with Category A and B projects.

Category D projects will be identified by the Fund Manager in discussions with potential applicants, but approved by the Investment Panel. Although trade-offs between different category D projects will have to be made, given limited funding, Category D project funding will not be awarded on a competitive basis.

It is proposed that at least 80% of all funds available for project funding be allocated to Category A, B and C projects and no more than 20% of funding to Category D projects.

Eligibility criteria

The following eligibility criteria will apply to **Category A, B and C** projects:

1. **Capacity to implement:** The FEF is not prescriptive regarding the nature of applicants. Applicants can be private sector employers, financial services providers, private foundations, government institutions, NGOs, local community organizations, training institutes, professional and industry umbrella associations, consumer bodies, etc. Moreover, consortia will be encouraged. However, applicants must have the capacity to implement the full project or must be able to source the necessary expertise from external service providers where this is required.

Where consortia are brought together for an application, a lead applicant must be identified who will be the contracting party for the FEF and who will be required to enter into subcontracting arrangements with members of the consortium.

Larger private sector employers are considered eligible where they are well placed through their scale and capacity to deliver increased financial capability to their employees and others.

2. **Direct provision of financial education:** Projects must provide financial education directly to beneficiaries of such education with the intention to improve their financial capability. Projects that propose to only develop financial education materials without applying these materials in education interventions will not be funded. Similarly, the bulk of FEF funding must be applied to education interventions or communication events rather than to the development of materials.
3. **Must improve financial capability:** The FEF will support projects that improve the financial capability of individuals and households. The FEF considers a financially capable individual to be one who has the knowledge, skills and confidence to be aware of financial opportunities, to know where to go for help, to make informed choices, and to take effective action to improve his or her financial well-being. Financial capability therefore has four dimensions: (1) knowledge, (2) skills, (3) attitudes and (4) behavior and the FEF seeks to impact all of these. Please note that the focus is on personal financial management, not the financial management skills related to a business. (For more information on the various dimensions of financial capability, applicants are referred to the draft FEF evaluation framework.)
4. **Must target increased/ changed usage of financial services:** The FEF will fund projects that seek to impart not only personal financial management skills (such as budgeting), but also seek to trigger increased and/or enhanced usage of financial services that will extend current levels of financial access in the target countries.
5. **Must primarily target low-income groups:** Projects must focus on improving the financial capability of low-income persons, families and communities. Whereas interventions using mass-based communication mediums will inevitably be available to all income groups, the content and orientation must be towards low-income clients.
6. **Potential for scale:** The FEF will fund projects that have the potential to impact large numbers of persons, either through direct communication with large groups or through the presence of multiplying factors such as the training of individuals who will be involved in advising or influencing others in the target market.
7. **Ability to credibly measure impact:** A primary objective of the FEF is to test the relative success of different approaches to financial education. **All** FEF projects must therefore be able to measure the impact of their financial education interventions. Projects proposals must include budgeted proposals for impact evaluation, including, amongst others, the collection of baseline data, target outcomes and proof of expertise to undertake the evaluations. (Applicants are referred to the FEF Project Evaluation Framework for more information.)
8. **Leverage:** Projects must leverage the applicants' own resources and existing networks, particularly networks of trust used by low-income persons. All applicants must demonstrate some leveraging of other resources, internal capacity, or partners' resources alongside FEF resources.
9. **Implemented in the FEF target countries:** Projects must be implemented in FEF target countries being Botswana, Ghana, Kenya, Namibia, South Africa, Tanzania, Uganda, and Zambia so as to cluster initiatives and build multiple interventions that feed off each other. Regional projects will also be eligible provided the majority of FEF resources are applied within FEF target countries. The geographical focus of the FEF may extend in the future, depending on demand and the availability of resources.

10. **Maximum implementation period of 24 months:** FEF projects should be implemented over a period of no more than 24 months, including final impact assessment activities. This will require early implementation of the financial education interventions themselves to allow sufficient time for impact assessment.

11. **Maximum grant size of £250 000:** Due to the focus on testing alternative approaches to financial education, the FEF will not contribute more than £250,000 to any single project.

The following additional eligibility criteria will apply to Category B projects:

12. **Privately owned grantees must contribute matched funding on a 1:1 basis:** When funding privately owned businesses (as grantees or leading applicants of a consortium), the FEF requires private applicants to share the risk of the project by providing matched funding equal to the contribution of the FEF. In this regard, additional (rather than sunk) investments are sought from private sector partners. A substantial proportion of the private contribution must be in cash and the FEF must be able to verify the full extent of the contribution. Resources such as intellectual property and existing materials would not be considered as a suitable match for FEF resources.

13. **FEF resources cannot be allocated to product marketing:** Private sector applicants that provide financial services must demonstrate that FEF funds will not be used to market their own products. They need to apply FEF resources to more generic financial education or training in the use of products that have application beyond their branded product range.

While FEF funds cannot be applied to marketing, the resources that the applicant is bringing to bear alongside FEF funds may relate more directly to the promotion of the applicants products or services. However, it should be noted that the degree to which public goods (rather than private goods) are developed will be a consideration in the competition (see Assessment Criteria below).

Due diligence

The FEF Fund Manager will perform an initial due diligence on all full applications received. This will include the following:

- *Registration and other requirements related to legal personality:* The legal registration of the applicant will be verified, inter alia by requesting copies of the registration documents from applicants and they verifying these with the necessary national authorities. The governance arrangements of institutions will be checked.
- *Financial probity:* The financial good standing, including tax compliance, of applicants will be verified.
- *Delivery and managerial capacity:* The ability of applicants to deliver proposed project outputs within the indicated time frame will be assessed. As far as possible this will be done through visits by the Fund Manager to applicants.
- *Experience in financial education:* Where applicants assert previous experience in financial education, these will be verified, inter alia, through checking materials used in previous projects as well as any project reports that may be available. Interviews with the relevant staff members will be sought.

Assessment criteria for Category A, B and C projects

Project Concept Notes and full Applications for FEF funding selected for consideration by the Investment Panel, will be assessed using the following criteria. The criteria are grouped into four categories, each carrying equal weight in the assessment:

1. The capacity of the applicant to deliver the project outputs and outcomes (25%)

Managerial and delivery capacity: Applicants must have the necessary institutional capacity and managerial strength to implement the proposed financial education interventions, either as a single applicant, or through the members of the consortium.

Financial strength: Applicants must be able to manage the cash flow and other financial requirements to implement the project. The necessary financial record-keeping and reporting systems need to be in place.

Experience with financial education: The institution must have the experience with financial education or adult literacy necessary to implement the relevant intervention. This will differ from project to project.

Experience of key individuals: Key individuals responsible for implementing the project must have the necessary experience for the tasks allocated to them.

Coherence and sufficiency of consortium: Consortia must demonstrate that they have assembled the requisite skills and resources to implement the project in a cost effective and efficient manner (avoiding a top heavy or cumbersome structure).

Additionality: The FEF seeks to fund projects which would not have happened if FEF funding was not made available. Applicants therefore need to demonstrate that the project would not have happened if it was not for FEF funding.

2. The approach and methodology to be used in the proposed intervention (25%)

Method of financial education employed: Is the content and manner in which the financial education will be delivered (eg components of financial capability targeted, channel used, method of communication, materials, etc) credible given existing knowledge.

Clarity and quality of project plans: Is the project plan clear, systematic and complete. Does it cover all the elements of the process and is the timeframe realistic.

Innovation and the need to add to existing learning: The FEF seeks to support projects that will push the financial education frontier forwards, test new ideas and approaches and inform others as to how best to deliver financial education to a variety of target groups. This requires not only a rigorous evaluation of existing approaches (where these have not yet been fully evaluated) but also innovating and developing new approaches to financial education. In the financial education environment innovation is interpreted broadly and will be considered in the local context. It may be innovation in the method and style of delivery, innovation in the form of partnerships used to deliver financial educations, or innovation in others forms.

Extent of applicant's own resources leveraged: To what extent is the applicant using its own in cash and in kind resources to implement the project and thus adding to the cash provided by the FEF.

Extent of networks of trust¹ leveraged: To what extent does the project utilize existing networks of trust and institutions to deliver its education?

Extent of development of local capacity: The FEF seeks to build national capacity to design and deliver financial education initiatives in target countries and the degree to which such local capacity is developed will be a consideration in the selection of projects. Where international organizations are involved in partnership with organizations based in FEF countries, the degree to which knowledge and skills are transferred will be an important consideration.

3. The potential impact of the intervention (25%)

Scale – the number of low income persons to be reached: The FEF seeks to develop models for delivering financial education to large numbers of underserved individuals and households and the number of these target audiences reached will be an important assessment criteria.

The profile of beneficiaries will also be important, as FEF has a low-income focus and will seek to support projects that lead to increased financial education for poorer and more marginalised groups. However, there is recognition that there are a range of unmet needs for financial education, and FEF may not always seek the poorest groups as beneficiaries of projects.

Increased financial capability and behavior change: FEF projects must seek to improve the full range of financial capability (knowledge, skills, attitudes and behavior). As such it seeks to improve both the quality and the quantity of the usage of financial services. Generally this will be in the form of increased or more responsible usage of financial products or services, but may also come through changes in the way individual or household budgets are managed.

Potential for replication, sustainability and/or systemic impact: The FEF seeks to maximize the impact of the resources it applies. The degree to which projects are likely to lead to a longer term impact beyond the period of FEF support will therefore favor one project over another. Longer term impact may occur in a variety of ways, and may not always be due to the continuation or expansion of project activities. These could include: scaling-up project activities, replication of projects by other institutions, institutionalization of the knowledge and skills to ensure continued communication of financial education messages beyond project completion, continuation through other funding sources, and/or some form of sustainability through capturing an income stream to continue to fund project activities.

In some cases the longer term impact of a project may not be through the project being developed and used to deliver financial education to more people, but may come through some sort of systemic change that results. Plans for how the outputs and outcomes of projects will be disseminated so as to maximize the impact of the project will be an important consideration.

Contribution to the wider national strategic and enabling environment for financial education: Consideration of how the proposed project will impact and relate to other existing and planned financial education initiatives in the country of implementation will be a factor. FEF is

¹ A network of trust is an existing set of client relationships (such as the branches of an MFI), or other relationships with persons trusted by the target market for the financial education intervention. Such networks of trust facilitate communication with the target market.

seeking to build and support multiple initiatives that are mutually reinforcing and an awareness of how the project impact will relate to the wider financial education field in the country of implementation will be critical. Competitive projects are likely to have some potential to impact on national strategies or coordinating capacities alongside the delivery of financial education to the target groups.

4. The ability to assess the impact of the intervention (25%)

Whether measurable targets are set: Due to the importance of exact evaluation of impact, the extent to which the proposal contains realistic and measurable targets based on previous experience of sound projects or best estimates, will be important.

Quality of proposed evaluation methods and planning: FEF is seeking to support projects that add to the learning of how to deliver financial education effectively and efficiently. Being able to understand and assess the approach applied, challenges faced, results achieved, and impact on recipients of support will be critical. The approach to and planning for monitoring and evaluation therefore needs to be clear, practical and adequate.

Sufficient evaluation skills: Applicant organization(s) must demonstrate sufficient professional skills to implement their evaluation plans and to manage an effective M&E process. If these skills do not currently exist within the organizations, applicants need to source sufficient skills from third party service providers. Applicants are encouraged to use external service providers to ensure the independence of evaluations².

Additional criteria for Category B projects

The following two additional criteria will be used to assess Category B projects. These criteria will be separately assessed and not count to the rating under the overall assessment set out above. These separate assessments will be considered by the Investment Panel when they make their final decision.

1. *Matching contribution size:* What is the size of the matching contribution provide by privately-owned applicants. The FEF seeks to leverage as much non-FEF resources as possible to achieve its objectives.
2. *Degree of public goods provided:* For private sector applicants, the degree of public goods delivered is a key consideration. Thus, the more accessible financial education provided by these projects are to the general public (and not just the clients of private financial services providers or employees of private employers, to take to examples of potential applicants) the more attractive the project.

² The Fund Manager can assist applicants to identify suitable service providers to assist with project evaluation.