

FREQUENTLY ASKED QUESTIONS

1. What kind of organisations are eligible to apply?

In order to apply for IAP, the lead applicant must be a private sector company (registered or to be registered). NGOs, informal companies and cooperatives are, however, welcome to apply in a partnership with a private company, as long as the private company is the lead applicant.

To be eligible for IAP funding, your company must fully meet the minimum eligibility criteria, defined in the application guidelines.

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 four sectors below:

- Agriculture and food: achieve food security and improved nutrition; promote sustainable agriculture.
- WASH: availability and sustainable management of water and sanitation for all.
- Energy: access to affordable, reliable, sustainable and modern energy for all.
- ICT: providing access to technologies and services that help deliver solutions in the sectors above or other basic needs.

4. When and how should the proposal be submitted?

There will be two rounds of calls in 2017. The first round of calls is open from 24th March 2017 until 24th July 2017. Applications can be submitted at any time until the closing date, but will be processed and evaluated on a 'first come, first serve basis'.

The proposals can be submitted only through our online application system, to be found at www.innovationsagainstopoverty.org.

In case that you don't have access to a stable internet connection to submit your application, or you face technical problems during the application process, please contact us

5. Should we submit the application in English?

Yes, the application can only be submitted in English. Your company is free to hire (at your own cost) 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.

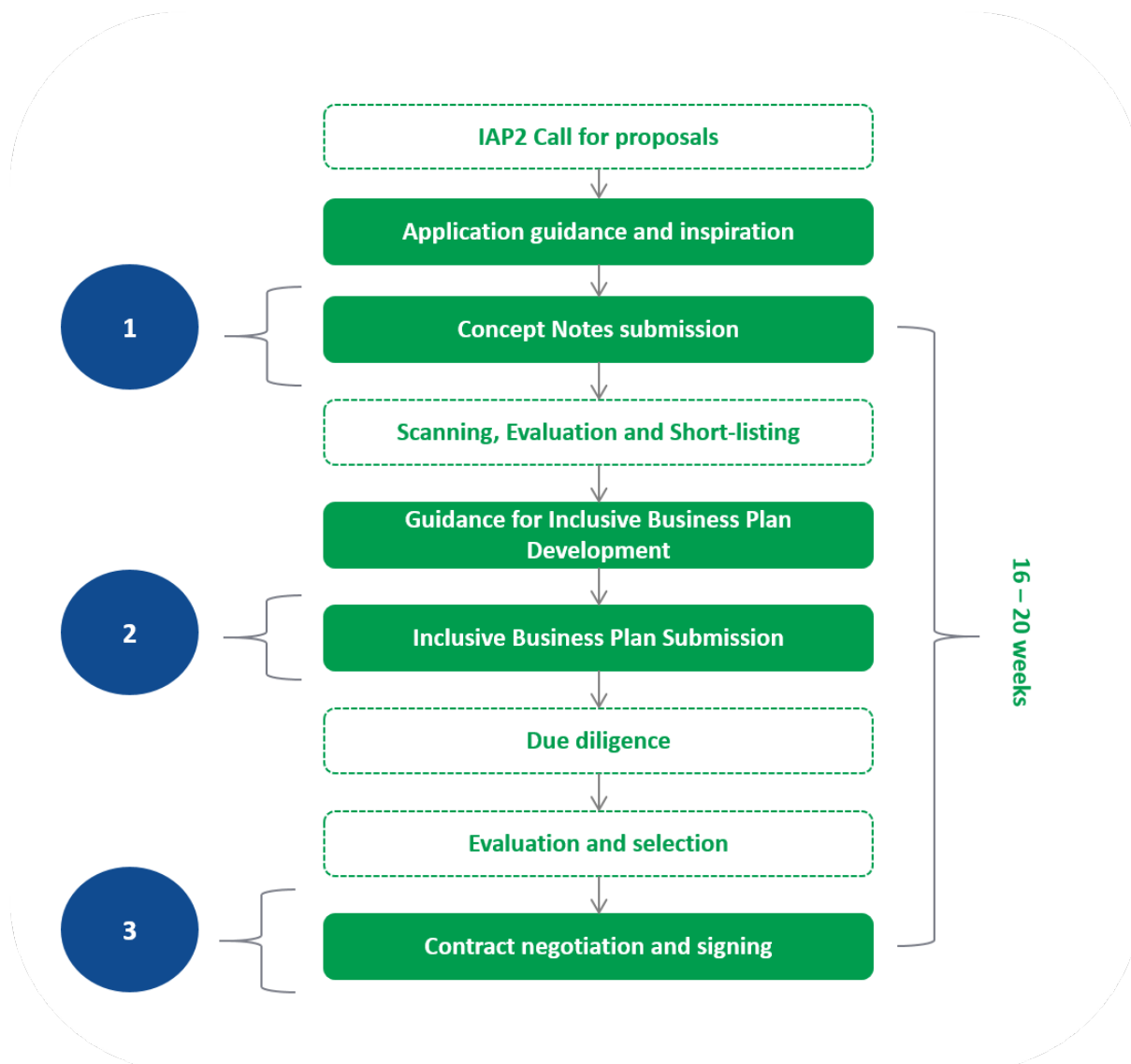
6. How will the innovative Inclusive Business proposal be evaluated?

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, including: project viability, social impact, innovation, the responsible business approach, and sustainability and scale-up potential. Shortlisted candidates will subsequently be invited to submit a full business plan, which will be evaluated against the full list of assessment criteria, which includes in addition to the basic assessment criteria:

additionality, cost effectiveness and other risk factors.

7. How does the selection process work?

The full process starting from the concept note submission to contract signing will take around 16 to 20 weeks. The application process consists of the following steps:



The IAP application process is organized around two phases: the submission of a concept note and if shortlisted the submission of a full business plan.

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, including: project viability, social impact, innovation, the responsible business approach, and sustainability and scale-up potential.

Shortlisted candidates will subsequently be invited to submit a full business plan, which will be evaluated against the full list of assessment criteria, which includes in addition to the basic assessment criteria: additionality, cost effectiveness and other risk factors. The business plan development phase takes around 6 weeks.

Due diligence studies will be carried out on all short-listed applicants that have submitted a full business plan.

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

First of all, the whole IAP team, advisors and external consultants will sign the IAP Code of Conduct.

Second, 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.

Applicants can contact directly the IAP Executive Manager at jayala@snv.org to denounce any corruption practice or case.

9. What kind of funding support does IAP provide?

IAP provides non-reimbursable funding of up to 49% of the total investment for the 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. What kind of advisory support does IAP offer?

IAP will provide advisory services through group workshops and individual coaching, focused on areas such as business development and innovation support to further develop the business ideas and practices. Furthermore, IAP will select and train a number of local consultants that will be available to support the companies on a fee for services basis, and online through www.innovationsagainstpoverity.org.

11. What kind of results are expected from investees?

IAP expects two 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:
 - Jobs created for low income people
 - Income improvement for low-income families
 - Affordable goods and services for low income people
 - Inclusion and economic advancement of low income women and youth.
 - Positive environmental impact through saving resources, reducing carbon emissions, and conserving biodiversity.

12. What should the company's co-investment look like?

- The applicant must be able to demonstrate their commitment and financial capacity to the project by contributing a minimum of 51% of the total financing. Those applicants with a higher contribution ratio will be positively evaluated.
- The company is expected to contribute as much cash and in-kind as possible as part of its co-investment. Higher cash contributions will be positively evaluated.
- The in-kind contribution must be specifically and directly related to the implementation of the project.
- The in-kind contribution can be procured, built in previous years, but not more than 18 months previous to the signing of the IAP funding contract.

- IAP will not consider as a co-investment from companies: funds and/or financial resources from third parties like NGOs or other non-profit organisations.

13. What is classified as in kind co-financing?

In-kind co-financing refers to all those goods or services that the company will make available, without making a cash payment, for the implementation of the specific business idea. Normally these are goods or services that already exist, such as machinery, furniture, software, factory, office space, other type of equipment, amongst other. In some cases the time invested by team members that don't receive a cash payment could also be included as part of this in-kind co-financing, based on a solid valuation of the time invested and evidence on how it is directly related and critical to the business idea. The following are conditions that apply to in-kind co-financing:

- The in-kind contribution must be specifically and directly related to the implementation of the business initiative
- The value of the in-kind contribution must be tangible and verifiable, based on specific supporting evidence such as contracts, invoices and others.
- The in-kind contribution could have been procured, built in previous years, but not more than 18 months previous to the signing of the IAP investment contract.
- The IAP team will determine if acceptable and critical for the implementation of the business initiative.
- Not sourced from other development initiatives/facilities/programs (including EU). However, the applicants may include those expenses in the overall budget when relevant, but not to comply with the 51% minimum requirement to be co-funded with IAP funding.

14. Can loans from financial institutions (Banks or MFIs) or other sources be considered as co-investment?

Yes, it is possible to include as part of the co-investment loans/credit lines that the company will directly use to implement the innovative Inclusive Business idea.

15. How will the funding be disbursed?

IAP will operate on a reimbursable basis against the milestones (2 to 3 per applicant, as specified in the investment contract) achieved by the implementing company; IAP will refund pre-approved budget items spent in accordance with the approved IAP investment proposal. IAP will only process milestone payments on one month per quarter: March, June, September and December.

For selected cases an upfront disbursement can be provided, amounting to a maximum of 40% of the total IAP investment commitment. This disbursement could only be processed once the contract is signed and the baseline is completed.

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

The IAP non-reimbursable funding can be used to finance both public and private items in the selected and contracted Inclusive Business initiatives.

At the same time the following are not eligible for the IAP non-reimbursable funds:

- Purchasing and rent of land or existing buildings;
- Leasing of equipment, land and facilities;
- Bank charges, cost of guarantees and similar charges;
- Value of intellectual property rights;
- Value of existing inventory used for the production of the project goods and/ or services;
- Costs of proposal development and feasibility study;
- Value and registration costs of intellectual property rights.

17. My company has received funding from IAP in the first phase, are we eligible for the second phase?

Yes, companies that have received funding from the first phase of IAP are welcome to apply for the second phase.

18. 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.

19. 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.

20. 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 question 26 for more details regarding international applicants.

Our company has received funding from EU countries/sources in the past three years, are we eligible to apply for IAP?

Yes, your company is eligible to apply for IAP funding as long as the IAP funding combined with other EU grant funding over the last 3 fiscal years does not exceed €200 000. To illustrate:

2015 + 2016 + 2017: should not exceed €200 000

2016 + 2017 + 2018: should not exceed €200 000

2017 + 2018 + 2019: should not exceed €200 000

2018+2019+2020: should not exceed €200 000

It is important to note that the €200 000 ceiling applies to EU grant funding only.

Our company wants to apply for IAP funding, but cannot cover the 51% co-investment. Can part of our company's co-investment be covered by other sources?

Part of the 51% co-investment can be brought in by another private sector partner or additional development funding. As long as the majority of the 51% is covered by the private sector (combined, not necessarily only your company) you are eligible to apply for IAP.

21. If a company obtains a loan from EU countries/sources, would it have an effect in limiting our chances to have access to IAP funding? How about any consultancy assignments for EU member countries?

Only grant funding from EU member states sources would have an effect in limiting partially or fully the potential IAP funding to support the implementation of selected innovative Inclusive Business ideas. Therefore, loans, equity/debt financing or revenues from consultancy contracts do not affect the applicant's capacity to request up to €200 000 grant support from IAP.

22. 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 applicants can partner up with companies, NGOs, 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 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:

- the local partner plays a relevant role in the implementation process
- 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;
- 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.

23. If a company submits two applications, but only acts as lead applicant for one application and plays a supportive role in the other application, and both applications were approved, would the amount to be funded by IAP be limited to €200.000? companies submit two applications but only 1 as the lead partner (the other we'd be more of a support/implementation partner) and both were approved, would that be limited to €200,000? Or in that case would the allowable financial support be €200,000 for each lead partner?

A company is allowed to apply twice for IAP in the same round, however, one private sector company cannot receive more than €200.000 euros in IAP funding, regardless of whether the company is the lead applicant or not. If both concept notes are shortlisted, the €200.000 (maximum) IAP funding will be divided over both applications accordingly, depending on the role of the company in the implementation of the Inclusive Business idea.

24. 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.

25. 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
- I. Societal impact:
 - Creates jobs
 - Increased and diversifies income
 - Provides access to basic goods and services
 - Increases productivity
 - Empowers women, youth and low income groups
 - II. Environmental impact:

Inclusive Business contributes directly to environmental sustainability, for example, saving resources, reducing carbon emissions and conserving biodiversity.

26. Could you share examples of Inclusive Business case studies?

Yes, you can read some typical Inclusive Business case studies under the portfolio of IAP phase I presented at the Practitioners Hub (<http://www.inclusivebusinesshub.org/page/all-innovation-against-poverty>) or at <https://iba.ventures/>