



## Financial Outreach Window Challenge

### The Context:

Whilst the challenges to Malawi's private sector are already significant, the magnitude of the current shock brought about by the Coronavirus pandemic introduces a significant level of complexity to the economy and increased risks to businesses and the financial sector.

In order to respond to this crisis, MICF will deploy a specific funding window to encourage financial institutions (banks and MFIs), digital finance operators or non-bank financial institutions to provide support to COVID-19 affected SMEs. The applicants will need to demonstrate that their business models have adjusted to the current and prospective economic conditions and will need to demonstrate outreach to those segments of SMEs that have exhibited solid financial performance prior to the pandemic but are facing both financial distress and severe cashflow constraints due to the crisis.

### The Challenge:

Within this environment the Financial Outreach Window will solicit business ideas from financial institutions (banks and MFIs), digital finance operators and non-bank financial institutions operating within Malawi that can:

- **Strength and support cashflow and operational financing needs of growth orientated SMEs:** The MICF is aiming to support a number of innovative initiatives which could include (although not limited to) long term value chain financing, improvements in credit risk scoring, factoring and innovative ways in managing receivables and inventory to reduce cash shortages within businesses, and other initiatives to support such firms immediate cashflow needs, thereby protecting jobs and businesses.

or

- **Support in the rise of digital financial transactions for stable and growing SMEs:** The MICF will look at supporting the move away from cash, which the World Health Organization noted as a conduit for the spread of the coronavirus. This in particular will look at increasing the availability of credit and mobile money facilities for businesses, including smaller businesses that can support such services. It will also examine how transaction costs can be reduced for lower ticket item transactions.

The amount of contribution by MICF shall range between USD 200,000 and USD 800,000 and the grantee must contribute at least 30% of the total project value. The grant would also look at providing technical assistance as part of a package of support. The projects will be expected to be completed within a maximum 24-month period.