

Government Gazette No. 136, 2 January 2014

Order of the Minister for Foreign Trade and Development Cooperation of 16 December 2013, no. DDE-692/2013, laying down administrative rules and a ceiling for grants awarded under the Private Sector Investment Programme

The Minister for Foreign Trade and Development Cooperation,

Having regard to article 6 of the Ministry of Foreign Affairs Grants Decree;¹

Having regard to article 7.2 of the Ministry of Foreign Affairs Grant Regulations 2006;²

Orders:

Article 1

The administrative rules appended as annexes to this Order ('PSI grant guidelines') apply to grants awarded under article 7.2 of the Ministry of Foreign Affairs Grant Regulations 2006 between 1 January 2014 and 31 December 2014 in the framework of the Private Sector Investment Programme.

Article 2

A ceiling of € 37 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 2014 and 31 December 2014, 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. The deadline for submitting applications in this last round is 15:00 hrs on 10 March 2014 (Dutch time).

¹ Bulletin of Acts and Decrees 2005, no. 137

² Government Gazette 2005, no. 251



Article 4

1. In the assessment round, commitments may be assumed up to a maximum of € 37 million for PSI Regular and PSI Plus combined, provided that sufficient funds are made available by the budget legislator.
2. Commitments may be assumed up to a maximum of € 7 million for PSI projects in the Arab region (Algeria, Egypt, Iraq, Jordan, Libya, Morocco, the Palestinian Territories, Tunisia and Yemen).

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 1st January 2015.

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

A.C.C. Rebergen, Deputy Director-General for International Cooperation
For the Minister for Foreign Trade and Development Cooperation

ANNEX 1: PSI REGULAR GRANT GUIDELINES

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 50 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 in these grant guidelines 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 grant guidelines.

These grant guidelines contain 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), threshold criteria (section 5) and programme-specific 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 grant guidelines, the model application form, the list of terms and supplementary information can be downloaded from the website of Netherlands Enterprise Agency: www.rvo.nl/en/PSI. For more information, please contact the Agency Netherlands Enterprise Agency, previously NL Agency, tel. +31 (0)88 042 42 42.

2. General

Objective: The aim of PSI is to promote sustainable economic development by boosting investment 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 Foreign Trade and Development Cooperation has delegated implementation of PSI to Netherlands Enterprise Agency, the central government agency for international business and cooperation, formerly known as NL Agency.

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. Activities on the FMO exclusions list will not be eligible for funding under PSI. Applicants should have a good reputation as regards CSR. They should have formal in-company CSR policy in place or have formulated this as one of the first project results. Companies awarded PSI funding must ensure that all participating companies as well as the consortium comply with the OECD Guidelines for Multinational Enterprises. In accordance with the revised Guidelines, published in 2011, companies are required to exercise responsible supply chain management. To this end, they must conduct a comprehensive risk assessment of the primary suppliers of the projected enterprise and draw up a plan to prevent or mitigate any adverse effects. The project partners will implement the measures proposed in the plan and report on their efforts.

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 durable 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 processed further.

1. Grant applications must be complete and submitted in writing (one original and three copies) to the Netherlands Enterprise Agency as specified on the application form (appendix I).
2. Applications must be received by the Netherlands Enterprise Agency before the deadline. The deadline for submitting applications for the assessment round is 15:00 hrs on Monday 10th March 2014 (Dutch time).
3. Applications must be delivered in person or by post to:

| <i>Address for visitors</i> | <i>Postal address</i> |
|--|---|
| Netherlands Enterprise Agency, attn. PSI | Netherlands Enterprise Agency , attn. PSI |
| Prinses Beatrixlaan 2 | P.O. Box 93144 |
| The Hague | 2509 AC The Hague |

4. Along with the application on paper, an electronic copy must be submitted on a digital storage device with a USB port (USB stick). Electronic copies submitted in any other way, such as by email, will not be accepted.
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 project partners 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 website of the Netherlands Enterprise Agency (www.rvo.nl/en/PSI).
8. The applicant must declare that the activities for which funding is requested are not on the FMO exclusions list. There is a link to this list on the website of the Netherlands Enterprise Agency.
9. 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 50 countries: Albania, Algeria, Angola, Armenia, Bangladesh, Benin, Bolivia, Bosnia and Herzegovina, Burkina Faso, Cambodia, Cape Verde, Colombia, Djibouti, Egypt, Ethiopia, Gambia, Georgia, Ghana, Indonesia, Jordan, Kenya, Kosovo, Laos, Libya, Macedonia, Madagascar, Malawi, Mali, Moldova, Mongolia, Morocco, Mozambique, Myanmar, 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 entered 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 25 countries: Angola, Bangladesh, Benin, Bolivia, Burkina Faso, Cambodia, Djibouti, Ethiopia, Gambia, Ghana, Laos, Madagascar, Malawi, Mali, Mozambique, Myanmar, 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
and
 - the company must have been 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 procedure.
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 in 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 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 threshold criteria go on to the next stage of assessment based on the following programme-specific criteria. This check is also performed by the Netherlands Enterprise Agency. The criteria, described briefly below, are explained in detail in the model application form.

1. Partners:
 - 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 is 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 the Netherlands Enterprise Agency will use 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, preference will be given in the Arab region 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. The partners must have a good reputation in terms of CSR. The applicant must include a copy of its formally adopted CSR policy with the application or, if such policy is not yet in place, deliver this as

part of the first project result. The policy must be based on the principles established by the OECD, the IFC or ISO 26000 and must include implementation (management instruments) and communication strategies. The other project partners should describe how they will implement the various themes addressed in the OECD Guidelines internally.

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 are not innovative and/or 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. Responsible supply chain management: In accordance with the OECD Guidelines, the applicant will submit a risk assessment of possible adverse effects in the project's primary supply chains, i.e. those providing the elementary raw materials and intermediate goods needed for the manufacture of the final product. If there is a real likelihood of non-compliance with the OECD Guidelines in these supply chains, the applicant must describe what measures will be taken to address these risks and monitor compliance, and how this information will be made available to interested stakeholders (due diligence process). If the risk assessment cannot be completed before the start of the project, because either the location or the suppliers are not yet known, the applicant must indicate this in its proposal and deliver the missing elements of the assessment as part of the first project result.

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 and encouraging 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.rvo.nl/en/PSI).

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 investment and extra turnover.
- b. The project will lead to sustainable employment, with workers enjoying good pay and good working conditions. Preference will be given to companies that pay a living wage. 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 and 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 results in the development of local legislation.

7. Assessment procedure

Step 1. Formal requirements: the Netherlands Enterprise 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 supplement 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 supplemented as required within the designated period, it will not be processed further.

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

Step 3. Programme-specific criteria: Applications that pass step 2 of the assessment procedure will be subjected to a substantive and financial check based on the programme-specific criteria (section 6). An application that does not get a high enough score 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 programme-specific check (section 6). The first group comprises proposals concerning the Arab region (Algeria, Egypt, Iraq, Jordan, Libya, Morocco, the Palestinian Territories, Tunisia and Yemen). Proposals for the other PSI countries will fall into the second group. The budget for each group, 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. Prior to the ranking, the budget for the first group will be allocated to the most positively assessed qualifying application of each individual country within the Arab region. It is possible, within

both groups for a project to attain a satisfactory score, but still be rejected because the budget available is insufficient.

Step 5. External advisory committee: the Netherlands Enterprise Agency will present its substantive assessment and ranking of the applications to the PSI advisory committee, an external advisory committee established by the Minister for Foreign Trade and Development 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 the Netherlands Enterprise Agency. The committee will give a positive or negative recommendation on each proposal. In principle, the Netherlands Enterprise Agency will follow the committee's advice.

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

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

8. Award of grants and implementation

Award of grants: the Netherlands Enterprise 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.rvo.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 it will not be able to meet the obligations attached to the grant.

International standards: The grant recipient must implement the project in accordance with the OECD Guidelines for Multinational Enterprises, the ILO

Declaration on Fundamental Principles and Rights at Work and the UN Convention on Biological Diversity.

Extraordinary notification requirement: Pursuant to the Compulsory Notification for Grant Recipients (Administrative Fines) Act, the grant recipient must ensure that the partners and the primary supplier do not use child and/or forced labour to implement the project for which the grant application has been made or in any other activities. The grant recipient must immediately notify the Netherlands Enterprise Agency of any facts or circumstances that would indicate that these companies do use child and/or forced labour.

Prepayments: The grant decision will specify a prepayment schedule. The sum of all prepayments cannot exceed 90% of the grant award. After Result 1 has been achieved, prepayments will be made in instalments, once every three months.

Determining the definitive grant amount: The applicant must submit the final narrative and financial reports within two months of completing the activities. These must be drawn up in accordance with the model provided (see www.rvo.nl/en/PSI) the Netherlands Enterprise 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 the Netherlands Enterprise 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: the Netherlands Enterprise Agency can request that the applicant supplies 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.rvo.nl/en/PSI).
- II. PSI Regular List of terms (can be downloaded from www.rvo.nl/en/PSI).

ANNEX 2: PSI PLUS GRANT GUIDELINES

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 49 other developing countries in Africa, Asia, Latin America and Central and Eastern Europe. The administrative rules for PSI Regular can be found in annex 1.

The administrative rules in these grant guidelines 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 grant guidelines.

These grant guidelines contain 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), threshold criteria (section 5) and programme-specific 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 grant guidelines, the model application form, the list of terms and supplementary information can be downloaded from the website of the Netherlands Enterprise Agency: www.rvo.nl/en/PSI. For more information, please contact the Netherlands Enterprise Agency, formerly NL Agency, tel. +31 (0)88 042 42 42.

2. General

Objective: The aim of PSI is to promote sustainable economic development by boosting investment 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 Foreign Trade and Development Cooperation has delegated implementation of PSI to the Netherlands Enterprise 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. Activities on the FMO exclusions list will not be eligible for funding under PSI. Applicants should have a good reputation as regards CSR. They should have formal in-company CSR policy in place or have formulated this as one of the first project results. Companies awarded PSI funding must ensure that all participating companies as well as the consortium comply with the OECD Guidelines for Multinational Enterprises. In accordance with the revised Guidelines, published in 2011, companies are required to exercise responsible supply chain management. To this end, they must conduct a comprehensive risk assessment of the primary suppliers of the projected enterprise and draw up a plan to prevent or mitigate any adverse effects. The project partners will implement the measures proposed in the plan and report on their efforts.

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 durable 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 for insurance (in accordance with the usual MIGA SIP rates) 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.

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 processed further.

1. Grant applications must be complete and submitted in writing (one original and three copies) to the Netherlands Enterprise Agency as specified on the application form (appendix I).
2. Applications must be received by the Netherlands Enterprise Agency before the deadline. The deadline for submitting applications for the assessment round in 2014 is 15.00 on Monday 10 March 2014 (Dutch time).
3. Applications must be delivered in person or by post to:

| <i>Address for visitors</i> | <i>Postal address</i> |
|--|--|
| Netherlands Enterprise Agency, attn. PSI | Netherlands Enterprise Agency, attn. PSI |
| Prinses Beatrixlaan 2 | P.O. Box 93144 |
| The Hague | 2509 AC The Hague |

4. Along with the application on paper, an electronic copy must be submitted on a digital storage device with a USB port (USB stick). Electronic copies submitted in any other way, including by email, will not be accepted.
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 project partners 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 Netherlands Enterprise Agency website (www.rvo.nl/en/PSI).

8. The applicant must declare that the activities for which funding is requested are not on the FMO exclusions list. There is a link to this list on the website of the Netherlands Enterprise Agency.
9. 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 entered 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 have been 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 procedure.

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 co-financing:

- 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, if applicable (see section 3).
- 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 threshold criteria go on to the next stage of assessment based on the following programme-specific criteria. This check is also performed by the Netherlands Enterprise Agency. The criteria, described briefly below, are explained in detail in the model application form.

1. Partners:
 - 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 is 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 the Netherlands Enterprise Agency will use 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, preference will be given in the Arab region 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. The partners must have a good reputation in terms of CSR. The applicant must include a copy of its formally adopted CSR policy with the application or, if such policy is not yet in place, deliver this as part of the first project result. The policy must be based on the principles established by the OECD, the IFC or ISO 26000 and must include implementation (management instruments) and communication strategies. The other project partners should describe how they will implement the various themes addressed in the OECD Guidelines internally.

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 are not innovative and/or 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.
- e. Responsible supply chain management: In accordance with the OECD Guidelines, the applicant will submit a risk assessment of possible adverse effects in the project's primary supply chains, i.e. those providing the elementary raw materials and intermediate goods needed for the manufacture of the final product. If there is a real likelihood of non-compliance with the OECD Guidelines in these supply chains, the applicant must describe what measures will be taken to address these risks and monitor compliance, and how this information will be made available to interested stakeholders (due diligence process). If the risk assessment cannot be completed before the start of the project, because either the location or the suppliers are not yet known, the applicant must indicate this in its proposal and deliver the missing elements of the assessment as part of the first project result.

Operational plan

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

Financial plan

- m. The activity must be commercially viable and result ultimately in a profitable business. This must be apparent from the financial data provided.
- n. 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.
- o. 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 investment and extra turnover.
- b. The project will lead to sustainable employment, with workers enjoying good pay and good working conditions. Preference will be given to companies that pay a living wage. 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 and 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 results in the development of local legislation.

7. Assessment procedure

Step 1. Formal requirements: The Netherlands Enterprise 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 supplement 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 supplemented as required within the designated period, it will not be processed further.

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

Step 3. Programme-specific criteria: Applications that pass step 2 of the assessment procedure will be subjected to a substantive and financial check based on the programme-specific criteria (section 6). An application that does not get a high enough score 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 programme-specific check (section 6). The first group comprises proposals concerning the Arab region (Algeria, Egypt, Iraq, Jordan, Libya, Morocco, the Palestinian Territories, Tunisia and Yemen). Proposals for the other PSI countries will fall into the second group. The budget for each group, 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. Prior to the ranking, the budget for the first group will be allocated to the most positively assessed qualifying application of each individual country within the Arab region. It is possible, within both groups, for a project to attain a satisfactory score, but still be rejected because the budget available is insufficient.

Step 5. External advisory committee: the Netherlands Enterprise Agency will present its substantive assessment and ranking of the applications to the PSI advisory committee, an external advisory committee established by the Minister for Foreign Trade and Development 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 the Netherlands Enterprise Agency. The committee will give a positive or negative recommendation on each proposal. In principle, the Netherlands Enterprise Agency will follow the committee's advice.

Verification: During the advisory procedure, the Netherlands Enterprise Agency may opt to submit a proposal for advice to the Dutch embassy in the country concerned or to an external expert. A representative from the Netherlands Enterprise Agency may also pay an on-site visit to the applicant or to the local partner or suppliers to obtain information. The Netherlands Enterprise Agency may also contract an external party to conduct such an investigation.

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

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8. Award of grants and implementation

Award of grants: the Netherlands Enterprise 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.rvo.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 it will not be able to meet the obligations attached to the grant.

International standards: The grant recipient must implement the project in accordance with the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work and the UN Convention on Biological Diversity.

Extraordinary notification requirement: Pursuant to the Compulsory Notification for Grant Recipients (Administrative Fines) Act, the grant recipient must ensure that the partners and the primary supplier do not use child and/or forced labour to implement the project for which the grant application has been made or in any other activities. The grant recipient must immediately notify the Netherlands Enterprise Agency of any facts or circumstances that would indicate that these companies do use child and/or forced labour.

Prepayments: The grant decision will specify a prepayment schedule. The sum of all prepayments cannot exceed 90% of the grant award. After Result 1 has been achieved, prepayments will be made in instalments, once every three months.

Determining the definitive grant amount: The applicant must submit the final narrative and financial reports within two months of completing the activities. These must be drawn up in accordance with the model provided (see www.rvo.nl/en/PSI). The Netherlands Enterprise 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 the Netherlands Enterprise 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: the Netherlands Enterprise 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.rvo.nl/en/PSI).
- II. PSI Plus List of terms (can be downloaded from www.rvo.nl/en/PSI).