CALL FOR PROPOSALS
GUIDELINES FOR APPLICANTS
– IMPLEMENTING ORGANISATION FOR INNOVATIONS AGAINST POVERTY PHASE II

NOTICE

This is an Open Call for Proposals. Only Full Applications should be submitted for assessment. Applicants must use the Full Application Format and its Annexes.

This Call for Proposals will be open until 2 November, 2015.

1 Background

1.1 The Programme Innovations Against Poverty

The purpose of Innovations Against Poverty (IAP) is to stimulate the private sector (in the form of entrepreneurs) to focus their efforts, innovative ability and resources to develop and invest in social products, systems and services so they are able to bring about changes to improve the lives of people living in poverty. IAP will address the gaps in the early-stage entrepreneurial ecosystem through a special inclusive business angle.

The IAP was initially launched in 2011 by Sida, taking on a pioneering role in promoting innovations and social entrepreneurship aimed at the ‘Base of the Pyramid’. IAP is a programme designed as a risk sharing mechanism, with an aim to catalyse innovative inclusive business models by providing early stage grant funding to ventures that were developing new products, services and business models with the potential to reduce poverty. By providing small grants of up to €20 000 and large grants of up to €200 000, Sida is helping inclusive businesses with critical early stage efforts such as market research, prototype development and testing, trialling new distribution networks, building strategic partnerships, and initial capital investments. Grant funding covers a maximum of half the project costs; grantees themselves have to make a contribution that at least matches the value of the grant.

The first phase of the programme closed in 2013 after five rounds of application. During this period 66 project had received funding, 34 Large Grants and 32 Small Grants and a total of €5.4m had been distributed. During 2014, Sida has evaluated the first phase of IAP in order to launch the next phase of the IAP during 2015.
For more information on the programme, please see Annex 1 - Background Document.

1.2 Objective of the Call for Proposals

The specific objective of this Call for Proposals is to an entity/entities that can design and implement the next phase of IAP in close collaboration with Sida.

2 Eligibility Criteria

2.1 Eligibility of Applicants

In order to be eligible as an implementer, applicants must:

1. be a non-profit entity;

The applicant can be one of the following types of entities, for example;

i. civil society organisation, including non-governmental organisation

ii. inter-governmental organisation,

iii. foundation.

2. be entitled to forward funds to third parties and capable of managing all aspects of the sub-granting process in relation to grantees within the fund.

A substantial part of implementing the programme Innovations Against Poverty consists of forwarding funds to sub-grantees. Channelling Sida funds to third parties is associated with a number of requirements that have to be fulfilled. Among other things, certain agreement conditions have to be included in all subsequent agreements, and the implementing organisation will have to have the competence and capacity to manage these agreement conditions.

Sida will sign a grant agreement with the implementing organisation (see Annex 2 – Grant agreement example), and will also require that agreements are signed between the implementing organisation and each sub-grantee that is awarded a grant within the programme. For information about Sida’s requirements see the example of grant agreement referred to above. But please note that this is an example and that further conditions may be added to the final grant agreement with the implementing organisation.

3. have access to local representation

The first phase of the programme has shown the importance of having access to local representation (through in country offices or cooperation partners) to enhance
the implementation of the programme, both for marketing related aspects as well as implementation and possibly technical assistance.

4. specifically have knowledge within the field of:
   - *Inclusive Business*
   - *Social Entrepreneurship*
   - *Innovation*

2.2 Programme design

2.2.1 Components

The following components have been identified as crucial for the programme and should be included in the programme proposal as central components. The implementing organisation should suggest how these could be designed and interlinked.

- *Financial support*
- *Advisory support*
- *Brokering/match-making connections for further investment*

Please see Annex 1 - Background Document. (p. 10-11) for information on the three components above.

2.2.2 Geographical scope

As the first phase of the programme was run as a pilot it had a global outreach with the limitation that implementation should take place in a DAC country. By narrowing the geographic scope Sida aims to better establish synergies with country results strategies and further local ownership. The continuing phase of the programme will be limited to Swedish Development Cooperation priority countries. This entails a total of 33 countries in Africa, Asia, Europe and Latin America. The set-up in regards to number of countries per application window is for the implementing organisation to decide.

2.2.3 Sector scope

The first phase of the program was open for innovations in all sectors and it was noticeable that innovations often occurred in the boundary of two or more sectors. The largest sector in the first phase was agriculture other sectors standing out was
renewable energy, water & sanitation, health and ICT. A continued focus on those sectors are recommended but others sectors could also be included.

2.2.4 Monitoring and Evaluation

The programme proposal must have objectives that enable monitoring and results reporting. The objectives should have corresponding verifiable indicators with targets and baselines, to the extent possible. The programme should have the potential to reach its objectives. DCED standard for results measurement is a good example of M&E. http://www.enterprise-development.org/

Sida will conduct a mid-term review as well as an independent evaluation of the programme in dialogue with the implementing organisation. These M&E activities should be planned for as part of the inception phase.

2.2.5 Budget and Time frame

The programme proposal shall include a budget with an estimation of the costs for implementing the programme. The budget should reflect the challenge fund’s structure, meaning that it should have a clear division between the costs for managing the fund and the amount of grants to be sub-granted within the fund. There is no predetermined format for the budget, but it should be detailed enough for Sida to be able to assess the reasonability of each budget item.

For further information about eligible costs, see Annex 2:2 (General Conditions to the Grant Agreement template, pp. 10-11).

Sida has not set any limitations for the time frame of the programme, but an estimation of an appropriate length is 3-5 years, including inception phase and evaluation activities.

Sida expects the programme to start during the first quarter of 2016.

3 Other Preconditions

3.1 Financial allocation provided by Sida

Sida will allocate funds up to 90 % of the total cost for the programme, as specified by the budget and according to the instructions in 2.2.5. The additional (minimum) 10 % shall be provided by the implementing organisation and can be presented in the form of cash or in-kind contribution.
3.2 Preconditions for sub-grants

The maximum limit for the individual sub-grants should be €200 000 over a period of three fiscal years. The implementing organisation may however suggest different grant categories within this maximum limit (to be compared to the small and large grants from the first phase of IAP).

Furthermore, a minimum of 50% of the project budget should be provided by the respective sub-grantees in the form of matching funds (cash or in-kind contributions).

Sida applies the EU State Aid Rules (EC No 1998/2006) and this programme does not aim at distributing sub-grants to private companies registered within the EU. In the case of a company registered within the EU receiving a sub-grant, the implementing organisation will be required to follow certain procedures on documentation besides applying the de minimis rule. Further information on these procedures will be provided by Sida to the implementing organisation.

4 How to apply and procedures to follow

4.1 Application form

Please apply for support using the following guiding documents:

- Full Application Format including Annex 3

The documents can be downloaded from this link: www.sida.se/iap-call

In addition also provide:

- The two most recent externally audited annual reports including audit memorandum/management letter.

- A copy of the organisation’s proof of registration.

These completed documents including annexes and mentioned audit documents will constitute the application.

The application must be written in English or Swedish. No hand-written applications will be accepted.

No additional annexes should be submitted.
4.2 Where and how to send the application

The application must be submitted through e-mail to iapcall@sida.se. In addition an original should be sent to Sida, Att: Jenny Åkerbäck, 105 25 Stockholm, Sweden

4.3 Deadline for submission of application

Only Full Applications will be evaluated/assessed. Applicants must use the Full Application Form and its annexes.

Deadline for submitting applications is 2nd November, 2015.

5 Assessment and selection of applications

Applications will be examined and assessed by Sida according to the following criteria:

1. Design of the Programme
   - Is there coherence in the overall design of the programme?
   - Does the program design reflect and address opportunities and challenges, in regards to challenge funds, discussed in the project document, both experienced in the first phase of the programme as well as presented in international research?
   - Is there consistency between the proposed programme design and the currently ongoing phase of Innovations Against Poverty?
   - Is there feasibility and consistency between the proposed programme design and the objectives and expected results?

2. Operational and financial capacity
   - Does the applicant have sufficient technical expertise and implementing capacity for the programme? (notably staffing, retention of staff, competence and experience of the issues to be addressed.)
   - Does the applicant present a reliable system for planning, monitoring and evaluation?
   - Does the applicant have a satisfying level of internal control and a reliable system for internal financial management and control?
- Does the applicant have enough competence and capacity to manage the process of forwarding funds to sub-grantees, as described in 2.2.1?

3. **Effectiveness and feasibility of the Programme**

- Is the Results Framework clear and feasible?
- Is it plausible that the defined outputs will deliver the desired outcome(s)?
- Does the proposal contain objectively verifiable indicators for the outputs and outcome(s) of the programme?

4. **Sustainability of the Programme**

- Are the stakeholders and, if applicable, partners' level of involvement and participation in the intervention satisfactory?
- Is the programme likely to have a tangible outcome on its target groups?
- Is there a sufficient risk analysis made, including relevant risk mitigation measures?

5. **Budget and cost-effectiveness of the Programme**

- Is the ratio between the estimated costs and the expected results reasonable?

Sida's consolidated assessment will be based on the criteria above and mentioned considerations will form the basis of Sida’s decision on support.

6 **Notice to applicants**

Applicants will be notified by Sida in writing of the decision concerning their application. Notice of decision will not be given before the whole assessment process is finalised.

Sida does not have the obligation to motivate its decision on support and the decision cannot be overruled.

Sida would like to underline that funding for the programme will be made available subject to parliamentary appropriation of funds. Furthermore, no financial commitment will be made by Sida until an agreement has been signed with the chosen organisation.
6.1 Further information regarding the application

Questions regarding this Call for Proposals may be sent via e-mail to the following e-mail address: iapcall@sida.se

Frequently Asked Questions (FAQ) will be found at this link: www.sida.se/iap-call

Annexes
1 – Background document
2 – Grant Agreement example
3 – Full application Format