

This document contains an unofficial translation of the administrative rules, published in the Government Gazette notice of 18 September 2023.

Order of the Minister for Foreign Trade and Development Cooperation of 18 September 2023, laying down administrative rules and a ceiling for grants awarded under the Ministry of Foreign Affairs Grant Regulations 2006 (Orange Corners Innovation Fund Grant Programme 2024-2030)

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 articles 5.1 and 7.2 of the Ministry of Foreign Affairs Grant Regulations 2006 with a view to enhancing access to finance for young entrepreneurs who provide innovative, sustainable solutions to challenges in Africa, the Middle East and Asia in the framework of the Orange Corners Innovation Fund (OCIF) Grant Programme 2024-2030, from the date on which this Order enters into force up to and including 31 December 2030.

Article 2

1. Grant applications under the Orange Corners Innovation Fund Grant Programme 2024-2030 may be submitted in several different rounds.
2. Applications for grants in the first round of the Orange Corners Innovation Fund Grant Programme 2024-2030 should focus on the target locations Angola, Côte d'Ivoire, the Democratic Republic of the Congo, Morocco, Mozambique, Nigeria and the Palestinian Territories, and must be submitted between 2 October 2023 and 12.00 noon CET on 20 November 2023.
3. Applications for grants in the second round of the Orange Corners Innovation Fund Grant Programme 2024-2030 should focus on the target locations Algeria, Egypt, Ghana, Jordan, Senegal and South Africa, and must be submitted between 12 February 2024 and 12.00 noon CEST on 1 April 2024.
4. Applications for grants in the third round of the Orange Corners Innovation Fund Grant Programme 2024-2030 should focus on the target locations Bangladesh, Burundi, central Iraq, the Kurdistan Region in Iraq, Mali, South Sudan, Sudan and Tunisia, and must be submitted between 6 May 2024 and 12.00 noon CEST on 17 June 2024.
5. Grant applications under the Orange Corners Innovation Fund 2024-2030 Grant Programme 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

1. A grant ceiling of €46,200,000 applies to the Orange Corners Innovation Fund Grant Programme 2024-2030 from the date on which this Order enters into force up to and including 31 December 2030. Of this amount, no more than €2,200,000 is available for activities in each of the following target locations: Algeria, Angola, Bangladesh, Burundi, Côte d'Ivoire, the Democratic Republic of the Congo, Egypt, Ghana, central Iraq, the Kurdistan Region in Iraq, Jordan, Mali, Morocco, Mozambique, Nigeria, the Palestinian Territories, Senegal, South Africa, South Sudan, Sudan and Tunisia.

¹ See <https://english.rvo.nl/ocif>

2. Any residual funds remaining after the first round will be made proportionately available for activities in the target locations for the subsequent round.

Article 4

The available funds referred to in article 3, paragraph 1 will be allocated in accordance with an assessment based on the criteria set out in the annexe to this Order, on the understanding that, of the applications that meet the criteria, those that meet them best will be given priority.

Article 5

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 2031, with the proviso that it continues to apply to grants awarded prior to that time.

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

Pascalie Grotenhuis
Director-General for International Cooperation
For the Minister for Foreign Trade and Development Cooperation

Annexe

1. Background

The Netherlands wants to help accelerate sustainable development, including economic development and employment. It does this among other things by promoting entrepreneurship the world over, especially among young people in developing countries. Youth employment and young entrepreneurs are special priorities in the development policy of the Minister for Foreign Trade and Development Cooperation (hereafter: the Minister)² and in the Youth at Heart³ strategy. Young entrepreneurs have the energy and inventiveness required to develop solutions to local challenges, which can stimulate employment and innovation. This is also recognised in Resolution 73/225 ('Entrepreneurship for sustainable development'),⁴ adopted by the UN General Assembly on 20 December 2018. The Resolution emphasises the pivotal role of entrepreneurship in achieving sustainable development and recognises that entrepreneurship drives economic growth by creating jobs, promoting decent work and sustainable agriculture, and fostering innovation.

Startups in Africa, the Middle East and Asia need support for both knowledge and finance to develop and scale up innovations. Especially in the pre-commercial phase of the innovation process (ideation, research and development, and proof of concept), in which an idea is tested and a prototype developed, only limited funding is available. In this phase it is often impossible for entrepreneurs in developing countries to attract the capital they need, due partly to an unattractive risk profile and the high interest rates that local banks charge for loans. Companies must be supported so as to bridge this pioneer gap and enable them to grow.

The Netherlands' extensive experience in the field of entrepreneurship means it is well placed to help address these challenges and support young entrepreneurs in establishing and developing their own businesses.

The Orange Corners Innovation Fund (OCIF) Grant Programme was launched to supplement the Orange Corners Incubation and Acceleration programmes (OCIAC),⁵ which give young entrepreneurs access to training, networks and facilities to launch their business or scale it up. OCIF began as a pilot project in 2019 and has been a grant programme since 2021. The provision of flexible financing at an early stage has proven to foster company growth and increase employment. Because of this positive impact, the Minister would like to prolong the initiative, drawing on the lessons learned in its initial years. In particular, more attention will be paid to improving the investment-readiness of participating businesses and to obtaining commercial or other follow-up funding.

The grant programme focuses on supporting startups in the initial phase of their innovation process. It is aimed at the countries where an OCIAC is active, as well as Tunisia. OCIF grants will be awarded to applicants (fund managers) to establish a fund to provide startups with financial support for their capacity and knowledge building. The approach in each of the target locations will be tailored to the specific wishes and needs of the participating startups.

2. Implementing organisation

² https://www.government.nl/binaries/government/documenten/policy-notes/2022/10/10/policy-document-for-foreign-trade-and-development-cooperation-do-what-we-do-best/178.047+Beleidsnotitie_BHOS-18.10.pdf.

³ www.youthatheart.nl.

⁴ <https://digitallibrary.un.org/record/1660776>.

⁵ <https://orangecorners.com>.

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:

- *Ideation*: the phase in which a startup further refines its initial, rough business model;
- *Investment-readiness*: a company's capacity to understand and satisfy investors' needs and expectations;
- *Local civil society organisation*: a not-for-profit organisation established in a target location, not connected to a government organisation either de facto or under its constitution, which serves a public interest and possesses legal personality under civil law in the country where it has its registered office. It must not have been established by a government organisation or must have become fully autonomous from the government organisation that established it. The organisation must also be registered accordingly in the target location where the grant-funded activities will be implemented;
- *Local company*: an organisation other than a civil society organisation that carries out economic activities and has legal personality under civil law in the country where it has its registered office. An economic activity is the offering of goods or services on an economic market. The organisation must be registered in the target location where the grant-funded activities are to be implemented;
- *Minister*: the Minister for Foreign Trade and Development Cooperation;
- *Pioneer gap*: a gap in the earliest phase of a company, between constructing a first prototype and achieving impact at scale, in which many investors have no interest in investing in the company;
- *Proof of concept*: the realisation of a certain method or idea to demonstrate its feasibility, or a demonstration aimed at verifying that a concept or theory has potential;
- *Startups*: unlisted companies that have existed for less than five years and are conducting innovative activities, such as developing or delivering innovative products or services in the target location which will help to achieve the Sustainable Development Goals (SDGs);
- *Target location*: a country, or regions within a country, where activities are organised in the framework of the grant programme;
- *Theory of change*: a model that describes how an intervention will achieve the intended change.

4. Orange Corners Innovation Fund Grant Programme 2024-2030

4.1 Aim

The grant programme's short-term aims are to:

1. encourage young entrepreneurs in Africa, the Middle East and Asia to build successful companies based on providing innovative solutions to major local challenges;
2. enable young entrepreneurs in Africa, the Middle East and Asia to scale up their company and create jobs;
3. enable young entrepreneurs in Africa, the Middle East and Asia to attract commercial or other follow-up funding.

The grant programme's long-term aim is to enable young entrepreneurs in Africa, the Middle East and Asia to scale up their company, create jobs, strengthen the local entrepreneurial ecosystem and help solve local social problems.

4.2 Target group

The grant programme aims to fund activities in Côte d'Ivoire, Ghana, central Iraq, the Kurdistan Region in Iraq, Morocco, Mozambique, Nigeria, Senegal and Sudan, and in the new target locations Algeria, Angola, Bangladesh, Burundi, the Democratic Republic of the Congo, Egypt, Jordan, Mali, the Palestinian Territories, South Africa, South Sudan and Tunisia.

The OCAIC website⁶ offers more information on the specific regions in the target locations.

The ultimate target group in these target locations consists of startups, preferably ones that have taken part in a component of the OCAIC, that have an innovative business plan.⁷ All activities supported by OCIF should contribute to improving the local business climate.

4.3 Parties that may be eligible for a grant

Local companies and local civil society organisations may be eligible for a grant. The applicant must:

- be legally authorised by a competent authority in the target location to make loans;
- have experience with managing an investment fund;
- meet all the necessary administrative and regulatory requirements, and has experience with impact management and impact assessment;
- be capable of proper financial management and can ensure effective and efficient implementation of the activities for which grant funding is sought;
- be capable of conducting a risk analysis, identifying contextual, implementation and RBC⁸ risks and where necessary take measures to mitigate the main risks;
- demonstrate that it has adopted an integrity policy and that it has introduced procedures to apply that policy. This integrity policy and these procedures should prevent as much as possible any sexual misconduct and other serious forms of inappropriate behaviour towards employees and other individuals during the implementation of the proposed activities by the applicant and any other parties they involve in the activities, and in the event of such incidents, to investigate and take appropriate measures 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.

Applicants for a grant to carry out activities under the grant programme in Morocco should note that the Moroccan authorities (specifically the Moroccan Ministry of Foreign Affairs) will be informed of the grant recipient's name, the grant programme's objectives and the duration of the activities for which the grant is awarded.

4.4 Recommendation

Before submitting a grant application, the applicant must request a recommendation based on a screening tool⁹ submitted for this purpose. The recommendation is issued by an RVO adviser and is non-binding. It is up to the applicant to decide whether or not to submit an application. If the applicant decides to submit an application, it is responsible for demonstrating that it satisfies the criteria to be eligible for a grant.

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

4.5 Eligible activities

The following activities are eligible for a programme grant.

⁶ <https://orangecorners.com>.

⁷ The OECD definition of innovation within companies is set out in the Oslo Manual 2018. See <https://www.oecd.org/science/oslo-manual-2018-9789264304604-en.htm>.

⁸ RBC: responsible business conduct.

⁹ See www.rvo.nl/ocif.

Provision of financing in Track I and Track II

Track I activities entail support for startups participating in the OCAIC (incubatees) or, if there is no OCAIC in the target location in question, in another appropriate incubation/acceleration programme. Support can be provided for starting and building a company. For instance, funding can be provided for registering a company, developing a prototype or new products and services, engaging third parties, and other means necessary to building innovative, sustainable companies. In the course of Track I, support may also be provided to help a company prepare for selection for Track II. Track I has the same duration as the incubation or acceleration programme in the target location (an average of six months). Track I financing consists of a grant of no more than €5,000 for each individual entrepreneur.

Track II activities involve additional support to the most promising companies, preferably companies that have completed Track I activities, which are selected during one or more selection days. These companies will have access a larger amount of capital, which can consist of a loan (which may or may not be interest-bearing) and/or a grant. The composition of the capital depends on the local situation, but it may not amount to more than €50,000 for each individual entrepreneur. The capital will be paid out to the entrepreneur in several tranches on the basis of previously agreed Key Performance Indicators (KPIs). The applicant will develop an implementation plan and a selection process for this purpose.

Technical assistance to promote investment-readiness

Participation in incubation or acceleration programmes does not always result in the selected entrepreneurs being able to meet all the requirements for a commercial loan. Additional training, coaching and mentorship can enhance investment-readiness. This technical assistance will be provided on the basis of a needs assessment and must be agreed with the OCIAC.

Network support and follow-up financing

Some young entrepreneurs will need follow-up financing to enable their company's continued growth. To this end, activities can be organised to put entrepreneurs in touch with local and international investors, such as angel investors, venture capital funds, commercial banks or other appropriate parties. Efforts will be aligned as much as possible with other funds and programmes financed by the Dutch government. There are also opportunities to improve market access by actively putting young entrepreneurs from different target locations in touch with one another.

Activities which already receive grant funding or a contribution directly from the Ministry of Foreign Affairs budget are not eligible for a grant.

4.6 Duration of activities

The activities for which a grant is requested must have a minimum duration of six years and must be completed by 31 December 2030 at the latest. The activities must start within four months of the grant award and should to the greatest extent possible run parallel to the OCAIC programme in the target location.

4.7 Size of the grant

Grants will be awarded for no more than 95% of the eligible costs, up to a maximum of €2,200,000. The minimum grant amount is €1,800,000.

This means that the own contribution must be at least 5% of the eligible costs. After the activities have been concluded, the own contribution may be deducted from the repaid Track II loans (see section 5.1).

5. Eligible costs

5.1 Principles

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

- costs must be necessary and proportionate for the implementation of the activities for which grant funding is sought;
- 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;
- the own contribution may be deducted from revenues from repaid loans, if these funds will be spent once more on activities that contribute to the grant programme's objective and the grant recipient has submitted a request to this effect in advance.

5.2 Eligible costs

The following costs to be incurred by the applicant are eligible for a grant:

- a. Direct wage costs, calculated as an hourly rate multiplied by the number of hours worked by people directly involved with the eligible activities, plus an additional 50% for indirect costs. Direct wage costs are the gross wage costs plus employer contributions, the costs of fringe benefits, fees and redundancy payments;
- 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. Financing costs: the provision of loans and grants and the associated transaction costs;
- 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

The following costs relating to the eligible activities (section 4.5):

- f. Costs of providing financing
 - Fund management: including the costs of activities such as organising meetings, drawing up annual plans, monitoring and reporting, and keeping business records;
 - Fund management costs may not exceed 15% of the total eligible costs;
 - Monitoring and evaluation during the duration of the activities;
- g. Costs for technical assistance and strengthening networks
 - Costs of activities such as organising meetings and events, and training and mentorship for entrepreneurs;
 - The costs of technical assistance may not be less than 10% or more than 20% of the total eligible costs;
 - Maintenance of all or part of the products or services provided during the course of the activities.

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;
- costs due to inflation and exchange rate fluctuations which are greater than 5% of the total eligible costs;
- costs of registering and maintaining intellectual property rights.

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

6. Application

6.1 Requirements

Before submitting their grant application, an applicant must ask RVO to issue a recommendation based on a screening tool, as described in section 4.4.

Applications must be submitted in English using the form supplied for this purpose, which can be downloaded from the RVO website. 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;
- an activity plan drawn up in line with section 4 (except for section 4.4) and not exceeding 25 A4 pages (single spacing, Verdana 9 font). It must include a risk analysis identifying contextual, implementation and RBC¹² risks and where necessary measures to mitigate the main risks;
- proof of legal authorisation to make loans in the target location;
- a budget, drawn up using the form available on the RVO website, including a liquidity forecast;
- a timetable of the activities;
- CVs of the applicant's staff members who will be involved in implementing the activities;
- annual accounts for the last two years (t-1 and t-2) audited by an external, independent auditor or, if no audited annual accounts are available yet, non-audited annual accounts for one or both of these years;
- a theory of change, including a monitoring and assessment plan, in accordance with the guidelines on the RVO website.

The applicant must also declare that it is aware of and will act in accordance with the OECD Guidelines for Multinational Enterprises,¹³ and that it is aware of the exclusion list of the FMO, the Dutch development bank, and will not engage in any activities on that list.¹⁴ The IFC Performance Standards also apply. The applicant must declare that it is aware of and endorses these standards. The applicant must immediately notify RVO of any facts or circumstances that indicate breaches of these guidelines. The applicant must be open to making improvements if requested.

6.2 Remedy period

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; a supplement may not be submitted after the deadline for the submission of applications. 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 <https://english.rvo.nl/subsidies-programmes/orange-corners-training-programmes>.

¹² RBC: responsible business conduct.

¹³ <https://www.oecdguidelines.nl/oecd-guidelines/all-about-the-oecd-general-information>.

¹⁴ <https://www.fmo-im.nl/en/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 the requirements set out in this grant programme.

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 these requirements will be substantively assessed on the basis of the criteria below. Applications must achieve a minimum score of **60** points out of the maximum of 100 points and at least 40% of the total number of points for each set of criteria in order to be eligible for a grant. For each target location, the application that best meets the criteria will be given priority in the award of grants, followed by the application that is ranked second.

The following criteria apply (the maximum number of points that can be awarded in each category is indicated in brackets):

Policy contribution and impact (20 points)

- a. The extent to which the activities contribute to developing and stimulating innovations in the local conditions;
- b. The extent to which the activities align with the local policy priorities regarding private sector development of the Embassy of the Kingdom of the Netherlands accredited to the target location in question;
- c. The extent to which the activities enhance the knowledge and the access to finance of the local target group;
- d. The extent to which the activities have added value compared with existing activities aimed at providing the local target group with access to finance.

Intervention strategy/action plan (35 points)

- a. The extent to which the intervention designed as part of the activities is based on sound and accurate contextual, stakeholder and problem analyses;
- b. The extent to which there is a sound plan for monitoring, measuring the effects of and learning from the activities;
- c. The extent to which there is a sound plan for coordination with the OCIAC and/or another incubation/acceleration programme;
- d. The extent to which there is a sound plan for selecting entrepreneurs from the OCIAC and/or another incubation/acceleration programme;
- e. The extent to which there is a sound plan for financing Track I and Track II activities, organising technical assistance, and supporting innovations in obtaining commercial or other follow-up financing;
- f. The extent to which there is a clear action plan for coordination of and internal and external communication about the activities;
- g. The extent to which efforts are made to align with the activities of the local financial sector and the extent to which there is a sound plan for knowledge exchange with actors in that sector;
- h. The extent to which there is a clear, sustainable, long-term business plan and vision (exit strategy).

Investment management (20 points)

The extent to which the applicant has the following experience or competences:

- fund management;
- investing in startups;
- impact management and measurement;
- maintaining a relevant network;
- an understanding of the local situation;
- demonstrable affinity with investment in innovative companies;
- a solid reputation as a fund manager.

Financial (15 points)

- a. The extent to which the costs included in the budget are reasonable;
- b. The extent to which the impact of the activities, in qualitative and quantitative terms, outweighs the costs incurred.

RBC and implementation risks (10 points)

In addition to compliance with the OECD Guidelines, the applicant must demonstrate:

- a. the extent to which the activities will contribute to RBC and make a positive contribution to the environment, good working conditions and land and human rights;
- b. the extent to which the main RBC risks are identified and measures are formulated to mitigate these risks;
- c. the extent to which satisfactory risk management is in place, consisting of a satisfactory risk analysis and satisfactory measures for mitigation.

In aid of its assessment, RVO may undertake action to verify any assumptions or statements made in the application. As part of this action, RVO may check the applicant's references and collect any information needed to properly assess the quality of the application.

RVO may also consult external experts during the substantive assessment procedure. The Embassies of the Kingdom of the Netherlands are always asked to participate in the assessment of applications, in particular concerning 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.

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.

The grant decision will also provide for an initial three-month period to fine-tune the grant recipient's cooperation with the OCIAC, and where necessary make adjustments to avoid duplication and ensure synergy. At the end of the three months the grant recipient will submit an action plan agreed with the OCIAC to guide the implementation of activities.

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).

The reporting obligations will include a stipulation that the grant recipient must arrange for an audit to be carried out by an independent external auditor halfway through the grant period and after its conclusion.

The grant recipient will also be asked to submit a report one year after the activities have been concluded, reporting on the progress made by the entrepreneurs supported by the project. RVO will use this report to assess the programme's sustainability.

As great importance is attached to adaptive programming, a grant recipient will be able to modify the action plan during the course of the activities if new insights are obtained or new situations arise. The grant recipient will set out these insights in its annual report and submit a request for amendment if it wishes to modify certain elements.

The grant decision may also require the grant recipient to ensure that the organisations or persons it intends to work with do not appear on EU or UN international sanctions lists,¹⁶ as these are excluded from funding. In appropriate cases, this obligation will be formulated so as to ensure that the grant recipient must apply it to agreements with third parties.

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 appeal procedures. The calculation shows that the administrative burden expressed as a percentage of the total available grant budget is 2.4%.

¹⁶ <https://www.government.nl/topics/international-sanctions/policy-international-sanctions>.