

## Eligibility Criteria for MICF Innovative Finance Window

Firms wishing to apply to the Innovative Finance Window of the Malawi Innovation Challenge Fund (MICF) will need to meet the following criteria:

- All applications must be submitted by a for-profit company, bank, microfinance institution (MFI) or non-bank financial institution (NBF) registered in Malawi.
- The business idea must be implemented in Malawi; either by private sector organisations registered in Malawi or externally registered businesses investing in Malawi.
- The applicant company may collaborate with other organizations, including other companies, non-governmental organizations (NGOs and INGOs), government-related agencies, and other non-profit organizations. However, it is a condition that the lead applicant and implementer of the business idea must always be a commercial company/business.
- All applicants must demonstrate their capacity to implement their proposed project, and will need to demonstrate sound financial performance and clear corporate governance.
- The total grant funds requested must be between US\$200,000 and US\$ 700,000.
- Projects applying to the MICF Innovative Finance Window are expected to develop new profitable models in Malawi that will introduce new products, delivery channels and business models to increase financing to Small and Medium sized enterprises (SMEs). Specially we challenge the financial sector in Malawi to introduce new innovative financial products and services on a sustainable basis that address the needs of the underserved SME sector.
- SMEs are defined as:
  - Small Enterprise: having between 5-20 employees
  - Medium Enterprise: having between 21-100 employees
- All business projects must be inclusive in nature. They will need to demonstrate their ability to deliver improved access to a significant number of SMEs, rather than solely benefitting the participating companies / financial institutions of the particular project.
- The funding request must be for a specific, new and innovative business ideas to improve SMEs' access to finance in Malawi. The MICF views innovation in its broadest sense including: i) a new approach, product, idea or service that has not been tested anywhere; ii) an approach, product, idea or service that is new to Malawi; or iii) an approach, product, idea or service aimed at improving SMEs access to finance that has not been applied to a specific sector in Malawi.
- Grants requested for the following activities will not be eligible for consideration:
  - As the principal that the financial institution will on-lend to SMEs.
  - As a subsidy on interest rates or cost of service to SMEs.

- To act as a guarantee / collateral substitute to underwrite risk of the product to SMEs.
- The project promoters including the lead company, collaborating organisations and third parties such as co-investors or banks and other lenders must provide matching funds *of at least 50% of the total cost* of the business idea. Contributions can be made through a combination of in-kind and cash contributions and will be taken on a case by case basis dependent on the logic of the individual project proposed.
- *The project must demonstrate that the activities that will be funded by the MICF will be additional to the company's existing activities* and that the project would not go ahead without MICF funding. The MICF could also consider projects that if they would have gone ahead, it would be at a much-reduced pace or scale in the absence of the MICF support.
- All applicants must provide evidence of their legal status, office address, telephone number, fax number, company registration number and tax registration. Applicable regulatory approvals governing project activities will need to be obtained.