

## Digital Transformation for Inclusion program – Q&A

- 1. Because of the likely/possible link to the follow-on implementation, can you share expected details about that scope and timeline? (which countries, which FSPs, duration, budget)**

DGGF seeks to design a program to be implemented from 2024 to 2029 with a clear exit pathway. The total budget envelope for the 5 years is in the range of EUR 1-1.5M, depending on the scale of operations. It is our intention to eventually open the program to non-DGGF investees, which can be based anywhere in 70+ DGGF focus countries. It will be very important to incorporate language and time zone considerations in the program design and the implementing team composition.

- 2. For this phase of groundwork data gathering and analysis as well as design, can you share which FSPs and focus countries should be addressed and whose context should be considered?**

To date, DGGF has invested in 25 FSPs and the portfolio is spread over Armenia, Bolivia, Burkina Faso, Colombia, DRC, Georgia, Guatemala, Haiti, Indonesia, Jordan, Liberia, Mali, Moldova, Mongolia, Myanmar, Nigeria, Palestine, Peru, Rwanda, Sri Lanka, Tanzania, and Zambia. The full list of FSPs will be shared with the implementer at the start of the project.

- 3. Which FSPs are in DGGF's portfolio in Uganda?**

There are no Uganda-based FSPs in the current DGGF portfolio. However, going forward the program will open to FSPs outside of DGGF portfolio and could potentially have beneficiaries from Uganda.

- 4. Does the groundwork apply only to the FSPs in DGGF's portfolio or can encompass others not in the portfolio?**

Optionally, the groundwork can include needs assessment of the FSPs outside of the DGGF portfolio, in order to have a larger sample to inform the program design.

- 5. Based on our experience with similar engagements, the stated timeline of 4 months for groundwork and "comprehensive" design for a "multi-annual" program may be overly ambitious. In the full proposal stage, would DGGF accept the consultant's suggestions for a realistic timeline?**

Yes, the project timeline is flexible. This said, our ambition is to kick off the implementation in Q1 2024.

- 6. Will the consultant be responsible for surveying all 20 FSPs in the DGGF portfolio as part of the groundwork?**

Yes, designing and implementing a survey with the DGGF portfolio to assess their current level of digitalization and needs for support is one of the key deliverables of this assignment.

- 7. Is it expected that the consultant would need to travel to the countries where FSPs are located for data gathering, or can the process be conducted remotely?**

No, travel is not required. The assessment can be done remotely.

**8. As part of the groundwork, will the consultant need to identify and report on gaps in the product suite, the level of digitization, the demand for support, and the nature of interventions required for each surveyed FSP within this initiative?**

Yes, we expect all of these elements to be explored via the survey. However, we appreciate that a survey is not sufficient for an in-depth assessment of individual needs and proposing individual interventions. The objective is rather to assess the general level of digitalization and identify common needs which will inform the program design. Further 1-on-1 diagnostic can be incorporated in the program design.

**9. Is it expected that participation by FSPs in this program will be on a competitive basis? Is it expected that FSPs will contribute to the costs of support provided or will the Seed Capital and Business Development program cover these costs?**

DGGF envisioned FSPs participating on a voluntary basis and the SCBD program covering (most of) the costs. However, we're open to consultant's recommendations – this is part of the program design.

**10. Does the "awareness campaign" on page 1 (areas of potential interventions) represent expectation for a broader learning and knowledge sharing component as part of the program objectives?**

Yes, we would like to create awareness around digitalization practices that promote inclusion as a commercial opportunity. This would require identification of convincing business cases.

**11. Will the comprehensive program's design encompass support for new digital product ideation and design, identification of suitable digital solutions, assistance with vendor selection, project implementation, and overall project management?**

Yes, the resulting program could include any or all of these elements. We are also keen to explore the formats of supporting MFIs in a group setting (e.g. bootcamp, peer-to-peer exchange) in order to scale our outreach.

**12. Could you please provide further explanation regarding the sentence "FSP-aligned non-financial support to SMEs" found in the third paragraph on page 2?**

By non-financial support to SMEs we mean services such as business training, capacity building, financial literacy training, etc. Such services can be either provided by the FSP staff or via partnerships with ESOs (entrepreneur support organizations).

**13. Does DGGF have a view as to what program success looks like? Does it seek to increase the number of SME clients across the relevant DGGF portfolio? Increase active usage of digital products and services? Demonstrate efficiency and productivity gains at the level of the FSP? Improve business performance of SMEs?**

The MEL framework development will be part of the program design. At the core of it, this program is about financial inclusion of the underserved SME segments – youth- and women-led livelihood sustaining SMEs, also outside the urban setting. Beyond the efficiency and productivity gains, we'd like to see how digitalization can improve access to finance for these groups. So, as one of the

outcomes we'd like to see increased number and percentage of these SMEs in the portfolios of our investees – and beyond. Moreover, with elements such as awareness campaign and promotion of responsible digital lending standards, we aim for a wider system change where digital transformation indeed promotes inclusion.