

**Government Gazette No. 23127, 21 December 2011****Order of the Minister for European Affairs and International Cooperation of 13 December 2011, no. DJZ/BR/1506-11, laying down administrative rules and a ceiling for grants awarded under the Private Sector Investment Programme 2012 (PSI 2012)**

The Minister for European Affairs and International Cooperation,  
Taking into account article 6 of the Ministry of Foreign Affairs Grants Decree;<sup>1</sup>  
Taking into account article 7.2 of the Ministry of Foreign Affairs Grant Regulations 2006;<sup>2</sup>

Orders:

**Article 1**

The administrative rules appended as annexes to this Order apply to grants awarded under article 7.2 of the Ministry of Foreign Affairs Grant Regulations 2006 between 1 January 2012 and 31 December 2012 in the framework of the Private Sector Investment Programme.

**Article 2**

A ceiling of € 90 million applies to grants awarded under article 7.2 of the Ministry of Foreign Affairs Grant Regulations 2006 in the framework of the Private Sector Investment Programme between 1 January 2012 and 31 December 2012, provided that sufficient funds are made available by the budget legislator.

**Article 3**

1. The Private Sector Investment Programme is divided into two parts, PSI Regular (annex 1) and PSI Plus (annex 2). The grant ceiling applies jointly to both parts.
2. Keeping in mind mutual comparison of the applications and even distribution of the workload throughout the subsidy period, decisions will be made in two evaluation periods. With a view to comparing the application and spreading the workload over the grant period. The deadline for submitting applications in the first round is 15.00 hrs CET on 6 February 2012. The deadline for submitting applications in the second round is 15.00 hrs CET on 20 August 2012.

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<sup>1</sup> Bulletin of Acts and Decrees 2005, no. 137

<sup>2</sup> Government Gazette 2005, no. 251

#### **Article 4**

1. In the first assessment round, commitments may be assumed up to a maximum of € 45 million for PSI Regular and PSI Plus jointly, provided that sufficient funds are made available by the budget legislator.
2. Commitments may be assumed up to a maximum of € 6 million for PSI projects in the Arab region (Algeria, Egypt, Iraq, Jordan, Morocco, the Palestinian Territories, Tunisia and Yemen). For all remaining PSI countries, commitments may be assumed up to a maximum of € 39 million.
3. The grant ceiling for the second assessment round will be published in the Government Gazette before it starts.

#### **Article 5**

This Order enters into force on the day after the date of publication of the Government Gazette in which it appears and lapses with effect from 1 January 2013.

This Order and its accompanying annexes will be published in the Government Gazette.

R. Swartbol  
Deputy Director-General for International Cooperation  
For the Minister for European Affairs and International Cooperation

## **ANNEX 1: PSI REGULAR, ADMINISTRATIVE RULES**

### **Private Sector Investment Programme: PSI Regular programme**

#### ***1. Contents and contact information***

The Private Sector Investment Programme is divided into two parts, PSI Regular and PSI Plus. This annex sets out the administrative rules for PSI Regular. PSI Regular is the window for investments in 48 developing countries listed in section 5.1 of these rules. PSI Plus is the window for investments in Afghanistan, Burundi, the Democratic Republic of the Congo, Guatemala, Iraq, Pakistan, the Palestinian Territories, Sierra Leone, South Sudan and Yemen. The administrative rules for PSI Plus can be found in annex 2.

The administrative rules set out in this annex comprise the formal framework for assessing grant applications. They will also help you draw up your own grant application for PSI Regular. The model application form is an integral part of the administrative rules.

This annex contains the following sections. Section 2 provides a general outline of the programme. Section 3 contains information about eligible costs and the criteria that proposals must meet. These include formal requirements (section 4), admission criteria (section 5) and evaluation criteria (section 6). Section 7 sets out the assessment procedure. A number of standard rules governing grant awards and the implementation of projects are explained in section 8.

Appendix I contains the model application form. A List of Terms can be found in appendix II. The administrative rules, the model application form, the List of terms and supplementary information can be downloaded from the NL Agency website: [www.agentschap.nl/en/PSI](http://www.agentschap.nl/en/PSI). For more information, please contact NL Agency, NL EVD International, tel. +31 (0)88 602 8513.

#### ***2. General***

**Objective:** The aim of PSI is to promote sustainable economic development by supporting investments in significantly innovative projects in the private sector in developing countries. It aims to make a relevant, positive contribution to self-reliance and poverty reduction by creating economic activity and jobs and raising income levels.

**Characteristics of a PSI project:** A PSI project is an investment project implemented by a Dutch or foreign company in collaboration with a local company in one of the designated PSI countries. A PSI grant helps cover project costs relating to hardware (e.g. machinery) and technical assistance (e.g. training and project management).

The project must be significantly innovative for the country in question, in terms of the type of product or service concerned, the production method or the way in which service is provided. PSI reduces the risk for parties investing in the project (the Dutch or foreign company and its local partner) by contributing towards the investment cost. Follow-up investments should be made after the project is concluded, enabling further growth in turnover and jobs. The project should be commercially viable and have a positive impact on the local economy.

Implementation: The Minister for European Affairs and International Cooperation has delegated implementation of PSI to NL EVD International, a division of NL Agency, the central government agency for international business and cooperation.

International Corporate Social Responsibility (ICSR): ICSR is an important concept for the Dutch government. It expects PSI projects to lead the field in this area in the countries concerned. Certification on social as well as environmental issues plays an important role in this regard. ICSR is integrated in the assessment of PSI grant applications. Applicants should have a good reputation as regards ICSR. They should have a formal in-company ICSR policy in place or have formulated this as a deliverable in the first project result.

PSI grant recipients must ensure that they and their primary supplier do not use child labour or violate other fundamental labour standards abroad.

### **3. Eligible costs**

A PSI grant constitutes a contribution towards the costs associated directly with the implementation of the project. Grants awarded under PSI Regular amount to 50% of these eligible costs, with a maximum of € 750,000. The following costs are eligible for grants:

- cost of sustainable capital goods (hardware) used in the production process, with the exception of existing buildings and land;
- cost of technical assistance, such as project management, training, advice and certification.

Under article 9 of the Ministry of Foreign Affairs Grants Decree, a grant will be refused if the application is submitted after the activities have started. For the record, it should be noted that if activities are carried out in preparation for the project before submission of the application, this will not lead to refusal to award a grant, but the costs will not be covered by the grant. The application form contains more information about eligible and non-eligible costs.

### **4. Formal requirements**

Applications that do not satisfy all of the formal requirements listed below will not be taken into consideration.

1. Grant applications must be complete and submitted in writing (one original and three copies) to NL Agency as specified on the application form (appendix I).
2. Applications must be submitted on time. The deadline for submitting applications for the first assessment round is 15.00 hrs CET on 6 February 2012. The deadline for submitting applications for the second assessment round is 15.00 hrs CET on 20 August 2012.
3. Applications must be delivered in person or by post to:

<i>Delivery address</i>	<i>Postal address</i>
NL Agency, attn. PSI	NL Agency, attn. PSI
Prinses Beatrixlaan 2	Postbus 93144
The Hague	2509 AC The Hague

4. At the same time, an electronic copy must be submitted on a digital storage device with a USB port (USB stick).
5. The application form must state the name of the applicant and be signed by the applicant's authorised representative.
6. The local partner must also sign the project proposal, thus indicating that he is familiar with the content of the application and will endeavour to implement the project successfully. Please note, however, that if the application is approved, the applicant is the sole grant recipient and bears full responsibility for the fulfilment of all obligations, regardless of who carries out the project activities.
7. The applicant and the local partner must declare that they are aware of and will act in accordance with the international OECD Guidelines for Multinational Enterprises on corporate social responsibility, the ILO Declaration on Fundamental Principles and Rights at Work and the UN Convention on Biological Diversity. More information about these international obligations can be found on the NL Agency website ([www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).
8. Applications must be submitted in English.

## **5. Admission criteria**

Applications that do not satisfy all of the criteria below will be rejected.

1. Countries:
  - The application must concern an investment in one of the following 48 countries: Albania, Algeria, Angola, Armenia, Bangladesh, Benin, Bolivia, Bosnia and Herzegovina, Burkina Faso, Cambodia, Cape Verde, Colombia, Djibouti, Egypt, Ethiopia, the Gambia, Georgia, Ghana, Indonesia, Jordan, Kenya, Kosovo, Laos, Macedonia, Madagascar, Malawi, Mali, Moldova, Mongolia, Morocco, Mozambique, Nepal, Nicaragua, Nigeria, Peru, the Philippines, Rwanda, Senegal,

South Africa, Sri Lanka, Sudan, Suriname, Tanzania, Thailand, Tunisia, Uganda, Vietnam or Zambia.

2. Applicant:

Grant applications may only be made by:

- a company established in the Netherlands and registered in the commercial register of the Dutch Chamber of Commerce,  
*or*  
a company established outside the Netherlands provided the application concerns a project in one of the following 24 countries: Angola, Bangladesh, Benin, Bolivia, Burkina Faso, Cambodia, Djibouti, Ethiopia, the Gambia, Ghana, Laos, Madagascar, Malawi, Mali, Mozambique, Nepal, Nicaragua, Rwanda, Senegal, South Africa, Sudan, Tanzania, Uganda or Zambia. The company must be registered with the local Chamber of Commerce (or a comparable body) and cannot be established in the country to which the application pertains.
- At the time of submission, the applicant may have no more than one running PSI or PSOM project. The applicant may not submit more than one application per tender.

3. Partnership and local partner:

- The applicant must implement the project jointly with a local partner.
- The local partner must be a company established in the country where the project is to be implemented and registered with the local chamber of commerce (or a comparable body). Except for Vietnam, government's share in ownership in the local partner may not exceed 25%.
- The partnership formed by this applicant and this local partner may not have received a PSI grant or implemented a PSOM project before.

4. Project duration, scope and co-financing:

- The project must have a duration of 30 months, or 36 months for projects which are largely dependent on seasonal activities (projects concerning fisheries, agriculture, horticulture or forestry).
- The PSI grant amounts to 50% of the eligible costs up to a maximum of € 750,000. This gives a maximum project budget of € 1.5 million.
- The project may not be co-financed by other programmes run by the Dutch government or other public authorities. The application must mention any co-financing obtained from other non-commercial parties. The total amount of the PSI grant and any other financial contributions by non-commercial parties may not exceed 80% of the project budget.

## 6. Evaluation criteria

Applications that satisfy the formal requirements and admission criteria go on to the next stage of assessment based on the following evaluation criteria. The criteria, described briefly below, are explained in detail in the model application form.

1. Partners and primary supplier:
  - a. The applicant and local partner must be existing companies that carry out substantial economic activities.
  - b. The project proposal must derive logically from their current activities (core business) and respective business strategies.
  - c. The partners must have the requisite knowledge and experience to ensure the project will be successful.
  - d. The partners must enter into a long-term partnership, which will typically take the form of a joint venture.
  - e. The partners must demonstrate that they have sufficient funds at their disposal to finance their own contribution and working capital for the project. A number of guidelines that NL Agency uses to assess this are included in the model application form. In case of a joint venture, the partners' own contributions should be proportionate to their ownership share.
  - f. Preference will be given to small and medium-sized enterprises (SMEs).
  - g. Preference will be given to a local partner owned directly or indirectly by nationals of the country where it is located and in which the applicant has no direct or indirect share in ownership. In addition, in the Arab region, preference will be given to female entrepreneurs and entrepreneurs younger than 35.
  - h. Preference will be given to applicants who have not previously implemented a PSOM or PSI project.
  - i. Applicants must have a good reputation in terms of ICSR. To this end, they must include a copy of their organisation's ICSR policy with their application or, if such policy is not yet in place, deliver this as part of the first project result.
  - j. The partners and the primary supplier may not use child and/or forced labour to implement the project for which the grant application has been made, nor in any other activity. If the primary supplier is not yet known, the applicant should identify the primary supplier within the first project result and ascertain that the primary supplier does not make use of child and/or forced labour.
2. Project:  
*Commercial plan*

- a. There must be a demonstrable market for the products or services provided in the project.
- b. The project must be significantly innovative for the country in question, in terms of the type of product or service concerned, the production method or the way in which service is provided. It is envisaged that these innovative projects will help develop underdeveloped economies. Applications for projects that will distort the market in the sector and country in question will be rejected.
- c. The project proposal must contain a realistic analysis of the business risks and mitigating measures.

*Operational plan*

- d. The operational plan should be clear and logical and describe concrete results. These must be sufficiently specific, measurable and realistic.
- e. The capacity of capital goods (hardware) should be proportionate to the projected production level at the end of the project period.
- f. The project itself should be modest in scope, in keeping with its character as a pilot project, in order to allow for follow-up investments.
- g. The project should use only commercially proven technologies. PSI is not intended as a programme for technology development.
- h. The operational plan must include a relevant, good-quality training programme for staff members and key parties in the chain.
- i. The operational plan must sufficiently reflect the principles of ICSR and describe envisaged results in this area (examples are provided, by sector, on [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).
- j. The project budget must be proportionate to the envisaged results.

*Financial plan*

- k. The activity must be commercially viable and result ultimately in a profitable business. This must be apparent from the financial data provided.
- l. The cash flow statement must be clear and derive logically from the commercial and operational plans. Follow-up investments should not be included in this statement.
- m. The proposed activity cannot obtain funding from sources other than PSI. Banks, other financial institutions and private sources are not prepared to finance the project due to the high risks. The project is not eligible for funding through other Dutch or international instruments.

3. Impact:

*Impact on the company:*



- a. There is potential for continued growth after finalisation of the project, with significant follow-up investments and additional turnover to be realised.
- b. The project will lead to sustainable employment, with workers enjoying good pay and good working conditions. In the Arab region, preference will be given to the creation of jobs for young people (under 25s) and women.
- c. The project must enhance the knowledge and skills of local employees, managers or suppliers.

*Impact on the chain:*

- d. The project should preferably create positive long-term effects for all parties in the chain, e.g. contract farmers, suppliers, customers and consumers (through, for instance, knowledge-sharing, increased turnover and better-quality end products).

*Impact on the sector:*

- e. The project should preferably create positive long-term effects for stakeholders in the sector, such as other companies, associations and knowledge institutions (through, for instance, knowledge-sharing or the introduction of standards). Preference will be given to projects with a positive impact on food security and/or the availability of water.

*Impact on society:*

- f. The project should preferably have a positive impact on the environment or, at the very least, cause no environmental damage.
- g. The project should preferably have a positive impact on the position of women, especially women in management positions. At the very least, it should not cause women's position to deteriorate.
- h. The project should preferably have a positive impact on local communities in the region where the project is implemented, through improvements in the local infrastructure, health care, education, childcare, sports facilities.
- i. The project should preferably have positive long-term effects for local and/or national authorities, such as additional tax revenues, an improved balance of trade, or because the project leads to the development of local legislation.

## **7. Assessment procedure**

Step 1. Formal requirements: NL Agency will first check whether the application meets the formal requirements (section 4). If the application does not satisfy one or more of these requirements, the applicant will be given an opportunity to complete the application within seven days from the date on which they have been

informed of the incompleteness of the application. If an application is not completed as required within the designated period, it will not be taken into consideration.

Step 2. Admission criteria: Next, NL Agency will check whether the application meets the admission criteria (section 5). An application that does not meet all of these criteria will be rejected.

Step 3. Evaluation criteria: Applications that pass step 2 of the assessment procedure will be assessed in terms of content and financial feasibility, based on the evaluation criteria (section 6). An application that does not score sufficiently on one or more of these criteria will be rejected.

Step 4. Ranking: Proposals that have been positively assessed will be divided into two groups and ranked according to their score in the evaluation check (section 6). The first group comprises proposals concerning the Arab region (Algeria, Egypt, Iraq, Jordan, Morocco, the Palestinian Territories, Tunisia and Yemen). Proposals for the other PSI countries will fall into the second group.

The budget for each round, published in the Government Gazette, will be allocated to positively assessed applications (for PSI Regular and PSI Plus) in accordance with their ranking until the budget is exhausted. It is therefore possible for a project to attain a satisfactory score, but still be rejected because the budget available for that round is insufficient.

Step 5. External advisory committee: NL Agency will present its detailed assessment and ranking of the applications to the PSI advisory committee, an external advisory committee established by the Minister for European Affairs and International Cooperation, made up of at least three members who have expertise in the areas covered by PSI and who are not staff members of the Ministry of Foreign Affairs or NL Agency. The committee will give a positive or negative recommendation on each proposal. In principle, NL Agency will follow the committee's advice.

Verification: During the advisory procedure, NL Agency may opt to submit a request for advice to the Dutch embassy in the country concerned or to an external expert. A representative from NL Agency may also pay an on-site visit to the applicant or to the local partner to obtain information. NL Agency may also contract an external party to conduct an investigation into the applicant, the local partner or the primary supplier.

If necessary, NL Agency can independently contact the project partners for more information.

## **8. Award of grants and implementation**

Award of grants: NL Agency will decide on grant applications within 13 weeks after the deadline of the round in question. This time limit may be extended to 22 weeks.

Progress reports: The grant recipient must report on actual activities and costs once every 12 months. Achievement of Result 1 is essential to the further implementation of the project. Failure to achieve all or parts of Result 1 in a timely manner may have implications for the continued payment of the grant: the grant decision may be modified or even withdrawn. The first progress report must therefore be submitted within four weeks after the time limit for achieving Result 1 has passed.

Subsequent progress reports must be submitted 12 months after the deadline for submitting the previous report. In the last year of the grant period, the final report will replace the progress report. Reports must be written in English in line with the model provided (see [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).

Notification requirement: The grant recipient must give immediate notification in writing if circumstances arise that make it likely that the activities for which the grant was awarded will not be performed in full, at all, or on time, or if he will not be able to meet the obligations attached to the grant.

Advance payments: The grant decision will specify an advance payment schedule. The sum of all advance payments cannot exceed 90% of the grant award. The advance payment schedule can be adjusted in the light of any updated liquidity forecasts submitted by the grant recipient.

Determining the definitive grant amount: The applicant must submit the final report, regarding both content and financial aspects, within two months of completing the activities. These must be drawn up in accordance with the model provided (see [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).

NL Agency will determine the definitive amount of the grant within 13 weeks. An on-site inspection may form part of its assessment, in which case NL Agency may extend the time limit by up to 22 weeks.

Spin-off phase: The spin-off phase is the period of two years after the definitive amount of the grant is determined. During this period, the grant recipient is required to make a reasonable financial investment in the joint venture.

Subsequent information: NL Agency can request that the applicant supply additional information about the project's impact up to 24 months after the definitive grant amount has been determined.

## **9. Appendices**



- I. Application form and model project proposal for PSI Regular (can be downloaded from [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).
- II. PSI List of Terms (can be downloaded from [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).

## **ANNEX 2: PSI PLUS, ADMINISTRATIVE RULES**

### **Private Sector Investment Programme: PSI Plus programme**

#### ***1. Contents and contact information***

The Private Sector Investment Programme is divided into two parts, PSI Regular and PSI Plus. This annex sets out the administrative rules for PSI Plus. PSI Plus is the window for investments in Afghanistan, Burundi, the Democratic Republic of the Congo, Guatemala, Iraq, Pakistan, the Palestinian Territories, Sierra Leone, South Sudan and Yemen. PSI Regular is the window for investments in 48 other developing countries in Africa, Asia, Central and Eastern Europe and Latin America. The administrative rules for PSI Regular can be found in annex 1.

The administrative rules set out in this annexe comprise the formal framework for assessing grant applications. They will also help you draw up your own grant application for PSI Plus. The model application form is an integral part of the administrative rules.

This annex contains the following sections. Section 2 provides a general outline of the programme. Section 3 contains information about eligible costs and the criteria that proposals must meet. These include formal requirements (section 4), admission criteria (section 5) and evaluation criteria (section 6). Section 7 sets out the assessment procedure. A number of standard rules governing grant awards and the implementation of projects are explained in section 8.

Appendix I contains the model application form. A List of Terms can be found in appendix II. The administrative rules, the model application form, the List of Terms and supplementary information can be downloaded from the NL Agency website: [www.agentschap.nl/en/PSI](http://www.agentschap.nl/en/PSI). For more information, please contact NL Agency, NL EVD International, tel. +31 (0)88 602 8513.

#### ***2. General***

**Objective:** The aim of PSI is to promote sustainable economic development by supporting investments in significantly innovative projects in the private sector in developing countries. It aims to make a relevant, positive contribution to self-reliance and poverty reduction by creating economic activity and jobs and raising income levels.

**Characteristics of a PSI project:** A PSI project is an investment project implemented by a Dutch or foreign company in collaboration with a local company in one of the designated PSI countries. A PSI grant helps cover project costs relating to hardware (e.g. machinery) and technical assistance (e.g. training and project management).

The project must be significantly innovative for the country in question, in terms of the type of product or service concerned, the production method or the way in which service is provided. PSI reduces the risk for parties investing in the project (the Dutch or foreign company and its local partner) by contributing towards the investment cost. Follow-up investments should be made after the project is concluded, enabling further growth in turnover and jobs. The project should be commercially viable and have a positive impact on the local economy.

Implementation: The Minister for European Affairs and International Cooperation has delegated implementation of PSI to NL EVD International, a division of NL Agency, the central government agency for international business and cooperation.

International Corporate Social Responsibility (ICSR): ICSR is an important concept for the Dutch government. It expects PSI projects to lead the field in this area in the countries concerned. Certification on social as well as environmental issues plays an important role in this regard. ICSR is integrated in the assessment of PSI grant applications. Applicants should have a good reputation as regards ICSR. They should have a formal in-company ICSR policy in place or have formulated this as a deliverable in the first project result.

PSI grant recipients must ensure that they and their primary supplier do not use child labour or violate other fundamental labour standards abroad.

### **3. Eligible costs**

A PSI grant constitutes a contribution towards the costs associated directly with the implementation of the project. Grants awarded under PSI Plus amount to 60% of these eligible costs, with a maximum of € 900,000. The following costs are eligible for grants:

- cost of sustainable capital goods (hardware) used in the production process, with the exception of existing buildings and land;
- cost of technical assistance, such as project management, training, advice and certification;
- security costs.

In addition, the premiums paid to MIGA SIP for insurance against damage resulting from war or civil disturbances, expropriation and currency transfer restrictions may also be reimbursed for a period of three years. See also [www.miga.org/sip](http://www.miga.org/sip).

Under article 9 of the Ministry of Foreign Affairs Grants Decree, a grant will be refused if the application is submitted after the activities have started. For the record, it should be noted that if activities are carried out in preparation for the project before submission of the application, this will not lead to refusal to award a grant, but the costs will not be covered by the grant. The application form contains more information about eligible and non-eligible costs.

#### **4. Formal requirements**

Applications that do not satisfy all of the formal requirements listed below will not be taken into consideration.

1. Grant applications must be complete and submitted in writing (one original and three copies) to NL Agency as specified on the application form (appendix I).
2. Applications must be submitted on time. The deadline for submitting applications for the first assessment round is 15.00 hrs CET on 6 February 2012. The deadline for submitting applications for the second assessment round is 15.00 hrs CET on 20 August 2012.
3. Applications must be delivered in person or by post to:

<i>Delivery address</i>	<i>Postal address</i>
NL Agency, attn. PSI	NL Agency, attn. PSI
Prinses Beatrixlaan 2	Postbus 93144
The Hague	2509 AC The Hague

4. At the same time, an electronic copy must be submitted on a digital storage device with a USB port (USB stick).
5. The application form must state the name of the applicant and be signed by the applicant's authorised representative.
6. The local partner must also sign the project proposal, thus indicating that he is familiar with the content of the application and will endeavour to implement the project successfully. Please note, however, that if the application is approved, the applicant is the sole grant recipient and bears full responsibility for the fulfilment of all obligations, regardless of who carries out the project activities.
7. The applicant and the local partner must declare that they are aware of and will act in accordance with the international OECD Guidelines for Multinational Enterprises on corporate social responsibility, the ILO Declaration on Fundamental Principles and Rights at Work and the UN Convention on Biological Diversity. More information about these international obligations can be found on the NL Agency website ([www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).
8. Applications must be submitted in English.

#### **5. Admission criteria**

Applications that do not satisfy all of the criteria below will be rejected.

1. Countries:

Applications for PSI Plus must concern an investment in one of the following ten countries: Afghanistan, Burundi, the Democratic Republic of the Congo,

Guatemala, Iraq, Pakistan, the Palestinian Territories, Sierra Leone, South Sudan and Yemen.

2. Applicant (PSI Plus):

Grant applications may only be made by:

- a company established in the Netherlands and registered in the commercial register of the Dutch Chamber of Commerce,  
*or*  
a company established outside the Netherlands, but not in the country to which the application pertains, and registered with the local Chamber of Commerce (or a comparable body),  
*or*  
a corporate foundation. The foundation must be registered with the Chamber of Commerce or a comparable body.
- *And* the company must be in existence for at least two years.
- At the time of submission, the applicant may have no more than one running PSI or PSOM project. The applicant may not submit more than one application per tender.

3. Partnership and local partner:

- The applicant must implement the project jointly with a local partner. The local partner must be:  
a company established in the country where the project is to be implemented and registered as such with the local chamber of commerce (or a comparable body). Government's share in ownership in the local partner may not exceed 25%,  
*or*  
a natural person who bears the nationality of the country where the project is to be implemented.
- The partnership formed by this applicant and this local partner may not have received a PSI grant or implemented a PSOM project before.

4. Project duration, scope and cofinancing:

- The project must have a duration of 30 months, or 36 months for seasonal activities (projects concerning fisheries, agriculture, horticulture or forestry).
- The PSI Plus grant amounts to 60% of the eligible costs up to a maximum of € 900,000. This gives a maximum project budget of € 1.5 million, excluding insurance premiums to be paid for MIGA SIP, if applicable.
- The project may not be co-financed by other programmes run by the Dutch government or other public authorities. The application must mention any co-financing obtained from other non-commercial parties. The total amount of the PSI grant and any other financial



contributions by non-commercial parties may not exceed 80% of the project budget.

## **6. Evaluation criteria**

Applications that satisfy the formal requirements and admission criteria go on to the next stage of assessment based on the following evaluation criteria. The criteria, described briefly below, are explained in detail in the model application form.

1. Partners and primary supplier:
  - a. The applicant must be an existing company or corporate foundation that carries out substantial economic activities.
  - b. The project proposal must derive logically from their current activities (core business) and respective business strategies.
  - c. The partners must have the requisite knowledge and experience to ensure the project will be successful.
  - d. The partners must enter into a long-term partnership, which will typically take the form of a joint venture. If the local partner is a natural person, the establishment of a joint venture in the project start-up phase is mandatory.
  - e. The partners must demonstrate that they have sufficient funds at their disposal to finance their own contribution and working capital for the project. A number of guidelines that NL Agency uses to assess this are included in the model application form. In case of a joint venture, the partners' own contributions should be proportionate to their ownership share.
  - f. Preference will be given to small and medium-sized enterprises (SMEs).
  - g. Preference will be given to a local partner owned directly or indirectly by nationals of the country where it is located and in which the applicant has no direct or indirect share in ownership. In addition, in the Arab region, preference will be given to female entrepreneurs and entrepreneurs younger than 35.
  - h. Preference will be given to applicants who have not previously implemented a PSOM or PSI project.
  - i. Applicants must have a good reputation in terms of ICSR. To this end, they must include a copy of their organisation's ICSR policy with their application or, if such policy is not yet in place, deliver this as part of the first project result.
  - j. The partners and the primary supplier may not use child and/or forced labour to implement the project for which the grant application has been made, nor in any other activity. If the primary supplier is not yet known, the applicant should identify the primary supplier within the first project result and ascertain that the primary supplier does not make use of child and/or forced labour.

## 2. Project:

*Commercial plan*

- a. There must be a demonstrable market for the products or services provided in the project.
- b. The project must be significantly innovative for the country in question, in terms of the type of product or service concerned, the production method or the way in which service is provided. It is envisaged that these innovative projects will help develop underdeveloped economies. Applications for projects that will distort the market in the sector and country in question will be rejected.
- c. The project proposal must contain a realistic analysis of the business risks and mitigating measures.
- d. The proposal must also include an overview of security risks and risks relating to the political and socioeconomic situation in the country concerned.

*Operational plan*

- e. The operational plan should be clear and logical and describe concrete projected results. These must be sufficiently specific, measurable and realistic.
- f. Purchases of capital goods (hardware) should be proportionate to the projected production level at the end of the project period.
- g. The project itself should be modest in scope, in keeping with its character as a pilot project, in order to allow for follow-up investments.
- h. The project should use only commercially proven technologies. PSI is not intended as a programme for technology development.
- i. The operational plan must include a relevant, good-quality training programme for staff members and key parties in the chain.
- j. The operational plan must sufficiently reflect the principles of ICSR and describe envisaged results in this area (examples are provided, by sector, on [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).
- k. The project budget must be proportionate to the envisaged results.

*Financial plan*

- l. The activity must be commercially viable and result ultimately in a profitable business. This must be apparent from the financial data provided.
- m. The cash flow statement must be clear and derive logically from the commercial and operational plans. Follow-up investments should not be included in this statement.
- n. The proposed activity cannot obtain funding from sources other than PSI. Banks, other financial institutions and private sources are not prepared to finance the project due to the high risks. The project is

not eligible for funding through other Dutch or international instruments.

3. Impact:

*Impact on the company:*

- a. There is potential for continued growth after finalisation of the project, with significant follow-up investments and additional turnover to be realised.
- b. The project will lead to sustainable employment, with workers enjoying good pay and good working conditions. In the Arab region, preference will be given to the creation of jobs for young people (under 25s) and women.
- c. The project must enhance the knowledge and skills of local employees, managers or suppliers.

*Impact on the chain:*

- d. The project should preferably create positive long-term effects for all parties in the chain, e.g. contract farmers, suppliers, customers and consumers (through, for instance, knowledge-sharing, increased turnover and better-quality end products).

*Impact on the sector:*

- e. The project should preferably create positive long-term effects for stakeholders in the sector, such as other companies, associations and knowledge institutions (through, for instance, knowledge-sharing or the introduction of standards). Preference will be given to projects with a positive impact on food security and/or the availability of water.

*Impact on society:*

- f. The project should preferably have a positive impact on the environment or, at the very least, cause no environmental damage.
- g. The project should preferably have a positive impact on the position of women, especially women in management positions. At the very least, it should not cause women's position to deteriorate.
- h. The project should preferably have a positive impact on local communities in the region where the project is implemented, through improvements in the local infrastructure, health care, education, childcare, sports facilities.
- i. The project should preferably have positive long-term effects for local and/or national authorities, such as additional tax revenues, an improved balance of trade, or because the project leads to the development of local legislation.

## **7. Assessment procedure**

Step 1. Formal requirements: NL Agency will first check whether the application meets the formal requirements (section 4). If the application does not satisfy one or more of these requirements, the applicant will be given an opportunity to complete the application within seven days from the date on which they have been informed of the incompleteness of the application. If an application is not completed as required within the designated period, it will not be taken into consideration.

Step 2. Admission criteria: Next, NL Agency will check whether the application meets the admission criteria (section 5). An application that does not meet all of these criteria will be rejected.

Step 3. Evaluation criteria: Applications that pass step 2 of the assessment procedure will be assessed in terms of content and financial feasibility, based on the evaluation criteria (section 6). An application that does not score sufficiently on one or more of these criteria will be rejected.

Step 4. Ranking: Proposals that have been positively assessed will be divided into two groups and ranked according to their score in the evaluation check (section 6). The first group comprises proposals concerning the Arab region (Algeria, Egypt, Iraq, Jordan, Morocco, the Palestinian Territories, Tunisia and Yemen). Proposals for the other PSI countries will fall into the second group. The budget for each round, published in the Government Gazette, will be allocated to positively assessed applications (for PSI Regular and PSI Plus) in accordance with their ranking until the budget is exhausted.

It is therefore possible for a project to attain a satisfactory score, but still be rejected because the budget available for that round is insufficient.

Step 5. External advisory committee: NL Agency will present its detailed assessment and ranking of the applications to the PSI advisory committee, an external advisory committee established by the Minister for European Affairs and International Cooperation, made up of at least three members who have expertise in the areas covered by PSI and who are not staff members of the Ministry of Foreign Affairs or NL Agency. The committee will give a positive or negative recommendation on each proposal. In principle, NL Agency will follow the committee's advice.

Verification: During the advisory procedure, NL Agency may opt to submit a request for advice to the Dutch embassy in the country concerned or to an external expert. A representative from NL Agency may also pay an on-site visit to the applicant or to the local partner to obtain information. NL Agency may also contract an external party to conduct an investigation into the applicant, the local partner or the primary supplier.

If necessary, NL Agency can independently contact the project partners for more information.

## **8. Award of grants and implementation**

Award of grants: NL Agency will decide on grant applications within 13 weeks after the deadline of the round in question. This time limit may be extended to 22 weeks.

Progress reports: The grant recipient must report on actual activities and costs once every 12 months. Achievement of Result 1 is essential to the further implementation of the project. Failure to achieve all or parts of Result 1 in a timely manner may have implications for the continued payment of the grant: the grant decision may be modified or even withdrawn. The first progress report must therefore be submitted within four weeks after the time limit for achieving Result 1 has passed.

Subsequent progress reports must be submitted 12 months after the deadline for submitting the previous report. In the last year of the grant period, the final report will replace the progress report. Reports must be written in English in line with the model provided (see [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).

Notification requirement: The grant recipient must give immediate notification in writing if circumstances arise that make it likely that the activities for which the grant was awarded will not be performed in full, at all, or on time, or of he will not be able to meet the obligations attached to the grant.

Advance payments: The grant decision will specify an advance payment schedule. The sum of all advance payments cannot exceed 90% of the grant award. The advance payment schedule can be adjusted in the light of any updated liquidity forecasts submitted by the grant recipient.

Determining the definitive grant amount: The applicant must submit the final report, regarding both content and financial aspects, within two months of completing the activities. These must be drawn up in accordance with the model provided (see [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).

NL Agency will determine the definitive amount of the grant within 13 weeks. An on-site inspection may form part of its assessment, in which case NL Agency may extend the time limit by up to 22 weeks.

Spin-off phase: The spin-off phase is the period of two years after the definitive amount of the grant is determined. During this period, the grant recipient is required to make a reasonable financial investment in the joint venture.

Subsequent information: NL Agency can request that the applicant supply additional information about the project's impact up to 24 months after the definitive grant amount has been determined.

## **9. Appendices**

- I. Application form and model project proposal for PSI Plus (can be downloaded from [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).
- II. PSI List of Terms (can be downloaded from [www.agentschapnl.nl/en/PSI](http://www.agentschapnl.nl/en/PSI)).