



Photo by Lorena Velasco

Call for Partners: Financial Services for Platform Workers

www.cgap.org/livelihoods

Terms of Reference

About CGAP

The Consultative Group to Assist the Poor (CGAP) is a global partnership of more than 30 leading development organizations that works to advance the lives of poor people through financial inclusion. Using action-oriented research, we test, learn, and share knowledge intended to help build inclusive and responsible financial systems that move people out of poverty, protect their economic gains, and advance broader development goals. We research and experiment to achieve proof of concept and extract lessons that can be built to scale by our partners, who apply our insights in the marketplace.

Enabling poor people, especially women, to capture opportunities and build resilience is core to our work. We identify barriers and emerging solutions that have the greatest potential to deliver responsible financial services that meet the needs of poor people at scale. We view digital technologies as one of the critical means for reaching large numbers of poor people in cost-effective ways, and we focus on the special challenges for financial inclusion faced by women. In delivering on our mission of empowering poor people to use financial services relevant to their needs, we focus on three areas: income generation, essential services, and protecting basic standards of living.

Project Summary

CGAP works to expand opportunities and resilience for low-income and underserved people, especially women, through the use of financial services. Platform workers are a growing segment in developing countries, and face some of the same financial risks and opportunities as other low-income workers in the market. However, given that they are already connected to digital rails and generate valuable data through their interactions with platforms, CGAP believes there is an opportunity to design financial services that will help workers improve their livelihoods and incomes, in a way that is aligned to business incentives for platforms.

CGAP is therefore launching a global call for partners to collaborate in the design and testing of such financial services. We plan to support up to five partners to provide, or facilitate access to, financial services for platform workers and/or sellers, especially those that are typically underserved and/or have relatively low incomes, with a particular interest in women. CGAP expects to contribute technical support, sourced either internally or externally, to support a range of potential areas depending on partner needs, including but not limited to product development, testing/iteration, marketing, and delivery.

This document explains the rationale and application process for this call. A separate application form for expressions of interest is [available here](#). The deadline for applications is **October 15, 2021**.

Project Rationale

Digital platforms are proliferating around the world, including in mega-cities in Asia, Sub-Saharan Africa, and Latin America, where a rising middle class' consumption is matched with an aspirational class of workers providing them with services as wide-ranging as food delivery, a ride to their destination, a pedicure, or a repaired air-conditioner. While the number of platform workers in developing economies is still relatively small, and the services rendered may not be new, the rise of these digitally mediated means of procuring them has implications for the future of work more broadly. On one hand, platforms promise to make fixed labor costs variable, triggering increasing adoption by large businesses looking for a flexible workforce. Other platforms bring microentrepreneurs and small-business owners into the digital economy, providing them the opportunity to cheaply and conveniently sell their goods and services online and thereby enhance their incomes and the livelihoods of those working for them. In addition, the increased opportunity for flexible work can be a boon to those looking to balance earning with caregiving responsibilities, especially women.

Platform workers execute focused and time-bound activities, selling products and/or providing services to end customers outside of a traditional employer-employee relationship. They leverage digital platforms to access customers and to receive payments for goods sold or services rendered. Five of the major sectors that have seen significant platform activity in low- and middle-income countries include 1) ride hailing, 2) logistics, such as intercity or hyperlocal deliveries of foods, groceries and other items, 3) personal and home services including, for example, beauticians, hairdressers, plumbers and electricians, 4) e-lancing, which includes freelance work conducted online and 5) e-commerce and informal online commerce¹.

CGAP believes that many platform workers face the same financial challenges as other low-income and informal workers, albeit influenced by the type of platform work they do and how established or successful they have become at earning income through platforms (stage along the “worker journey”). These challenges typically relate to 1) **low, irregular and uncertain** income, and the consequences thereof; 2) the **range of potential risks** they face, the likelihood and financial consequences of which are not well understood at the individual level; and 3) the financial challenges and risks that emerge as a result of their **social and material aspirations**.

CGAP believes that platforms are well positioned to provide or facilitate provision of financial services to these workers, and may have commercial reasons to do so. The platform ecosystem connects more people to digital rails, which makes them more discoverable and reachable, and serves as a conduit of worker income. Workers' interactions with platforms also produce new kinds of data trails, which enable the financial services created in such an ecosystem to be better embedded into people's lives and livelihoods, and thus add more value. FSPs have previously found it difficult to capture this type of data, including workers' KYC information; data on the types of work undertaken and the associated highs and lows of worker revenues and costs; and data on the performance of individual workers. Used responsibly, these can be leveraged to provide a better user experience, a lower cost, or closer product fit. Platforms in several markets are already deploying such financial services to increase worker retention and engagement, and in certain cases as a direct revenue generator.

Project Objectives

CGAP believes there are opportunities to offer financial services that make business sense for platforms (and their partners) and enhance the livelihoods of platform workers. CGAP wants to support platforms and their partners to develop and deliver new or enhanced financial services to platform workers that better leverage their existing relationships with, and understanding of, these workers. We aim to partner with platforms, FSPs and/or Fintechs to develop and test financial services or mechanisms to enhance financial well-being for workers, and to share success

¹ We use informal online commerce to refer to sellers on social media platforms like Facebook, Twitter and Instagram.

cases that demonstrate the potential of financial products that are beneficial for platforms, their FSP partners and platform workers.

Success would be measured on a combination of the applicants' key metrics as well as CGAP's intended outcomes of scale, sustainability, and impact on workers. Given our focus on low-income/underserved client segments, we have a particular interest in how embedded financial services can benefit female platform workers. However, CGAP is also acutely aware of the need for the financial services offered, to be profitable and/or strategically important to ensure ongoing investment and long-term success.

These projects will also help us answer important questions for industry, such as:

- which financial products, product features, and aspects of the customer journey have the potential to increase worker activity on, and engagement with, platforms?
- which products can be used by platform workers to enhance their livelihoods while also being financially viable?
- what are the challenges and key success factors of partnerships between platforms and Fintechs and/or other FSPs?

Partners and Selection Criteria

CGAP is looking for project partners that fall under two main categories:

- (1) **A platform** that believes offering new or enhanced financial services to its workers or sellers has potential to improve or protect worker income and deliver value for the platform, while aligning with its strategic priorities. The platform should have the capability to deliver this internally (including from a regulatory perspective) or through committed partnerships with a Fintech and/or FSP.
- (2) **A Fintech or FSP** that explicitly targets platform workers or sellers and has existing partnerships in place with one or more platforms to reach platform workers, including access to data on workers (with necessary consent).

Organizations that do not clearly fall under either of the categories above can apply but need to make a strong case that they are able to reach platform workers with financial services that can help them improve their livelihoods.

The partner should have clear direction on the type of product/service it would like to launch, and the nature of the support needed. The product should be a priority for the partner, with resources available to invest in its successful deployment.

Below are the criteria for projects to be selected for support and technical assistance under this facility.

1. **Commitment:** The partner must demonstrate commitment to the partnership at the highest level and articulate how this product fits into its strategic priorities.
2. **Potential to advance worker livelihoods:** Prior to submitting their application, the platform, Fintech and/or FSP must have identified an opportunity or challenge facing workers that could be addressed using financial services. This support must have the potential to enhance the livelihood of platform workers. There must also be a business reason for the platform to offer or facilitate the financial service. Furthermore, the financial service must target the underserved workers or sellers, not end users of the platform.
3. **Established platforms:** The platform must be established, generating revenue, and have achieved product-market fit.²

² This criterion is necessary for platforms applying directly, and for platforms that Fintechs/FSPs are partnering with.

4. **Partner resources:** The partners must be willing to co-invest in the success of the pilot/product launch. Further, the partner must appoint a project champion able to lead and execute the project and be accountable for the success of the project. S/he must be empowered to draw on other internal resources as required. The project champion must be named (with title and existing responsibilities outlined) and dedicate at least 50% of his or her time to this product.
5. **Readiness:** The partner/s must be ready to start the project within one to two months of being selected, with launch planned within a maximum of six to nine months thereafter. Note this favors initiatives for which substantive market research has already been completed. Applicants should include their preferred project kickoff date in the EOI, and the proposed timeline from project kickoff to product launch. Applicants should also identify risks to the timely launch of the new/enhanced product offering.
6. **Location:** CGAP has done demand side research in India, Indonesia, Kenya, Nigeria and South Africa which can be used by our partners. However, we are open to working in any suitable low- or middle-income country with the required infrastructure to viably deliver financial services to low-income platform workers.
7. **Globally relevant lessons:** CGAP will consider the relevance of the project (platform, partners, product, approach), and resulting lessons and insights, for other platforms and the broader financial inclusion community.
8. **Sharing data and lessons:** The partner/s must be willing to facilitate the sharing of lessons learned from the project through transparency on data with CGAP and allowing the publication of non-sensitive information during and after the project implementation, including related to uptake, impact, challenges, key success factors and lessons learned during the project. CGAP will not disclose information without the consent of the partners or publish or disclose sensitive competitive information.

When applying, organizations should include the name of partners (if any) and their role in the program. Please refer to the [expression of interest form](#) for more information.

A Typical Project

Ultimately CGAP is seeking financial services that satisfy both the business model challenges or opportunities of the platform and help platform workers enhance their livelihoods and/or become more resilient. This will typically involve four short phases:

1. **Discovery and planning:** A typical project will begin with a workshop with the platform and partner Fintech and/or FSP (as appropriate) to form the team, designed to ensure key stakeholders are aligned on issues including strategic priorities, current status of financial services being provided, key business and worker challenges and/or opportunities the new/enhanced financial services will address, and the area/s of support needed.

Following the workshop, a detailed plan will be put in place outlining a six- to nine-month goal for the project, success criteria/KPIs, and activities and high-level workplan to deliver against that goal. This plan would also outline the elements that would be supported as part of the CGAP project and what efforts (and commitments) are required from the platform, Fintech and/or FSP. A member of the CGAP team will lead the CGAP-supported elements of the project through subcontracted specialized firms and/or individual consultants, as well as his/her own expertise.

2. **Finding expertise:** CGAP will work with the partners to identify, contract and fund suitable experts to complement the partner's own team, and fill any identified gaps in expertise. It is expected that the project could contain various elements, depending on the needs of the applicant. For illustrative purposes, support could include:
 - Design of the product/service, for example, related to specific features of a new product or enhanced features for an existing offering;

- Testing of the new product/enhancement, for example, a pilot or A/B testing of different features; and/or
- Delivery of the product, for example related to data analytic capabilities, roles and responsibilities of the platform and its partners, business model considerations or product management support.

This list is not exhaustive. All proposals will be considered, and CGAP will work with the selected partners to finalize any areas providing support.

It is assumed that the platform, together with its partners, possess the ability and infrastructure to deliver the product. CGAP's role would be 1) as a strategic thought partner, bringing broad financial inclusion expertise, and extracting lessons from the partnership; and 2) to fund additional expertise to support, enhance, and accelerate the final design and delivery of the product. A key stipulation is that the budget will not be used for capital expenditure, and CGAP will directly procure via an RFP.

3. **Towards product launch:** The platform, together with its Fintech and/or FSP partners, the external support, and CGAP team, will undertake the necessary design, build and launch related activities to get the new or enhanced financial service into the hands of its platform workers.
4. **Monitor and extract lessons:** The project is expected to measure key metrics to track progress against agreed goals and extract lessons. This would require data for a minimum of 12 months post launch.

CGAP expects that at the end of the project, the platform, Fintech and/or FSP will have delivered a new or enhanced financial product to platform workers, and the platform, its partners and CGAP will have learnt from the implementation and uptake thereof.

Kinds of Innovation CGAP Wants to Support

We have included some areas of interest below. Note that these are merely examples - we want you to tell us where the real opportunities are, and why. We are open to supporting the development of new solutions and enhancing existing solutions; and to innovations on the back- or front-end. Below are some opportunities we have identified:

Data: We believe there is more room to leverage the data platforms have on their workers to better manage risk, tailor solutions, lower costs and/or increase access – for example to enable more appropriate asset finance or productive credit, or to help workers understand their income and manage their finances.

Embedded finance: We believe there are opportunities to better embed financial services into the daily lives of platform workers to remove barriers that FSPs often face in reaching low-income customers such as those related to lack of relevance, challenging user interfaces, and lack of know-your-customer information. At the same time, platforms will need to be aware of the value low-income individuals often place on direct engagement, and will need to manage the balancing act between “tech” and “touch”.

Conduit of income: We believe being the conduit of income for platform workers creates opportunities for platforms which have not yet been fully explored. This can help reduce risk by automating loan repayments and insurance premiums, reduce barriers to saving; or use gamification to help workers contextualize their income and savings, and nudge them to earn or save more.

These are just examples. Many other opportunities may exist, some of which might cover a few points mentioned above. For example, platforms sometimes only provide financial services to top performers. Could an embedded product leverage data and create incentives to help transform an average or promising performer into a top performer? Alternatively, could providers use platform-generated data and the conduit of income to embed a bundled set of credit, savings, investment, and/or insurance products into the worker interface, depending on the needs of specific workers?

Offerings such as these require a deep understanding of worker needs and preferences. Other improvements may simply stem from improving this understanding. For example, our research suggests that, due to a lack of liquidity, workers don't value health insurance that requires them to pay upfront and then claim the funds back – preferring instead to either get cash or access to healthcare upfront. Similarly, our research indicates insurance products for platform workers could be made more relevant by covering specific risks to income-generating assets – from cars to cell phones.

Still other enhancements may flow from improvements in processing data on workers. A growing body of research is illustrating how bias inadvertently coded into algorithms can systematically exclude entire categories of people from the distribution of opportunities they govern. How can the inclusion or exclusion of various types of data correct such biases and result in greater opportunities for certain types of workers, such as women? In a loan approval scenario, how can such adjustments improve the percentage of applicants approved without sacrificing portfolio quality?

Risks on both the worker and business side that may arise from the provision of such services must also be taken into account. These may include worker over-indebtedness, perverse incentives stemming from requiring on-platform payments, regulatory issues, or other unforeseen challenges. Applicants will be best positioned to understand which risks are most salient in their respective businesses and project contexts. CGAP is aware that there is already significant experimentation happening in this space, so we are looking to work with platforms and their FSP partners that are already far along this journey, and committed to succeeding in a way that is beneficial for the platform and its workers.

Process to Apply

- **Phase I.** Submit [expression of interest form](#) by **October 15, 2021**.
- **Phase II.** An expert panel will shortlist applicant submissions. CGAP will discuss the proposed partnership and type of support with shortlisted candidates and may request additional information to finalize the selection process. CGAP will work with the selected applicants to agree what activities would benefit from support and to develop a general project definition, goals, model for collaboration and terms of reference. Final partner selection is expected to be made by **November 2021**.
- **Phase III.** CGAP will create an RFP to procure the external support needed to implement project as agreed. The RFP responses will be assessed by both CGAP and the applicant. External support may be provided by individual experts or firms.

Information on product uptake, impact on the business, impact on worker activity and other key metrics, main challenges, key success factors, partnership roles and responsibilities, and lessons learned will be documented by CGAP and disseminated to help guide the efforts of platforms and FSPs in other markets. CGAP will not disclose information without the consent of the partners and will not publish or disclose sensitive competitive information.

An agreement will be drafted with the selected applicants to outline the roles and considerations around each individual project.

Deadline for submission is **October 15, 2021.**

- The website www.cgap.org/livelihoods contains the complete set of documents for this project.
- Please submit any questions and/or your completed expression of interest to Rani Deshpande at gdeshpande@worldbank.org.