

## J-PAL SEA Inclusive Financial Innovation Initiative (IFI): Overview of Research Grant

J-PAL SEA's Inclusive Financial Innovation Initiative (IFI) is calling for proposals to evaluate ideas, programs, and policies to utilize digital financial services (DFS) in supporting financial inclusion in Indonesia. IFI invites proposals from J-PAL affiliates, J-PAL postdocs, IFI invited researchers, and PhD students advised by a J-PAL affiliate or IFI invited researcher for full research projects, pilot, and project development grants.

All proposal applications are **reviewed on a rolling basis**. There is a two-stage approval process for research funding:

**Step 1:** If you are interested in submitting a proposal, please fill out the [Expression of Interest \(EOI\) form](#). We aim to respond to EOI submissions within 3 weeks to let applicants know whether they are invited to submit a proposal.

**Step 2:** On receiving a positive response to the EOI form from the IFI team, please **submit the full proposal to [ifi@povertyactionlab.org](mailto:ifi@povertyactionlab.org)**. All application materials will be sent via email or available to be downloaded at [IFI RFP web page](#). We aim to share the outcome of our review within 6-8 weeks after submission.

If you would like to learn more about the Indonesian context and promising research opportunities, you may review [the initiative white paper](#) and/or contact Indonesia-based IFI staff in advance of the application.

### Motivation

Indonesia is experiencing a rapid expansion in financial access (from 35% in 2016 to 56% by the end of 2018<sup>1</sup>), smartphone use, e-commerce platforms, and other digital financial services (DFS). While this growth means Indonesia is poised to become one of the largest digital markets in Southeast Asia<sup>2</sup>, there is a risk this growth will exacerbate existing inequalities by disproportionately benefitting the better off and better connected.

At the same time, there is a clear opportunity for DFS to help advance Indonesia's ambitious goal of reaching 90% financial inclusion by 2024: innovations in the private sector have scope to accelerate financial inclusion and support MSME growth, while the government's renewed commitment to digital G2P transfers offers a key entry point to digitally including the poor while improving program efficiency and service delivery. Yet, there is relatively little evidence – especially from Southeast Asian settings – to guide policymakers and firms committed to this

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<sup>1</sup> SNKI, 2019. [Financial Inclusion Insights Indonesia 2018](#).

<sup>2</sup> Utomo, R. Andi Kartiko. 2017. "[New business model of fintech-banks set to boost digital economy](#)." *The Jakarta Post*, April 25, 2017.

agenda. To address this gap, IFII aims to (1) share evidence on how DFS can be marshalled to support shared economic prosperity while (2) kick-starting a new wave of research on DFS for development in Indonesia.

## Focus Themes and Areas

Funded research will address research priorities that are identified in [the initiative white paper](#), which combines an overview of existing evidence in digital finance for development with a detailed assessment of the Indonesian policy landscape. Applicants are strongly encouraged to review the white paper to get an idea of the Indonesian context and promising research opportunities. The following key themes will guide research topics that IFII will fund:

1. **Optimizing G2P transfers:** The Government of Indonesia is committed to scaling and improving the design of digital social protection payments. Research under this theme will assist policymakers in answering pressing design questions while contributing to the global evidence base on G2P transfers.
2. **Harnessing DFS and E-Commerce for Development:** While DFS and e-commerce are growing rapidly in Indonesia, much of the expansion has been concentrated in urban, better off areas. Research under this theme will identify ways DFS can better reach and benefit low-income, marginalized populations. Areas of opportunity include strengthening Indonesia's agent network, encouraging and growing digital remittances, leveraging e-commerce to support MSME growth, and accelerating use of digital banking products.
3. **Women's Digital Financial Inclusion:** While there is no substantive gender gap in use of traditional formal financial products in Indonesia, there is a significant gap in digital skills and smartphone capabilities which poses risks for women being left behind as DFS adoption accelerates. At the same time, DFS and related technologies like e-commerce may offer new opportunities for women to participate in the economy. Areas of opportunity include, but are not limited to, integrating female-owned small enterprises into the digital economy and building digital skills, e-commerce as an avenue to digital financial inclusion, and mainstreaming gender-sensitive reforms into G2P programming.

All funded research must take place in Indonesia. Researchers are encouraged to submit proposals for research conducted in the key themes. As long as proposals fall within at least one of these themes, IFII does not prioritize proposals from one research area over the other. While IFII funding is prioritized for research targeting the poor, micro-enterprises, and women in rural areas within Indonesia, IFII will accept proposals for interventions that have the potential to increase financial accessibility and induce financial inclusion more broadly.

## Funds

1. Full Research Projects: These grants are for research projects at a mature level of development. Not only must the research question be clear, but applicants must also

demonstrate a commitment from implementing partners, a method of randomization, well-defined instruments, and sample size estimates. Proposals can also be submitted for funding the continuation of research projects that have already started without IFII funding (including those for which field data collection has been completed). The expectation is that these projects will result in a paper publishable and can be scaled-up into an actionable program or policy for Indonesia. The total amount awarded to a single project is \$400,000.<sup>3</sup> Suggested period of performance is up to 24 months.

2. Pilot Grants: These grants are meant for studies with clear research question, but for which the design and implementation requires further testing and pilot data. Pilot proposals should lay out a clear path to future randomized evaluations, the expectation is that these projects will ultimately develop into full-scale randomized evaluations. The maximum amount awarded for pilot studies is \$75,000 and for PhD students advised by a J-PAL affiliate or IFII invited researcher is \$50,000. Suggested period of performance is one year.
3. Proposal/Project Development Grants: These grants cover exploratory work related to preliminary research ideas, such as conducting background research, developing partnerships, visiting field sites, and collecting preliminary data. The expectation is that these funds will be used to support costs related to research personnel support from the SEA office to help PIs develop clear research questions and potential intervention for the proposal of a pilot or full-scale randomized evaluation during a subsequent call for proposals. Please note these grants are provided on a cost-reimbursable basis. The maximum amount awarded for project development is \$10,000. Suggested period of performance is 6 months.

## Eligibility

J-PAL affiliates, J-PAL postdocs, IFII invited researchers, and PhD students advised by a J-PAL affiliate or IFII invited researcher are eligible to apply for the research grant. Please note that IFII invited researchers are nominated and reviewed based on the researchers' previous research with a particular emphasis on randomized evaluations related to DFS. All proposals may include collaborators outside of this network.

In addition, PhD students may be eligible to apply for up to \$50,000 in pilot or full-scale funding. To be eligible, PhD students must have a J-PAL affiliate or IFII invited researcher on their thesis committee at their host university. This adviser must provide a letter of support and indicate willingness to remain involved in a supervisory role throughout the lifetime of the project. In addition, in order to apply for up to \$50,000 for full-scale funding, graduate students must provide documented evidence of successful pilot activities.

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<sup>3</sup> In rare circumstances, proposals with compelling reasons for requesting more may be considered on a case-by-case basis. The total amount awarded to a single project, including any IFII funding for proposal development or piloting, will not exceed \$750,000.

IFII requires each project to have Indonesian local researchers as team member and close partnership with government agencies. If the research team needs help getting a local researcher on-board or to identify relevant government agencies or implementing partners, [please mention it in the short EOI form](#) so that the IFII team can assist.

## Review Process

Application proposals are reviewed and scored by the IFII Review Board, consisting of the IFII co-chairs, one member of J-PAL's Executive Committee, and one member from the Bill & Melinda Gates Foundation. All Board Members submitting a proposal for funding are required to recuse themselves from this review and the review role will be replaced by one J-PAL's Executive Committee and one academic expert.

Proposals are reviewed along several categories (see table below). Based on the scores and the comments of the referees, the review board votes on the status of the application. Funding decisions are finalized on the IFII Review Board Decision Call. The status of an application can fall into four categories: (1) approved, (2) conditional approval (with minor revisions or clarifications), (3) revise and resubmit, and (4) not approved.

Category	Key Questions
Contribution	Does the study make a significant contribution toward advancing knowledge in the field? Does it answer new questions, or introduce novel methods, measures or interventions? Is there academic relevance? How does the study compare with the existing body of research? Does the research strategy provide a bridge between a practical experiment and underlying economic theories?
Value of research	Is the cost of the study commensurate with the value of expected lessons learned? Is the budget ratio of staffing/consulting costs to operations relevant?
Technical design	Does the research design appropriately answer the questions outlined in the proposal? Are there threats that could compromise the validity of results? If so, does the proposal sufficiently address those threats? Are the indicators and sample size estimates appropriate, given the outcomes to be measured, and do the power calculations convincingly demonstrate the ability to detect each of the proposed impacts to be measured?  Given the COVID-19 outbreak, how will the research be conducted? How will the research design utilize tools that minimize in-person contact in the intervention and data collection process?

Category	Key Questions
Viability of the project	Is the relationship with the implementing partner strong and likely to endure through the entire study? Are there any other logistical or political obstacles that might threaten the completion of the study, for example, government authorization, implementation capacity, or Human Subjects review?
Policy Relevance and Capacity building	<p>Will results from the intervention have broader implications? How, if at all, will the “lessons learned” have relevance beyond this test case? Is there demonstrated demand from policy makers for more/better information to influence their decisions in this area? Does the study address questions crucial to understand pressing issues about harnessing technology for financial inclusion in Indonesia?</p> <p>Does the proposal demonstrate real capacity development potential for Indonesian scholars and implementers, particularly in ways that increase the likelihood and/or sustainability of any policy influence?</p>
Publishing data	What research data (stripped of identifiers and subject to Human Subjects protections) will be made public within one year of data collection end date or when the relevant academic paper is published, if the latter happens sooner?
Women and Marginalized groups	Does the study consider and/ or include gender, intrahousehold dynamics, and marginalized group components? Are conditions faced by marginalized groups adequately understood and addressed? Are gender analyses and/or other heterogeneous impacts adequately accounted for in the technical design?

## Timeline

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## Grant Conditions

If your proposal is selected for funding, the terms of the award will be as follows:

1. **Project registration (full-scale RCT only):** Within three months of the start date indicated on the proposal, grantees must register their trial with the [AEA RCT Registry](#). Registration includes 18 required fields, such as your name and a small subset of your IRB requirements. There is also the opportunity to include more information, including power calculations and an optional pre-analysis plan. *(Full studies only)*
2. **Annual progress reporting and final report:**
  - Full scale RCT grantees are required to provide:
    - Brief annual progress reports, outlining any result or changes in the project including research team members, intervention design, location, outcomes measured, and timeline. If milestones reached including completion of any survey round and intervention implementation, the report should include documentation of compliance with design, intervention take-up (where appropriate), and potential risks to the project. Results from these reports may be featured in IFII's website page.
    - Publication plan which documents plans and expected timeline to publication, along with a commitment to make data and code publicly available (or if this is not possible, and explanation for why not).
  - All projects should submit final reports, as follows:
    - A financial report to be submitted within 60 days of completion of the award period.
    - A final report with a publication plan be submitted within 120 days of the end of the award period. Pilot projects must also submit short final reports that detail key findings.
    - A narrative of preliminary results to be submitted within 4 months of completion of the award period (pilot study) and within 12 months of completion of the award period (full-scale RCT).
3. **Collecting and reporting disaggregated data by gender:** J-PAL, through its Gender sector, is making an effort to study heterogeneity in program impacts by beneficiary/participant gender more systematically. Please note that the following request only applies to J-PAL internal reports and does not extend to the academic paper or online J-PAL summary. J-PAL will use the reported results for (a) determining potential pooled statistical analyses to conduct across studies and (b) generating gender-related policy lessons in Finance. We recognize that

there will be cases where this reporting is not applicable, for various reasons. In these cases, the PIs can provide a brief explanation to be shared with the Gender sector.

4. **Data publication (full-scale RCTs only):** Grantees are requested to share data collection instruments and methodologies with other grantees. Furthermore, grantees are required to publish data collected online no later than 12 months after the data collection end date. J-PAL Global's research team can provide assistance with publishing data, such as with preparing the data and code, replicating results and tables, and uploading data for publication. Researchers may request a delay in publication for up to five years.<sup>4</sup>
5. **Participate in IFII activities:** Grantees may be requested to participate in IFII's activities at a mutually agreed time and place. Activities may include evidence workshops, seminars, conference, or presentations to the J-PAL SEA or IFII's donors.
6. **Credit IFII:** Any presentations and publications, including academic papers, policy briefs, press releases, blogs, and organizational newsletters that emerge from this project should credit the J-PAL SEA's IFI Initiative with the following text and link: "This research is funded by [J-PAL Southeast Asia's Inclusive Financial Innovation Initiative](#)."

### Expected Deliverables Submission Timeline

The deliverables and reports described above will be due based on the following timeline.

	Full-scale RCT	Pilot studies	Proposal/Project Development
Start-up report	Within 3 months from the start of the grant	Within 3 months from the start of the grant	-
AEA RCT Registry	Before starting fieldwork	-	-
Annual report	<ol style="list-style-type: none"> <li>1. Once a year, with respect to project's start date</li> <li>2. Final report including publication plan, within 120 days of project's end date</li> </ol>	<ol style="list-style-type: none"> <li>1. Once a year, with respect to project's start date</li> <li>2. Final report, within 120 days of project's end date</li> </ol>	With respect to the project's end date, a final report within 30 days
Financial report	<ol style="list-style-type: none"> <li>1. Once a year, with respect to project's start date</li> <li>2. Final report, within 60 days of project's end date</li> </ol>	<ol style="list-style-type: none"> <li>1. Once a year, with respect to project's start date</li> <li>2. Final report, within 60 days of project's end date</li> </ol>	With respect to the project's end date, a final report within 30 days

<sup>4</sup> See [J-PAL's Guidelines for Data Publication](#) and [J-PAL's Research Transparency and Reproducibility](#) page for more details.

Data publication requirement	Within 12 months from data collection end date	-	-
Costing data	Within 120 days from the project's end date	-	-
Narrative of preliminary result	Within 12 months of completion of the award period	Within 4 months of completion of the award period	-

**Timely submission of reports is very important.** We will send reminders to you at least one month in advance of reporting due dates. Please note that researchers whose projects are more than 30 days late on any reports or other deliverables to any J-PAL Initiative, including IFII, and who have not received an approved extension, will not be eligible to have new projects funded by J-PAL, including IFII.

### Code of Conduct

Since J-PAL is part of MIT, everyone who is associated with J-PAL, including researchers worldwide receiving grants from J-PAL initiatives, are considered part of the broader MIT community. Therefore, it is our hope and expectation that they will adhere to MIT's community-wide policies that are available [here](#). A part of MIT's broader policies, this section, titled "Relations and Responsibilities Within the MIT Community," contains specific provisions regarding personal conduct, harassment, discrimination and retaliation, violence against community members, and substance use. Please take some time to review these. In addition, as the SEA office is under LPEM FEB University of Indonesia (UI), we require that all researchers follow general standards of conduct while carrying out research, as follows: (i) Diversity and Inclusion, (ii) Anti-Harassment and Anti-Violence, (iii) Integrity, and (iv) Transparency. Details about the LPEM FEB UI and SEA office code of conduct can be found [here](#).

Because almost all researchers we work with are also part of other university communities, they may also be subject to their host universities' policies and procedures. Many of these policies may be very similar to the MIT policies above. Finally, many researchers are separately affiliated with other academic associations and organizations, including the American Economic Association, and they should continue to abide by the codes of conduct established by the associations and organizations to which they belong. The AEA's code of conduct is available [here](#).

If anyone wishes to report that a researcher has violated MIT community policies and SEA/LPEM FEB UI policies, they should consult the individuals and offices identified in the relevant policies linked above. In addition, all violations can be directly reported to any of the following J-PAL contacts for further action: (i) Global Executive Director; (ii) [Lina Marlioni](#) (J-PAL SEA Executive Director); (iii) [David Sears](#) (Global Director of Finance and Operations); or (iv) [Anna Omura](#) (Global Senior Manager of Finance and Operations).



### **Administrative Notes**

Researchers have the option to operate the activities directly through J-PAL SEA office. J-PAL and LPEM FEB UI will manage all relevant contracting and sub-contracting required for the project activities. For more information on budget, requirements, and process, please see instructions in the Application Form. All materials needed to apply are also available at [IFII website](#).

### **Funding and Contact for Information**

The Inclusive Financial Innovation Initiative – hosted by [J-PAL Southeast Asia](#) at the LPEM FEB University of Indonesia – is funded by the [Bill & Melinda Gates Foundation](#). For questions on RFP priorities, application, timeline, review process, and general inquiries, please reach out to [ifii@povertyactionlab.org](mailto:ifii@povertyactionlab.org), or visit [IFII's website](#).