

## IAP CALL FOR PROPOSALS FREQUENTLY ASKED QUESTIONS

### 1. What kind of organizations can apply for IAP support?

In order to be eligible to apply for IAP funding, the company must be a private commercial company, duly registered to operate in the country where the proposed inclusive business idea is meant to be implemented.

Other form of organisations like community development organisation, business associations and cooperatives are, however, welcome to be an implementing partner with a private business company, as long as the private business company is the lead applicant for the IAP fund.

### 2. In which countries does IAP provide support?

IAP offers support in the following four target countries:

- Cambodia
- Ethiopia
- Uganda
- Zambia

### 3. What are the sectors that IAP is targeting?

Your innovative Inclusive Business idea should be relevant to at least one of the three sectors (Agriculture/food, WaSH, and/or Energy). Any ICT-related innovation should be related to one of the three sectors. The innovative and inclusive business idea should ideally be linked to any of the priority development challenges listed in the table below, but alternative ideas can be presented as well;

Agriculture	Energy	Water, sanitation & hygiene	Cross-sectoral
Climate smart agriculture	Clean/alternative energy for domestic use (cooking, heating, lighting, appliances)	Improved latrines/sanitation facilities	Sustainable natural resource use (soils, water, forests, fish, etc)
Intensification of production (less land)	Financing systems for energy services (suppliers and customers)	Clean drinking water	Food and nutrition security
Diversification of production (less dependence on normal cash crops)		Affordable hygiene products and services	Energy efficiency in agricultural production and processing
Access to affordable quality agro-inputs, agri-finance, technologies, information, and markets		Rain water harvesting systems	Clean/alternative energy for productive use (basic value addition, cold storage, irrigation)
Reduced food waste and spoilage (post-harvest loss prevention)		Solid and liquid waste management/recycling	Women entrepreneurship
Value addition to agricultural produce for the market			

### 4. When and how should the proposal be submitted?

The call for proposals is open from 31<sup>st</sup> March 2020 until 15<sup>th</sup> May 2020. Applications can be submitted at any time until the closing date. The proposals can be submitted only through our online application system, to be found at [www.innovationsagainstopoverty.org](http://www.innovationsagainstopoverty.org)

## **5. Should we submit the application in English?**

Yes, the application can only be submitted in English. Your company is free to hire additional support to assist you with the translation of your concept note or business plan. Please note that English proficiency will not be taken into account in the assessment so long as the business idea is clear.

## **6. How will the project proposal be evaluated?**

Each concept note will be reviewed to ensure that it complies with the **minimum eligibility criteria** and will then be evaluated against the basic **assessment criteria**. Shortlisted candidates will subsequently be notified and invited to do a face-to-face pitch. A final list of shortlisted candidates will then be asked to submit a full business plan, which will be evaluated against the full list of assessment criteria. The eligibility and assessment criteria can be found on our online application system, to be found at: [www.innovationsagainstopoverty.org](http://www.innovationsagainstopoverty.org)

## **7. How does the selection process work?**

The full process starting from the concept note submission to contract signing will take around 8 to 10 months. The application process consists of the following steps:

- i. Concept note (CN) submission
- ii. Screening, evaluation, and shortlisting of initial CNs
- iii. Face-to-face pitching by initially shortlisted companies
- iv. Final shortlisting of companies
- v. Full Business Plan (FBP) submission
- vi. Evaluation and shortlisting of FBPs
- vii. Due diligence
- viii. Final evaluation and selection
- ix. Contract negotiation and signing

## **8. How do you ensure transparency during the screening and selection process?**

Firstly, the whole IAP team, additional SNV advisors, and external consultants will sign the IAP Code of Conduct. Secondly, IAP secures a transparent evaluation and selection process by working with a multi-player independent appraisal process, so that no-single person can influence the process and/or the final outcome in any way. The selection process steps and assessment criteria are well-defined and shared with all parties. The IAP team will not address any direct questions or requests for additional information from individual applicants, but instead will use a chat box function on the online application centre open to all applicants to answer questions. Final selection of awarded companies will be done by an independent panel of experts.

Applicants can contact Sida at [investigation@sida.se](mailto:investigation@sida.se) to report any corruption practice related to this IAP call/application process.

## **9. What kind of funding support does IAP provide?**

IAP provides funding of up to 49% of the total cost of investment for implementation of the Inclusive Business idea. IAP will provide funding from €50 000 up to €200 000. This amount reflects IAP's contribution only, so the total size of the project should be greater. IAP's investment size will depend on the level of innovation, commercial viability, and social impact potential of the selected projects.

## **10. Is the IAP grant non-reimbursable?**

In principle, the grant is non-reimbursable, but IAP reserves the right to demand a (partial) refund from contracted investees under the following conditions;

- SNV-IAP may, at its discretion, require all or any part of the IAP funding to be repaid if:
- (a) any claim for the IAP funding is based on misleading information or falsified documentation;
- or
- (b) the Company uses the funding for any purpose other than the purposes set down in the contract Agreement.

### **11. What kind of advisory support does IAP offer?**

IAP will provide a range of advisory services through group workshops and individual coaching sessions, focused on areas such as business development and innovation support, gender and environmental integration, organizational strengthening, contract management advice, monitoring and evaluation advice, marketing & distribution advice, and investment readiness/match-making support, to further develop the business ideas and practices.

### **12. What kind of results are expected from investees?**

IAP expects three types of results from its investees:

- **Commercial viability:** Companies are expected to clearly demonstrate how they will become sustainable, profile a competitive financial performance, and show signs of potential for scalability and replication.
- **Social impact:**
  - New Jobs created for low income people
  - Income improvement (increased income and/or cost savings) for low-income families
  - Access to affordable basic goods and services for low income people
  - Greater gender equality and economic empowerment for women entrepreneurs
  - Improved living conditions for low-income men and women
- **Environmental impact:**
  - Sustainable natural resource use
  - Environmental protection/rehabilitation/restoration
  - Climate change mitigation and adaptation

### **13. What should the company's co-investment look like?**

In cash and in-kind to match IAP with at least 51% of total project cost. Cash contribution should make up at least 30% of the company's co-investment. Higher cash contributions will be positively assessed.

In-kind contributions:

- Must be specifically and directly related to implementation of the inclusive business project (this will be evaluated at the time of contract signing).
- The value must be tangible and verifiable, based on supporting evidence such as contracts, invoices, etc.
- Could have been built or procured in previous years but not more than 24 months prior to signing of the IAP investment contract.
- Not sourced from other donor initiatives, programmes and public funds, or facilities, but sourced from private investment funds or company's own sources.

What is eligible for inclusion as in-kind contribution value?

- Project-related personnel non cash costs during implementation of the inclusive business project (This should be verifiable by a document indicating the cost of the personnel).
- Annual company registration and business license fees during implementation of the inclusive business project
- Buildings, facilities, inventories/stock, and equipment built or procured less than 24 months prior to signing the IAP investment contract, but directly pertinent to the inclusive business project.
- Software previously developed less than 24 months prior to signing the IAP investment contract.

### **14. How will the IAP funding be disbursed?**

IAP will not provide advance payments. IAP will reimburse expenditures related to pre-approved budget items/activities spent in accordance with the approved IAP investment proposal and compliant with financial reporting conditions and requirements stipulated in the contract.

## 15. What items are eligible and non-eligible for IAP funding?

Eligible costs;

Category	Explanation
Capital expenditure	Investment in company's physical assets such as equipment, tools, facilities, and transportation related to production, manufacturing, processing, and /or marketing. IAP funds can only be used to cover up to 50% of the required CAPEX investment costs. The remaining 50% must be provided by the company
Direct investment in low income population	Spending that directly benefits low-income beneficiaries such as inputs, tools, equipment, loans, construction, and training for farmers, amongst others.
Project operational expenses	Project running expenses such as transport & travel expenses, office & administration costs, salaries for project staff, recurrent operational costs, marketing costs, investment readiness support (market studies), leasing of equipment, land, and facilities.
Training and consulting	Training, researching, and consulting related to the inclusive business project for the company and its internal staff
Other expenses	Other expenses related to the project, which could not be listed under the categories described above such as audit, marketing, amongst others.

Non-eligible costs;

- Purchase of land
- Purchase of existing buildings
- Bank charges, cost of guarantees and similar charges
- Value of existing inventory used for the production of goods and/or services not relevant to the inclusive business project
- Value and registration costs of intellectual property rights
- Cost of personnel paid in the past

### 16. My company has received funding from IAP during the previous call. Are we eligible for the second call?

No, companies that have received funding from the first phase of IAP are, unfortunately, not eligible to apply for the second phase due to the De Minimis rule that is applicable to IAP funding. This rule means a recipient of EU funds (including IAP funds) cannot have received more than EUR 200,000 over the past three fiscal years. A sister company, provided it is duly registered as a separate legal entity from the previous applicant, can, however, submit a funding proposal.

### 17. My company has unsuccessfully applied for IAP in an earlier call, are we eligible to apply for a new call?

Yes, companies that have applied before, but were not successful in a previous call, are eligible to apply for a new call.

### 18. My company has more than one innovative Inclusive Business idea. Can we apply more than once during the same call?

Yes, companies are welcome to submit multiple innovative Inclusive Business ideas during the same call, as long as the ideas are submitted as separate applications. However, IAP will not commit financial support for more than €200 000 in total for a selected company.

### 19. Is my internationally operating company allowed to apply in more than one of the target countries?

Yes, your company is welcome to apply in more than one of the target countries during the same round of calls, in separate applications. However, IAP will not commit financial support for more than €200 000 in total for a selected company. Please see next question for more details regarding international applicants.

**20. If a foreign company not registered in one of the four target countries would apply, what would its partnership (with what type of organization in one of the four eligible countries) need to look like?**

In general, IAP commercial applicants can partner up with other commercial companies, NGOs, business associations or public agencies as relevant for the success of the inclusive business initiative.

In the case of applicants that are not operational and registered in the country where they propose to implement their inclusive business initiative, they are required to have a registered local partner in order to minimize the time of localization and learning, registration processes, building networks and ecosystems, amongst others that influence the efficiency and chances of success from the early stages of the implementation.

In terms of the type of partnership, IAP only requires that:

- a. The local partner plays a relevant role in the implementation process
- b. Both parties are in agreement on the type of legal structure and format they will take in order to guarantee the success of the implementation but also the sustainability and potential scalability of the initiative;
- c. If the legal structure and registration of the local partner is to be used for the implementation, then that should be the lead applicant to IAP and must be therefore a private business.

**21. Our company has received assistance from other development projects in the past 3 years, are we eligible to apply? If yes, can we use the funding from other projects as our counterpart funding?**

The applicant cannot use funding from other donor projects/organisations as its minimum 51% counterpart funding. The applicant is, however, allowed to source additional private investments/financing, on top of its 51% co-investment, with funds received from third party investors or partners.

It is also important to note that companies having received or currently receiving grants from EU member states, are not allowed to be benefited with more than €200 000 in 3 continuous fiscal years.

**22. What is meant by “innovation”?**

In the context of IAP, innovation is defined as:

- Product Innovation: features, functionalities and performances of products/service offerings
- Process Innovation: the way the products are made or delivered, e.g. manufacturing, distribution, and support of products and services

In any case, the idea should be proven to be innovative in the context of the targeted country.

**23. What is meant by “inclusive business” and what are the benefits?**

Inclusive Business is defined as a strategic, innovative, commercially viable core business initiative, which unlocks entrepreneurial opportunities for the low income people to be engaged in the value chain, as suppliers, employees, distributors, consumers- or even as innovators. Inclusive Businesses create shared value for the companies, low-income markets and the environment.

Inclusive Business thus general core business benefits while supporting and improving the lives of low-income people and protecting the environment:

- I. Business impact:
  - Increased competitiveness
  - Increased market share
  - Inclusive and green supply chains
  - Improved social license
  - Business innovation
- II. Societal impact:
  - Creates jobs
  - Increased and diversifies income
  - Provides access to basic goods and services

- Increases productivity
  - Empowers women, youth and low income groups
- III. Environmental impact: Inclusive Business contributes directly to environmental sustainability, for example:
- Sustainable natural resource use
  - Environmental protection/rehabilitation/restoration
  - Climate change mitigation and adaptation

**24. How can we trust online application? From the intellectual property point of view?**

All company-related information shared with IAP as part of the application process is strictly confidential, and will not be shared with any other party. A confidentiality agreement to this extent will be shared with each shortlisted company.

**25. Can IAP funding be used for working capital?**

Yes, please refer to page 9 in our Guidelines for Applicants (see online application centre) to see what IAP funds can be used for, including categories for working capital.

**26. My company has an investments license that is older than two years but has trading licenses that is less than one year. Am I eligible to apply? Which license IAP will refer to?**

We want proof that your company has at least two years of business/operational experience. Any proof will do.

**27. Can we get technical support on packaging machine?**

Yes. Through IAP's support package, we can arrange for technical expertise (either from SNV or sourced externally). Funding and/or co-funding for the associated costs will need to be arranged beforehand. Any investment from the applicant to cover such costs will be positively assessed.

**28. In case my company's license is less than two years, would it be possible to partner with a private company that has more years of experience?**

Yes. Please submit, and indicate the combined years of experience.

**29. My working space was provided by the government as temporary premise. I have invested in the improvements. Would IAP consider this as the company's in kind contribution?**

Yes. If the company can provide proof that the improvements were concluded 24 months prior to applying for IAP funding.

**30. University are the hubs for a lot of innovation, why university are not eligible to apply?**

Not as lead applicants. They would need to find a private sector partner.

**31. How does IAP view a company's application that consists of a mixed project that consists of different component from each sector?**

Great! We encourage cross-sector innovations. All other criteria still apply.

**32. Why two years operational experience? Why not less than that?**

Companies with at least two years of operational experience are eligible. This is based on IAP's past experiences with start-ups who have no or little business experience, and this has caused quite some challenges with regard to basic financial management, procurement, and business decision-making. Quite a number of our contracts with such companies were terminated prematurely, which has been a waste of IAP funds.

**33. My company fully targets export market, I am eligible to apply?**

Sure, why not? Please consider the risks with this when submitting your full business plan.

**34. At what stage will the company be expected to show proof of own cash contribution/co-investment?**

During the due diligence stage in Oct-November, if your application has reached that stage.

**35. Will the company participating on this call get feedback on their application if they did not pass through?**

Yes, you will be provided with feedback.

**36. Are cooperatives eligible to apply as private sector?**

Yes, cooperatives are considered social enterprises and are eligible to apply, provided they are duly registered.

**37. Can rent for land be considered in IAP?**

Purchasing and leasing land, equipment, and facilities cannot exceed 50% using IAP funds. Physical infrastructure/machinery (CAPEX) cannot exceed 50% using IAP funds. During due diligence, IAP will check availability of sufficient cash/liquidity in case the Applicant intends to use IAP funds for CAPEX. The Applicant should provide audited books of accounts for the last two years.

**38. My company was a sole-proprietor and had eight years of operational experience. Currently I changed that business to PLC with a group of other individuals. The PLC has almost a year operational experience. Is the PLC eligible to apply?**

As long as the business was operational and the link can be demonstrated between the sole-proprietor and PLC then that can be considered as just change of ownership and be considered to apply.

**39. How many applicants is IAP expecting to support?**

IAP is expecting to be able to support around 25 inclusive business ideas for this round, from all four countries combined.

**40. Can loans be considered as cash co-investment?**

Yes, provided that we are given proof that the loan has been approved and/or it has already been (partially) released.

**41. When is IAP non-financial support available?**

IAP provides only full business plan development support during the application process (i.e. before contract signing). After contracts have been signed we can provide the full package, based on agreed plans.

**42. Do external consultants help the IAP team manage the program?**

No, SNV manages the program and external consultants only provide technical assistance to contracted companies.

**43. We can only start the application process on or after March 31<sup>st</sup>?**

Yes, it will be open starting March 31<sup>st</sup> and concept notes need to be submitted by May 15<sup>th</sup>, 2020.

**44. When it says operational for at least 2 years, does it mean since market research or since business registration or other criteria?**

This means the business must have been operating for at least 2 years, and can provide proof of this (i.e. business records).

**45. What if the company is not eligible in one of the five criteria?**

Applying companies need to fulfill all eligibility criteria

**46. Source of grantee cash contribution can be bank loan?**

Yes, but there needs to be proof that the loan has been approved or already partially released

**47. Can an innovation that has been implemented in other countries but not yet in Ethiopia be considered an innovation for IAP?**

Yes. Innovations are context-specific

**48. Is the grant amount provided in foreign currency or in local currency equivalent?**

It will be paid to the contracted private company in local currency equivalent.

**49. Is it possible to submit a service sector-related proposal, specifically on renewable energy promotion and maintenance sector?**

Yes, solutions in the energy sector are acceptable.

**50. Why is in-kind contribution (buildings, equipment) that were built or procured more than 2 years prior to submitting the proposal not accepted?**

These investments are considered to part of the "old" core business of the company and has already been producing returns. Within 2 years, the investments are considered to be linked to a new line of business, and therefore possibly part of the innovation being proposed.

**51. We have a business that has several components of innovation? How should we present it?**

If the components are related, you may submit them under one business idea. Otherwise, they may be presented separately.

**52. My business has been operational for the past 2 years in a field that is different from the area of the business idea. Can I apply?**

Yes. The 2 years will still be seen as relevant business experience.