Outline

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• Past experiences
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  • Country, sectors, and impact focus
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Background on IAP
What is IAP all about?

IAP is a specialized fund with the specific mandate to identify and support innovative Inclusive Business models and products that deliver both commercial benefits for the private sector and developmental benefits for the low income population. Developmental benefits include:

- creating jobs
- increasing incomes
- improving access to basic goods and services and
- the reduction of greenhouse gas emissions.
IB is a strategic, innovative, commercially-viable business initiative, which unlocks entrepreneurial opportunities for low-income markets to engage in the value chain. IB creates shared value for the businesses, low-income markets and the environment.
IAP: Innovation

Product

features, functionalities and performances of products/service offerings

Process

the way the products are MADE or DELIVERED, e.g. manufacturing, distribution, and support of products and services
Past experiences

1st call for proposals 2017
IAP portfolio – 1st round

- Applications registered for IAP: 1,359
- Applications submitted to IAP: 1,051
- Applications shortlisted for full business plan development: 93
- Applications selected by investment panel: 38
- Applications signed: 35
- Active investees: 23
- Investment ready: 12
Signatures of Asia (SoA)
Innovation: Brings all stakeholders together in value chain, encourage them to be shareholders (farmer association and buyers)

Lyly Food Industry
Innovation: Value added to local fruits and vegetable suppliers through the first commercial dried fruits and vegetables; promote CAM GAP on local fruits and vegetables in Cambodia

Amru Rice
Innovation: First warehouse receipt system in Cambodia, that encourage smallholders as shareholders

Okra Solar
Innovation: Affordable and accessible solar energy solution for off-grid rural households, where license is not authorized, by sharing power or battery charged

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AMK
Innovation: First E-market Platform focusing on agriculture value chains in Cambodia

ACE Energy Solution
Innovation: New Cook stoves links with PAYGO system through gsm micro-chip

WE-Venture
Innovation: Affordable and clean Pipe water supply, sales of water treatment equipment and materials, water treatment plans for local operators

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Shayashone
Innovation: Commercialization of affordable and effective storage PICs bag through youth reseller model for last mile distribution with bundled impact products

Tulip Addis Water Filter
Innovation: The first company to produce locally residential water filters, and to introduce credit sales scheme through utility office with structures all over the country

GM Clean Energy
Innovation: Commercialization of the first of its kind biogas Enjera stove and energy efficient mitad through youth associations and enterprises

Dessert Rose
Innovation: first filter that does for both fluoride and bacterial filtration, with a business model of direct sales through self help groups

Echnoserve
Innovation: Delivery of digital market data and downscaled weather forecast agro-advisory service for small scale farmers in local languages

Ahadootec
Innovation: Hahujobs is a digital platform designed for job matching of LIP (low skilled labor) and the necessary skill trainings, using it Hahu-franchisee networks of MSMEs.

Winsol
Innovation: Local Manufacturing of Solar Home System and introducing Pay As You Go model, with model farmers as sales agents and battery reallocation

Dream Light Waste
Innovation: Recycling of both solid and liquid wastes into fuel briquette, bottled biogas and compost with a supply and distribution channel focusing on women vendors

SANO Beverages
Innovation: healthy and affordable drinks with biodegradable package, using raw materials from out-grower schemes to be setup with small scale farmers, and with street vendors distribution channel using LIP youth in tricycle
Ecogroup
Innovation: Manufacturing and distribution of eco-friendly stoves that uses volcanic rock fuels in low income markets by engaging and supporting low income people to be suppliers of fuel, stove technicians and distributors.

WES
Innovation: PAYG consumption of clean cooking gas fuel in low income market through door to door sales and customer service. The company shall scale training of LIP as sales officers and customers service agents.

Pamoja Clean Tech
Innovation: Producing mini grid electricity from biomass and creating and entrepreneurial hub that drives consumption of the electricity.

Chap Chap
Innovation: Scaling the payment services and job creation through digital payment Apps that uses a basic smart mobile phones. LIP operate as payment agents and earn commissions, and consumers earn cash back bonus on usage of the platform.

Sanitation Africa
Innovation: Constructing toilet facilities in public places, sludge removal in slums through franchisee model and making briquettes from treated sludge.
Medeem
Innovation: Provision for Innovative and affordable private sector driven solution to formalize land rights for the rural people in Zambia

Mutekenya Farm
Innovation: Establishment of a mini organic fertilizer production plant using chicken manure, and thereby allowing for an alternative cheaper source of soil nutrients for smallholder farmers

Mushili
Innovation: Purchasing of dry beans from small scale farmers, for aggregation and processing into affordable pre cooked product, saving on cooking time, energy and cost

Live Clean Initiatives
Innovation: Construction and operation of affordable modern basic toilets and showers, using customized cargo containers. Also fee paying in exchange for sanitary pads
Results achieved (Q4 2017 – Q4 2019)

<table>
<thead>
<tr>
<th>IAP grants disbursed in EUR</th>
<th>Jobs created</th>
<th>People with increased income</th>
<th>People with improved access to basic goods and services</th>
<th>Tonnes of GHG emissions avoided</th>
<th>Revenue (EUR) generated by IAP investees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.7 million</td>
<td>21,000</td>
<td>70,000</td>
<td>720,000</td>
<td>11,000</td>
<td>7 million</td>
</tr>
</tbody>
</table>
2nd call for proposals

April 3rd 2020
Approach

Companies can apply for competitive grants through open calls initiated by IAP. As well as issuing grants, IAP provides a range of non-financial support services to build business capacity and connect businesses to new investors.

€ 3 million total

Grants € 50,000 – 200,000

Non-financial support

External consultants
Country, sector, and impact focus

Countries

- CAMBODIA
- ETHIOPIA
- UGANDA
- ZAMBIA

Sectors

- Agri-Food
- Energy
- WASH
- Cross-cutting
- ICT

Development impacts

- Gender equality and women empowerment
- Environmental protection, climate change mitigation & adaptation
- Income generation/reduced cost of living
- Job creation
- Access to basic goods & services (clean water, energy, nutritious food, sanitation & hygiene)
- Safety, security, confidence, and decision-making power for LIP men and women
IAP priority development themes

Applicants are invited to propose innovative and commercially viable solutions to pressing development challenges that will also benefit low-income people and the environment. The proposed inclusive business ideas should ideally be aligned to any of the following themes, but may also be linked to other challenges not mentioned in the table, as deemed pertinent to the country in question;

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

- Inclusive Innovation
- Gender Equality & Women Empowerment
- Organisational Strengthening
- Marketing & Distribution
- Business Key Performance Indicators
- General Contract Management
- Environmental Sustainability
- Investment Readiness & Matchmaking
Guiding principles

Optional and free of charge support
Besides grant funding, investees are eligible to receive non-financial support services provided or facilitated by the IAP team, at no cost to the investees. Investees are encouraged to make use of these services when deemed relevant, but this is not mandatory.

Flexible supplementary support
Besides in-house expertise available within the IAP consortium (SNV, IB Sweden, and BoPInc), the IAP programme has a dedicated budget line for hiring external (third party) expertise.

Demand-driven support
Support services are to be tailored as much as possible to the specific needs of the investees. Applicants are encouraged to indicate in their business plans what type of support they are likely to require, and what the desired outcome of this support would be.

Locally embedded support
Third party service providers are, as much as possible, to be sources locally/regionally, but if not available or appropriate, can be sourced from further afield. The IAP team reserves the right to procure the third party service provider, but will do so in consultation with the investee.

Relevant and well-timed support
The IAP team aims to work with willing investees to jointly draft and implement an integrated capacity development plan, thereby ensuring that this support will contribute to both the successful implementation of the IAP-funded inclusive business idea and to post-IAP upscaling of the inclusive business idea.

Skin in the game
Applicants are encouraged to indicate in their business plans what co-investment they are proposing to make with regard to strengthening their own capacity.
Application process 2nd Call (2020)

1. Call for proposals
   - April 3 2020

2. Concept Notes submission
   - May 15th 2020
   - May/June 2020

3. Scanning, Evaluation and Short-listing
   - July 2020
   - August 2020
   - October 31st 2020

4. Inclusive Business Plan Submission
   - November 2020

5. Due diligence
   - December 2020

6. Evaluation and selection
   - January 2021

7. Contract negotiation and signing
Online application centre

• Linked to IAP website
• Interested companies can register and create company profile
• Download application guidelines
• Access concept note template
• Access FAQs and ask your own questions and receive responses (chat function)
• Submit concept note and receive feedback/invitation to next steps
General guidelines for applicants

- IAP provides grant funding between EUR 50,000 – EUR 200,000 per inclusive business project.
- The applicant company is expected to provide a co-investment of at least 51% of the total inclusive business project cost. Higher co-investment contributions will be positively evaluated.
- The co-investment from the applicant company can consist of cash and in-kind contributions. Higher cash contributions will be positively evaluated.
# Utilization of the IAP investment; eligible costs

<table>
<thead>
<tr>
<th>Category</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure</td>
<td>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.</td>
</tr>
<tr>
<td>Direct investment in low income population</td>
<td>Spending that directly benefits low income beneficiaries such as inputs, tools, equipment, loans, construction, training for farmers, amongst others.</td>
</tr>
<tr>
<td>Project operational expenses</td>
<td>Project running expenses such as transport &amp; travel expenses, office &amp; administration costs, salaries for project staff, recurrent operational costs, marketing costs, investment readiness support (market studies), leasing of equipment, land, and facilities</td>
</tr>
<tr>
<td>Training and consulting</td>
<td>Training, researching, and consulting related to the IB project for the company and its internal staff</td>
</tr>
<tr>
<td>Other expenses</td>
<td>Other expenses related to the project, which could not be listed under the categories described above such as audit, marketing, amongst others.</td>
</tr>
</tbody>
</table>
Utilization of the IAP grant; 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 as part of the inclusive business project
- Costs of proposal development and related feasibility studies undertaken prior to proposal submission
- Value and registration costs of intellectual property rights
Company co-investment; in-kind contributions

• Must be specifically and directly related to implementation of the inclusive business project.

• 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, or facilities, but invested in by the company itself.
In-kind contributions; eligible

• Project-related personnel costs during implementation of the inclusive business project.
• 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.
Contracts

Main document/agreement
Annexes A-F (6 AREAs)

• Annex A: General conditions (Operational manual for investees)
  • General principles (accounting, authorized representatives, transparency and accessibility, compliance, currency and exchange rates, cost norms, fiscal year, planning and reporting)
  • Planning and budgeting (budget and cash flow planning, non-eligible items for IAP funding, co-financing)
  • Project accounting (expenditure classification, procurement guidelines, project bank accounts, payment procedures, taxes, liabilities, fixed asset management, accounting system)
  • Record keeping, reimbursement and project closure
  • Anti-corruption
  • Visibility

• Annex B: Special conditions

• Annex C: Work Plan, Results Chain, Monitoring Framework, Impact Indicators, and Advisory Support Needs

• Annex D: Budget

• Annex E: Milestones

• Annex F: Full Business Plan document
Additional contractual issues

• Finance & admin/procurement staff – 1 FTE compulsory
• Commitment to using advisory services – in milestone table & budget
• Compliance with Annex A (especially procurement)
• Preferred suppliers to be mentioned in Special Conditions
• Premature contract termination and repayment of grant under specific conditions