



Order of the Minister for Foreign Trade and Development Cooperation of 24-05-2023 Min-BuZa.2023.15459-14, laying down administrative rules and ceilings for grants awarded under the Ministry of Foreign Affairs Grant Regulations 2006 (Impact Clusters Grant Programme 2023-2028).

The Minister for Foreign Trade and Development Cooperation,

Having regard to articles 6 and 7 of the Ministry of Foreign Affairs Grants Decree;

Having regard to articles 5.1 and 7.2 of the Ministry of Foreign Affairs Grant Regulations 2006;

Orders:

Article 1

The administrative rules appended as an annexe to this Order apply to grants awarded under article 5.1 and 7.2 of the Ministry of Foreign Affairs Grant Regulations 2006, with a view to supporting activities in the field of private sector development in developing countries by making use of the combined knowledge, know-how and technology of businesses, trade associations and civil society organisations, from the date on which this Order enters into force up to and including 31 December 2028.

Article 2

1. Grant applications under the Grant Programme for Impact Clusters 2023-2028 may be submitted from 12:00 CET on 5 June 2023, until 15:00 CET on 29 December 2023.
2. Grant applications under the Grant Programme for Impact Clusters 2023-2028 must be submitted using the application form made available by the Minister and must be accompanied by the documents stipulated in that form.¹

Article 3

A ceiling of €2 million for regular impact cluster projects and €2 million for impact cluster projects as part of a combination track applies to grants awarded under the Grant Programme for Impact Clusters 2023 -2028 from the date on which this Order comes into force up to and including 31 December 2023.

Article 4

This Order enters into force on the day after the date of the Government Gazette in which it appears and lapses with effect from 1 January 2029, with the proviso that it continues to apply to applications submitted and grants awarded prior to that date.

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

The Minister for Foreign Trade and Development Cooperation,
legally represented in this matter by

B.M. Tazelaar
Deputy Director-General for International Cooperation

¹ www.rvo.nl/impactclusters.



Annexe

1. Background

The private sector is the driver of income growth and productive employment. It is not always as strong in developing countries, in some cases due to a lack of knowledge, know-how and technology. However, knowledge, know-how and technology that are available elsewhere in the world can help improve private sector capacity in developing countries. In the long term, a better functioning private sector bolsters these countries' self-reliance.

Capacity building in a sector or subsector often requires a sector-wide approach. Combining the knowledge present in different businesses, trade associations, knowledge institutions and civil society organisations can boost capacity building in the local private sector.

Developing countries may also be promising longer-term markets for businesses, affording lasting opportunities for trade and investment. In most developing countries, Dutch missions run programmes in support of local private sector development. To enhance the effects of these programmes, clusters of businesses ('impact clusters') can play an auxiliary role through a comprehensive range of activities that bring knowledge, know-how and technology to the local private sector.

To ensure that international knowledge is deployed for the development of local private sectors in developing countries, the Minister has decided to establish the Grant Programme for Impact Clusters 2023 -2028 (**'the grant programme'**). **The grant programme contributes to the implementation** of the 2030 Agenda for Sustainable Development.²

Funds are earmarked for both regular impact cluster projects and impact cluster projects within a combination track. The objective of the combination country approach³ is to achieve development impact in developing countries via the business sector. The principle is a combined use of trade, investment and development cooperation to address transnational challenges such as climate change. Combination tracks are designed to contribute to green economic and digitalisation transitions. For 14 countries,⁴ the Netherlands has selected one or more combination tracks in which to roll out projects, including impact cluster projects. A separate grant ceiling applies for impact cluster projects in these combination tracks. The recommendation issued in response to the quick scan (see section 4.4) will indicate whether a project is appropriate for a combination track or a regular impact cluster project. However, the criteria which the grant application must meet remain the same.

2. Implementing organisation

The Netherlands Enterprise Agency (RVO), an agency of the Ministry of Economic Affairs and Climate Policy, will implement this grant programme on behalf of the Minister for Foreign Trade and Development Cooperation on the basis of a mandate issued to it by the Minister.

3. Definitions

The following definitions are used in the grant programme.

- *Trade association*: foundation or association which, pursuant to its constitution, represents the interests of its members, consisting of businesses belonging to the same sector;

² The Agenda sets out the Sustainable Development Goals (SDGs).

³ www.government.nl/latest/news/2022/06/24/new-policy-document-foreign-trade-development-cooperation

⁴ Egypt, Ghana, Morocco, Nigeria, **Senegal, Côte d'Ivoire, Kenya, South Africa, Bangladesh, India, Indonesia**, Vietnam, Colombia and Ukraine.



- *Capacity building*: strengthening and improving local capacity and opportunities for grant programme beneficiaries at individual, organisational and institutional level, such as through education and empowerment and advocacy for women's rights;
- *Economic activity*: any activity in which goods or services are offered on a market;
- *Fragile states*: developing countries designated as fragile on the country list attached to the grant programme;⁵
- *Impact cluster*: a partnership of businesses, and sometimes also trade associations, knowledge institutions and civil society organisations, that can provide a beneficiary with knowledge, know-how and technology that it lacks with the aim of increasing production capacity in local businesses and/or improving their sustainability;
- *Knowledge institution*: an educational or research institution that contributes to knowledge exchange. To qualify as a knowledge institution, an organisation's core tasks must be independent research and/or knowledge transfer, regardless of whether it also carries out economic activities or is a public body;
- *Local business*: a private business with non-Dutch legal personality that is registered in the country where the grant-funded activities are to take place;
- *Civil society organisation*: a non-profit organisation that is not connected to a government organisation either de facto or under its constitution, which serves a public interest and possesses legal personality, and is registered as such. It must not have been established by a government organisation, or must have become fully autonomous from the government organisation that established it;
- *Minister*: the Minister for Foreign Trade and Development Cooperation;
- *Business*: a legal person carrying out economic activity;
- *Developing country*: one of the countries on the grant programme country list;⁶
- *Lead party*: the member of the partnership that applies for the grant on its behalf. If the application is approved, the lead party is the grant recipient and, as such, bears full responsibility towards the Minister for implementation of the grant-funded activities and compliance with the obligations in respect of the grant;
- *Partnership*: a contractual partnership without legal personality, whose partners themselves each have private legal personality, that is aimed at achieving common objectives by carrying out activities, such that each partner delivers part of the necessary input and bears part of the accompanying risks.

4. Grant Programme for Impact Clusters

4.1 Objective

The objective of the grant programme is to contribute to lasting private sector development in developing countries through the deployment of international knowledge, know-how and technology.

In encouraging broad development in an underdeveloped local private sector or subsector, the purpose of impact cluster activities is to help strengthen knowledge, know-how and technology in local businesses. This will improve their business cases, stimulate local entrepreneurship and, in the long term, lead directly and/or indirectly to the creation of sustainable new jobs. The long-term strategic ambitions of the businesses in the impact clusters play a role in this: when businesses perceive long-term opportunities in sectors and subsectors that have yet to be fully developed, they are prepared to commit to multi-year projects in which their knowledge, skills and technology can support further development in the local sector.

4.2 Target group

The minister's intention is to support impact clusters as a means of contributing to private sector development in developing countries.

⁵ www.rvo.nl/impactclusters.

⁶ www.rvo.nl/impactclusters.



Beneficiaries in this grant programme include local small and medium enterprises, including farms, and where possible relevant local organisations such as knowledge institutions in particular sectors or subsectors in developing countries.

4.3 Parties that may be eligible for a grant

Grants in this programme are intended for impact clusters, represented by a lead party that submits the application for a project.

The impact cluster and the partners taking part in it must meet the following requirements.

- The impact cluster must consist of at least five partners, at least four of which are businesses and at least one is a local organisation. Trade associations, knowledge institutions and civil society organisations may also be partners, but this is not a requirement.
- Each partner in the impact cluster must have legal personality.
- The contributions of all partners together must be necessary to attain the objective of the activities for which a grant is being requested;
- The impact cluster must have been established prior to submission of the application.

The lead party is a business, trade association, knowledge institution or civil society organisation, either with its registered office in the Netherlands or with its registered office in another country and a branch or permanent establishment in the Netherlands.

The partners in the impact cluster must have adopted an integrity policy. They must also have procedures in place to implement this policy within their own organisations. This integrity policy and these procedures should serve to prevent as far as possible any serious forms of inappropriate behaviour, including sexual misconduct, towards employees and other individuals during the implementation of the proposed activities by the lead party, the other partners and other parties they involve in the activities, and in the event of such incidents ensure that they are investigated and appropriate measures are taken to put an end as promptly as possible to the misconduct or inappropriate behaviour and mitigate the consequences. These procedures must be structured in a way that guarantees prompt reporting of any such incidents to RVO.

4.4 Recommendation

If a lead party is considering submitting a grant application on behalf of an impact cluster, it is required to request a recommendation from RVO based on a quick scan submitted for that purpose.⁷ The recommendation is non-binding and it is up to the lead party to decide whether or not to submit an application. A lead party that does decide to submit an application must still demonstrate that the impact cluster meets the qualifying criteria for a grant.

As a request for a recommendation takes about six weeks to process, requests submitted less than six weeks before the application deadline for a round will be rejected.

4.5 Eligible activities

To qualify for a grant under the grant programme, the impact cluster must consist of a systematic **multi-year integrated activity plan ('project')** that is **designed to meet the objectives set out above in section 4.1**. Activities must focus on a single developing country, unless convincing reasons are provided for why they would be more effective and/or efficient when rolled out in two countries.

A cohesive combination of the following mutually reinforcing multi-year activities may be considered for a grant, if they will contribute to alleviating a need in the private sector. The activities shown under a and b must always be included.

⁷ www.rvo.nl/impactclusters



- a. Activities that contribute to a structural transfer of knowledge and capacity building benefiting private sector actors, such as education and training. This could include 'train the trainer' programmes and other activities for embedding new knowledge and developing curriculums.
- b. **A joint demonstration of partners' new proven technologies, capital goods or services, primarily for the purposes of knowledge transfer, training and illustrating a local business case for the use of that technology, capital goods or service.** The demonstration can also be used to investigate and test existing solutions for the local private sector.
- c. In-depth studies in support of impact cluster activities under a and b. The primary objective of these studies must be to obtain better insights regarding problems in a sector or existing technology so as to enable more accurate interventions. They may also be used to establish a baseline and to monitor and evaluate interventions. General market studies are not eligible for grants under this grant programme.
- d. Coordination of impact cluster activities for achieving project aims. This comprises the coordination of impact cluster activities vis-à-vis government bodies, a steering or advisory committee, if present, and local organisations. It also includes drawing up and implementing an appropriate communication plan for the impact cluster, establishing which of its milestones and/or results will be shared with which organisations.

Impact cluster activities must contribute to and be necessary for achieving the private sector development objectives of the mission responsible for the country in question, which means they must correspond to local policy priorities.⁸

No grants will be awarded for:

- activities that already receive grant funding or a contribution directly from the Ministry of Foreign Affairs budget;
- product research and developing proof of concept;
- sales activities, general promotional activities, activities related to general promotional material, and activities to facilitate general market research;
- one-off training activities unrelated to multi-year activities;
- loans provided to third parties from revolving funds;
- activities that can be categorised as export or investment activities, for example the sale of technology prior to or during a project, or investments that could be recouped within a commercially acceptable period or which could be commercially funded.

Additionally, no grants will be awarded for projects involving coal, the exploration or development of new oil and gas reserves outside the Netherlands, or activities appearing on the exclusion list⁹ of the Dutch development bank (FMO), in which 'weapons and ammunition' is understood to correspond to items named as such in the Firearms, Ammunition and Offensive Weapons Act.

4.6 Duration of activities

The activities for which a grant is requested should have a minimum duration of 24 months and a maximum duration of 48 months. Activities must start within six months of the grant award.

4.7 Size of the grant

The minimum grant amount is **€150,000**.

The maximum grant amounts per application are:

- a. **€680,000 for projects in fragile states; businesses and trade associations may apply grant funds** to cover no more than 60% of eligible costs, and civil society organisations and knowledge institutions may apply them to cover no more than 90% of eligible costs;

⁸ www.rvo.nl/impactclusters

⁹ <https://www.fmo-im.nl/en/exclusion-list>.



- b. **€620,000 for projects in developing countries that are not fragile states; businesses and trade associations may apply grant funds to cover no more than 50% of eligible costs, and civil society organisations and knowledge institutions may apply them to cover no more than 90% of eligible costs;**
- c. For the activities shown under a and b, a lead party that is a business or trade association may apply grant funds to cover no more than 70% of eligible costs.

The portion of the total eligible costs for which no grant is provided must be self-financed by the impact cluster partners. This portion is referred to as the partner's own contribution. This amount may not come directly or indirectly from grants or contributions from the budget of the Ministry of Foreign Affairs. A business's own contribution must not be financed using funds received as a grant or contribution from any other government.

4.8 State aid

Grants awarded under the grant programme do not constitute state aid. This is because they do not distort European trade, since activities take place mainly outside the EU in third-country markets and benefit only new and established local businesses in those markets. This means that they do not meet all the defining criteria for state aid.

5. Eligible costs

5.1 Principles

In calculating the eligible costs for a grant, the following principles apply.

- Costs must be proportionate, logical and necessary for carrying out the activities for which the grant funding is sought, and the activities must by their nature be suitable for the partner incurring the costs.
- Costs must be directly related to carrying out the activities.
- Only costs incurred after the application is submitted are eligible for a grant.
- Internal costs are eligible without mark-up.
- Costs will be compared with local standards and assessed for reasonableness.
- Revenues obtained directly from the activities, for example for providing training and advice, will be deducted from the eligible costs.
- Grant funds may be used to pay no more than 20% of costs for project management and coordination.

5.2 Eligible costs

The following costs to be incurred by the impact cluster partners are eligible for a grant.

- a. Staff costs: the number of hours worked by people directly involved with the eligible activities, **multiplied by €87.50, which should include** both direct wage costs and associated indirect costs. Notwithstanding this fixed hourly rate, the hourly rate for staff of impact cluster partners working abroad will be established in line with local standards, to a maximum of the aforementioned fixed hourly rate.
- b. Depreciation of assets during the course of the activities: the basis for determining depreciation is the purchase price – taking any residual value into account – plus any adjustment costs.
- c. Costs of third parties: costs payable to third parties, supported by an invoice, for example if any eligible activities are outsourced, and costs of goods and services purchased for the eligible activities.
- d. Travel costs: international travel costs and regional travel costs outside the Netherlands based on economy class fares.
- e. Subsistence costs: the maximum reimbursement is the number of nights multiplied by the UN Daily Subsistence Allowance rates in effect on the project starting date.¹⁰

¹⁰ <https://icsc.un.org/Home/DailySubsistence>



5.3 Non-eligible costs

The following costs are in any event not eligible:

- costs associated with developing, preparing or submitting the application;
- value-added tax (VAT), in so far as this is not a cost item;
- financing costs and interest payments;
- costs resulting from inflation and exchange rate fluctuations;
- costs of product development;
- costs of registering and maintaining intellectual property rights.

6. Application

6.1 Requirements

Before a lead party can apply for a project grant, RVO must issue a recommendation on the basis of a quick scan as described in section 4.4.

Applications must be submitted using the form supplied to potential applicants by RVO for this purpose. The form must be accompanied by the documents specified in it, in the format prescribed by RVO.¹¹

The application must in any event include:

- the reference number of the recommendation issued by RVO;
- partner forms;
- a project plan drawn up in line with section 4 (except for section 4.4);
- a budget showing eligible costs per partner and including a liquidity forecast;
- a signed agreement guaranteeing the participation of the partners in carrying out the activities and their compliance with the agreements reached, as well as their compliance with the obligations incurred under the grant decision.

Partners must also declare that they are aware of and will comply with the OECD Guidelines¹² and that they are aware of the FMO exclusion list and will not engage in any activities on that list.¹³ The IFC Performance Standards also apply. The partners must declare that they are aware of and endorse these standards. The applicant must immediately notify RVO of any facts or circumstances that indicate breaches of these guidelines, and they must be open to making improvements if requested.

6.2 Opportunity for supplementation

With regard to the application procedure, particular attention is drawn to article 7, paragraph 3 of the Ministry of Foreign Affairs Grants Decree. If an incomplete application is submitted, the Minister may request a supplement in accordance with Section 4:5 of the General Administrative Law Act. In this case, the date and time of receipt of the application will be the date and time on which the supplement was received. Moreover, incomplete or insufficiently substantiated applications (in whole or in part) may be rejected on the grounds of failure to adequately satisfy the requirements and criteria.

When completing the form, it is not sufficient to refer for the sake of brevity to other parts of the application, websites or annexes, unless the application form states that this is wholly or partly acceptable. Incomplete applications may be rejected.

7. Assessment of applications and allocation of resources

¹¹ www.rvo.nl/impactclusters

¹² www.oesorichtlijnen.nl

¹³ www.fmo.nl/exclusion-list



The provisions of the General Administrative Law Act, the Ministry of Foreign Affairs Grants Decree and the Ministry of Foreign Affairs Grant Regulations 2006 are fully applicable to the assessment of applications and the award of grants under this grant programme. Applications will be assessed in accordance with the above legislation and pursuant to the requirements set out in this grant programme.

Applications will be assessed in the order in which they are received. When it becomes likely that funds will be exhausted based on the assessment of previously received applications, the processing of applications received from that point on will be suspended. If it emerges that applications submitted earlier have been rejected, the processing of applications will be resumed, in the order in which they were received.

To be eligible for a grant, applications must satisfy the requirements above, especially those set out in sections 4 to 6. Only applications that meet those requirements will proceed to an assessment of their quality based on the criteria set out below. These criteria must also be met to a sufficient degree to ensure eligibility for a grant. A points system is used for assessing applications on the basis of the applicable criteria.

These criteria are as follows.

Policy contribution and impact

- a. The project contributes significantly to and is necessary for achieving local policy objectives for private sector development as set out by the mission in the country in question.¹⁴
- b. The project can be reasonably expected to produce favourable results for and correspond to the needs of the local beneficiary, including enhancing knowledge, know-how or technology, directly or indirectly creating sustainable jobs in the long term, improving the business cases of existing local businesses and encouraging new local startups.
- c. The project contributes to improving seriously underdeveloped sectors and subsectors (or underdeveloped parts of these sectors) in their target markets.
- d. The activities have added value compared with existing activities aimed at development in the local private sector in question.

Partnership

- a. The partners complement each other well in achieving the project objectives. The partners reinforce each other's efforts, and each plays a substantial role and makes a contribution.
- b. Partners have relevant expertise and the organisational and financial capacity to achieve the project objectives.
- c. A long-term strategy has been defined, including clear long-term market opportunities for the partners.
- d. Partners have satisfactorily established that they have sufficient resources to finance their own contributions to the project and have come to clear agreements on how they will overcome financial setbacks.
- e. The project has sufficient local support and sufficient safeguards in the local environment.

Action plan

- a. The project action plan is based on thorough and accurate contextual, stakeholder and problem analyses.
- b. The theory of change is directly linked to local issues and makes a logical connection between objectives, results and activities, and satisfactorily establishes the likelihood that the action plan will result in the achievement of the project objectives.
- c. Capacity building is firmly anchored in the project design.
- d. There is a solid plan for monitoring, evaluating and learning from the project.

¹⁴ www.rvo.nl/impactclusters.



- e. There is a clear timetable of project activities in which clear, realistic and quantifiable results with verifiable milestones have been defined.
- f. Satisfactory risk management is in place, consisting of a satisfactory risk analysis and satisfactory measures for mitigation.
- g. There are clear agreements on the distribution of roles and decision-making in the framework of the project and among the partners.
- h. There is a clear action plan for coordination and communication with respect to the project.
- i. There is a clear long-term strategy to sustain results after the project has been completed.

Financial matters

- a. The project budget is reasonable and realistic.
- b. Partners are able to finance their own contributions.
- c. The costs of activities are proportionate to their impact in terms of quality and quantity, with value for money as the main criterion.

Responsible business conduct

- a. The project complies with guidelines for responsible business conduct and has no negative effects on the environment, working conditions, land rights, human rights or animal welfare.
- b. The main responsible business conduct (RBC) risks have been identified and measures have been formulated to mitigate these risks. If a number of specific RBC issues are still uncertain at the time the application is made, these should at least be addressed by a study as part of the project.

In aid of its assessment, RVO may undertake action to verify any assumptions or statements made in the application. To this end, it may obtain the information needed to properly assess the quality of the application. It may contact stakeholders to do this.

RVO may also consult external experts during the substantive assessment procedure. The missions are always asked for their opinion with regard to the assessment of the policy contribution criterion, in particular the extent to which applications are aligned with the mission's policy and with the local situation.

8. Grounds for rejection

In addition to the grounds for rejection set out in section 4:35 of the General Administrative Law Act, a grant application will be rejected if it does not satisfy the provisions of this grant programme or if the budget available is insufficient.

9. Oversight

RVO will carry out random checks to assess the proper use of grant funds, checking regularity and efficiency under the terms of the grant decision. It may visit a project to do so.

10. Obligations

The grant decision will set out the obligations tied to the grant, including in any event an obligation to notify RVO if the grant recipient cannot (or cannot fully) comply with the conditions of the grant and/or cannot (or cannot fully) carry out the activities for which the grant has been awarded. It will also forbid the grant recipient and the primary supplier from using child and/or forced labour.¹⁵ The grant recipient must also immediately notify RVO of any facts or circumstances that would suggest these organisations are using child and/or forced labour.

¹⁵ Any form of labour that the International Labour Organization seeks to prevent with the Forced Labour Convention, 1930 (no. 29), the Abolition of Forced Labour Convention, 1957 (No. 105) or the Minimum Age Convention, 1973 (No. 138).



11. Administrative burden

A test based on a standard cost model has been carried out in the interests of accountability for the administrative burden that the applicant will face, from drafting and submitting the application to the management phase, the determining of the definitive grant amount, and any objection and review procedures. The calculation shows that the administrative burden expressed as a percentage of the total available grant budget is 2.8%.

This is a publication of:

Netherlands Enterprise Agency
Prinses Beatrixlaan 2
PO Box 93144 | 2509 AC The Hague
T +31 (0) 88 042 42 42
[Contact](#)
www.rvo.nl

Publication number: RVO-111-2023/RP-INT