



**BUSINESS  
PARTNERSHIPS  
PLATFORM**

## **BPP ROUND 3 – 2018**

# **GUIDELINES FOR APPLICANTS**

**Consult these guidelines when completing a  
BPP Round 3 application**

**See [dfat.gov.au/bpp](https://dfat.gov.au/bpp) for more details**



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<sup>1</sup> Note changes to Myanmar in version two, updated 20 July 2018.

## Introduction

The concept of *shared value* forms the foundation of the Australian Government's vision for engaging with the private sector in development – that businesses which seek to deliver social impact as part of their business will be those which achieve better and more sustainable, commercial returns. To support this vision, the **Business Partnerships Platform (BPP)** was introduced to support partnerships between the Department of Foreign Affairs and Trade (DFAT) and private sector entities which similarly aspire to bring a shared value approach to their core business operations<sup>2</sup>.

The BPP's **Goal** is to: “*create scalable shared value partnerships that advance Australia's economic and social development objectives*”. These partnerships are being created in the following ways:

- Reconceiving products and markets.
- Redefining productivity in the value chain.
- Enabling local cluster development.

The Australian Government aid program works to solve complex development challenges in frontier and emerging markets in our region, contributing to sustainable economic growth and poverty reduction across priority sectors<sup>3</sup>.

Shared value partnerships require businesses and other types of organisations, such as Non-Government Organisations (NGOs) and Not-For-Profit entities (NFPs), to invest capital and take risks in pursuit of the above. The BPP will assist Australian and overseas organisations to invest in new shared value approaches through access to DFAT's significant expertise in:

- Convening, brokering, networks and influence in partner countries.
- Deep knowledge of development as well as the business, political and regulatory environment in partner countries.
- Support in creating a more attractive business operating environment through our broader policy reform and governance programs.
- Catalytic funding to encourage and support businesses and other organisations looking to increase commercial and social returns in line with our strategic priorities.

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<sup>2</sup> <http://dfat.gov.au/aid/who-we-work-with/private-sector-partnerships/Pages/private-sector-partnerships.aspx>  
[http://foreignminister.gov.au/releases/Pages/2015/jb\\_mr\\_150831.aspx](http://foreignminister.gov.au/releases/Pages/2015/jb_mr_150831.aspx)

<sup>3</sup> <https://www.fpwhitepaper.gov.au/foreign-policy-white-paper/chapter-six-global-cooperation/promoting-sustainable-development>



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The BPP has run two previous multi-country rounds in 2016 and 2017 and one country-specific window in India in 2018. For further information, visit the [BPP website](#).

## General eligibility

### Eligible Organisations

1. Applications are open to businesses or other types of organisations undertaking, or looking to undertake, an initiative of a commercial nature in one of the eligible sectors in one of the participating countries.
  - a. Applicant organisations may be businesses, investors, social enterprises, NGOs, NFPs, cooperatives, universities, or other types of organisations, or consortiums.
  - b. Applicant organisations do not need to originate from any specific country. Organisations **do not** have to be from, or based in Australia.
  - c. Applicant organisations must be able to operate in the country where they propose to undertake the BPP initiative.
2. More than one organisation may be involved in a single application. Joint applications are **not mandatory**. However, applicants are encouraged to consider this approach as in some cases this approach may support a diverse technical, knowledge and risk management proposition. Eligible organisations may be involved in more than one application.
3. Applications must be made by established organisations that meet (or are able to meet) the requirements of DFAT's due diligence process, including:
  - Registration with a business or other recognised registration/accreditation body
  - Established financial history
  - Not listed on World Bank, Asian Development Bank or Attorney General sanctions lists
  - Other background criminal and reputational checks.
4. Each application must specify a single organisation as a **Lead Partner** who will take key ownership of the initiative and who will be the main point of contact between the partnership and the BPP Fund Manager if the proposal is successful. The Lead Partner will enter into a contractual agreement with the BPP Fund Manager and will receive and administer the BPP grant.
5. Applicants must provide details of all organisations participating in the proposed initiative. This includes:
  - **Other Partners** – organisations who are visibly and materially involved in achieving the partnership outcomes. Other partners often have significant roles implementing the initiative.
  - **Investors** – other non-implementing organisations who are investing in the initiative.



For multi-partner applications, applicants are encouraged to attach to their application a Memorandum of Understanding or similar document that exists between partners at the time of application. DFAT reserves the right to reassess any proposal if, following submission, the membership of a successful multiple partner proposal changes, including withdrawing partnership member(s).

## Funding

1. The level of funding that may be requested and granted under the BPP will be between **AUD 100,000** and **AUD 500,000** per successful application.
2. Applicants must commit to contribute at least **50 per cent** of proposed implementation costs. In other words, the combined contributions of all partner organisations in a proposal (the total cash contributions and in-kind contributions of all proposed partner organisations), must at least match the total amount sought from the BPP/DFAT. For example, if you request AUD 300,000 from the BPP/DFAT, then the combined contribution of all partners in the application must be at least AUD 300,000, bringing the total initiative cost to AUD 600,000 or more.
3. Co-contributions pledged by the applicants may either be **cash** or a combination of **cash and eligible in-kind contributions**. For applicants who are providing a combination of cash and eligible in-kind contributions, a meaningful cash contribution is strongly encouraged. In addition to assessment against the key selection criteria, assessment of applications will be weighted towards applications with a higher cash contribution.
4. Co-contributions from applicant organisations must be specific to the proposed initiative and must not be part of a broader contribution to an activity the organisation(s) are already undertaking.
5. The BPP is unable to provide funding for taxation purposes. Any taxation requirements are the responsibility of the lead partner and cannot be paid for with grant funding from the BPP or the approved partner contribution. Should any new or changed taxation requirements be applied to the initiative during the BPP funding period, the lead partner is responsible for payment and BPP or partner contribution funds cannot be used. It is recommended applicants seek legal and/or financial advice, including on eligibility for tax exemptions, before applying to the BPP.
6. For eligible organisations registered in Australia for tax purposes, including NGOs/NFPs, GST is payable by the BPP/DFAT in addition to the grant funding awarded.

## Period of Funding

1. Proposed initiatives may be funded for **one to two years**, subject to continued satisfactory progress of the initiative. Applicants must specify an implementation period (and contract period) of between one and two years in their application.
2. The implementation period nominated by the applicant must be between **1 March 2019** and no later than **31 May 2021**.

## Eligible Countries and Sectors

1. Applications will only be accepted for initiatives to be implemented in the list of eligible countries and sectors for Round 3, found on page 7 of this document. Applications for initiatives to be implemented in countries and sectors other than those listed will not be considered (note that the countries and sectors nominated may be subject to change from round to round).

## Selection Criteria

1. Applicants must demonstrate their proposal aligns to the **five key selection criteria**: partnership, social impact, gender equality, commercial viability, and value for money. Further information on these criteria is provided on Pages 12-16 – Key Selection Criteria.

## Other factors to consider when applying

1. Applicants must submit a Business Plan at the time of application. The Business Plan must contain all key elements prescribed in the **Business Plan Guideline** section (Page 20 of this document). Applicants must ensure that the Business Plan and proposal submitted contains all key information necessary for its assessment without the need for further written or oral explanation.
2. DFAT undertakes a range of risk management measures as well as the application of safeguards for all of its aid investments. Proposed BPP initiatives, and associated partners, will need to comply with these policies in order to be eligible for the BPP. For more information visit the [DFAT website](#).
3. BPP initiatives specifically related to *reproductive health and family planning* will need to comply with the [Family Planning and the Aid Program: Guiding Principles](#).
4. Disability inclusive development is a priority for the Australian Government. Applicants are encouraged to demonstrate how their proposal promotes an improved quality of life for people with disabilities in partner countries. Further information on disability inclusion can be found on the [DFAT website](#).

## Round 3 list of eligible countries and sectors

The list of eligible countries and sectors for Round 3 is provided below. Applications for country and sectors other than those listed below will not be considered.

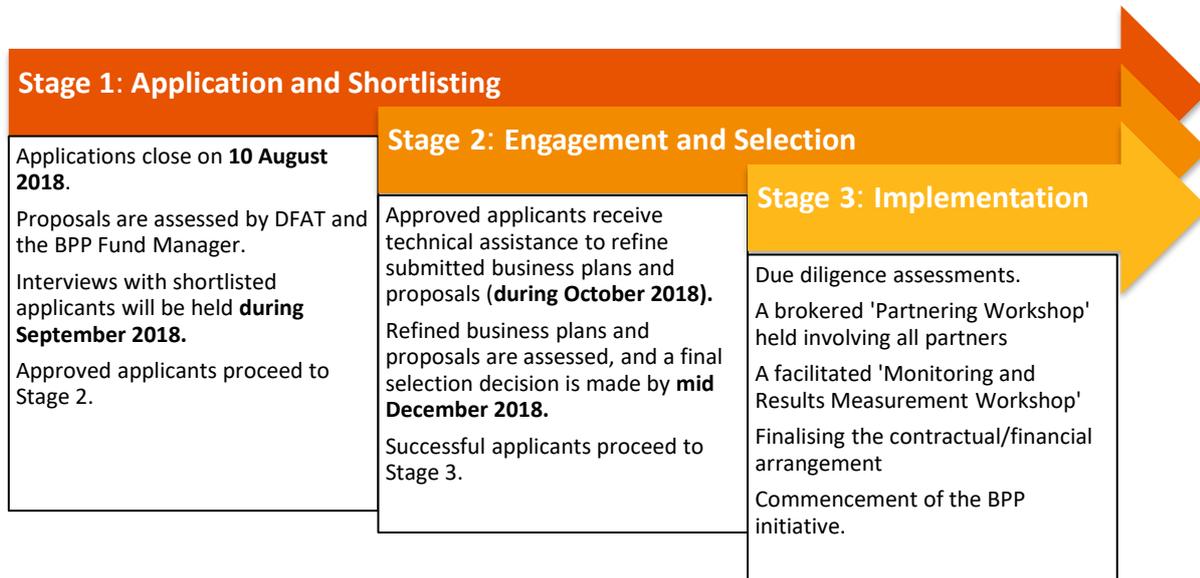
Eligible Countries for Round 3	Eligible sectors for Round 3						
	Resources and clean energy	Economic Governance	Agriculture, water and fisheries	Tourism	ICT* and financial inclusion	Transport and infrastructure	Education and health
Vietnam	X	X	X		X	X	
Myanmar*			X	X			
Nepal	X			X	X	X	
Papua New Guinea	X		X		X		X
Cambodia	X	X	X	X			
Timor-Leste	X	X	X	X	X	X	X
Tonga			X	X			
Laos	X		X	X	X		X
Samoa			X		X		
Pakistan	X	X	X		X		
Solomon Islands			X	X	X		X
The Philippines			X				X
Indonesia					X	X	
Kenya	X		X	X			
United Republic of Tanzania	X		X	X			
Uganda	X		X	X			
South Africa	X		X		X		X
The Republic of Mozambique	X		X		X		X
Ethiopia			X				

ICT= Information and Communications Technology

**Notes:** (1) Gender equality is a cross-cutting theme that needs to be addressed in all applications.

(2) Beyond the sectors nominated above for **Myanmar**, proposals on safe labour migration are eligible to submit applications in Round 3. Safe labour migration covers migration from rural to urban areas for employment and economic reasons such as working in the garment industries, fisheries, domestic services, hospitality and tourism industries.

## The Application Process



### Stage 1: Application and Shortlisting

Proposals must be submitted through the SmartyGrants<sup>4</sup> online application portal, accessible via the BPP website. Applicants must complete an online form, and attach a Business Plan and a work plan and budget (using provided templates). The BPP Round 3 SmartyGrants portal will become live once BPP Round 3 officially opens, and applications must be submitted by **11:00 (AEST) on Friday 10 August 2018**.

Submission of an application through SmartyGrants:

1. Create a profile on [SmartyGrants](#).
2. Download the work plan and budget template from the cover page of the SmartyGrants form.
3. Follow the steps for completing the application, including uploading your Business Plan, and completed budget/work-plan template.
4. Submit your application.

**Note:** All application data will be kept in the strictest confidence. All DFAT officers and BPP Fund Manager personnel that review applications are bound by confidentiality/non-disclosure arrangements. Contact the BPP Fund Manager with any questions or problems completing your application ([applications@thebpp.com.au](mailto:applications@thebpp.com.au)).

<sup>4</sup> For more information on SmartyGrants see: <http://www.smartygrants.com.au/>

After the application period closes, applications will be assessed and shortlisted by DFAT and the BPP Fund Manager in accordance with the key selection criteria.

Shortlisted applicants will be invited to participate in an interview in **September 2018**. Interviews will typically be held via video/conference call. The BPP will endeavour to provide as much notice as possible for an invitation to participate in an interview. However, it is essential that shortlisted **applicants be available** to participate in the interview.

Interviews will mainly attempt to clarify or expand on aspects of the application and business plan. Applicants must decide themselves which applicant organisations will participate in interviews. However, applications must ensure representatives participating in the interview have the capacity to cogently address issues relating to the proposed initiative and budget.

After interviews, DFAT and the BPP Fund Manager will approve a small number of shortlisted applicants to proceed to the engagement and selection stage.

Unsuccessful applicants will be notified of the outcome in writing at various stages during the selection process. Feedback can be provided upon request.

## Stage 2: Engagement and Selection

### Business Plan Refinement

Shortlisted applicants invited to proceed to the engagement and selection stage will be asked to refine their application and business plan. The BPP Fund Manager will provide feedback to shortlisted applicants on aspects of the business plan and proposal that could do with some refinement. The BPP Fund Manager will appoint a Business Adviser to provide technical support to applicants during this process. Applicants will have **3 weeks** to complete this business plan refinement.

### Final Selection

After applicants re-submit refined business plans and associated documents, DFAT will re-assess applications and will make a final selection of initiatives that will partner with DFAT and receive BPP funding. Both successful and unsuccessful shortlisted applicants will be notified of the outcome, likely in mid-December 2018. Feedback will be offered to unsuccessful applicants. Some applicants may be placed on a 'reserve' list of applicants that may be funded if due diligence/negotiations on selected initiatives is unable to be completed.

## Stage 3: Implementation of Selected Initiatives

### Due Diligence

Due diligence will be conducted on all partners for BPP initiatives that are successful in progressing to this stage. DFAT conducts due diligence on potential partners as a risk management tool that helps DFAT to assess delivery partner strengths and weaknesses prior to entering into an agreement or funding arrangement. Due diligence assessments are designed to highlight and mitigate potential fiduciary and

reputational risk that may arise from the partnership. Partners will need to provide appropriate documentation to assist with due diligence assessments.

### Commencement Workshops

The BPP Fund Manager will organise two, one-day workshops, ideally on consecutive days. These two workshops will take place in a time and location convenient to the partners, subject to DFAT travel restrictions. Often, this will mean workshops are held in the country of implementation. Partners are required to have appropriate representation at both meetings.

#### 1. Partnering workshop

To be facilitated by a BPP Partnership Broker who is accredited by the Partnership Brokers Association. DFAT will be represented by staff from DFAT post and/or DFAT Canberra.

#### 2. Monitoring and Results Measurement (MRM) workshop

To be facilitated by a BPP MRM Adviser. The partners will work together to develop a monitoring framework, including a plan for collecting and reporting data.

### Collaborative Financing Agreement (CFA) development

A Collaborative Financing Agreement (contract) will be negotiated and signed between the **Lead Partner** and the BPP Fund Manager. The purpose of the Collaborative Financing Agreement (contract) is to define the conditions of the funding, to monitor the initiative's progress to completion, and establish the terms, conditions and requirements for acquittal of the funds. All funding must be used for activities specified in the Business Plan and Budget/Work Plan.

### Support, monitoring, and partnership health checks

As part of the resources made available by DFAT, the BPP Fund Manager is able to provide technical support to BPP partners throughout the funding period of the initiative. This includes advisory support from our:

- Private Sector Development Adviser and Business Advisers
- Gender Adviser
- Monitoring and Results Measurement Adviser
- Communications Adviser
- Partnership Brokers.

In-country monitoring visits are typically conducted by the BPP Fund Manager around the mid-point of implementation. Partnership 'healthcheck' meetings are often facilitated by a Partnership Broker and occur around the mid-point of implementation.

### Reports

Progress reports are to be submitted by BPP partners quarterly, with financial reports to be submitted six-monthly. A final report must be submitted at the end of the initiative.

The plan that is developed at the MRM workshop for collecting and reporting data will form the basis for reporting on progress.

### Communications

DFAT and the BPP will be publicising the initiatives through the BPP/DFAT website and other platforms. To help promote the initiatives, partners are asked to supply copies of logos, written material, and other media files such as photographs and videos, as it relates to the BPP. The BPP/DFAT may use all or part of these for publicity and other materials.

It is important that partners recognise and acknowledge each other (including DFAT) in their promotional activities related to the BPP. It is expected that partners acknowledge and sign off on any external materials promoting the BPP initiative, including press releases and publications. External publications shall be, where possible, co-authored and jointly endorsed.

### Payments

Tranche payments will be linked to the completion of milestones. Milestones and their means of verification will be specified in the Collaborative Financing Agreement (contract). Once a partner has completed a milestone, they will submit proof of completion (as agreed) to the BPP. If the BPP accepts verification of completion of a milestone, the partner will then submit an invoice to the BPP and request payment.



## Round 3 Timeline

Indicative dates for applications, selection and implementation is provided below. Some dates may be subject to change without notice.

<b>Applications close</b>	10 August 2018
<b>Shortlisting</b>	11 August – 16 September 2018
<b>Interviews</b>	17- 28 September 2018
<b>Business plan refinement</b>	8 October – 2 November 2018
<b>Final selection</b>	3-20 December 2018
<b>Workshops</b>	4 February - 29 March 2019
<b>Implementation</b>	1 March 2019 – 31 May 2021

## Key Selection Criteria

The key selection criteria for the BPP are:

- Partnership
- Social Impact
- Gender Equality and Women's Empowerment
- Commercial Viability
- Value for Money.

All applications to the BPP must demonstrate their alignment to these key selection criteria.

### Partnership

The BPP aims to improve the effectiveness of the aid program by drawing on the wealth of knowledge, ideas, capabilities and resources that the private sector has to offer. The BPP will achieve this through creating scalable shared value partnerships that advance economic and social conditions in developing countries.

The BPP places DFAT in an enhanced role as partner – not purely as funder or contract administrator, though it also remains both of those things. DFAT, with its significant development expertise, adds value by creating the space to bring private sector actors into the development sphere, and opens up access to DFAT's networks and its deep knowledge of the business, political and regulatory environments, and development landscape.

Ensuring new partnerships are able to form quickly and effectively will be critical to the success of the BPP. DFAT does not view the BPP partnerships as an end in themselves – by adopting a partnership approach, DFAT aims to build long term relationships with all of its new partners. Hence DFAT intends that partnerships emerging from the BPP may endure beyond the financial arrangements of the BPP timeframe.

In order for BPP partnerships to have the best possible chance of success, they should be grounded in the five key principles of diversity, equity, openness, mutual benefit and courage<sup>5</sup>.

Flexibility is important to the BPP, and it has been designed to accommodate a variety of partnership models and harness the diverse knowledge, skills and resources that come from working across sectors and with non-traditional partners.

The formal structures and obligations under each partnership will be defined by what each member of the partnership (including DFAT) is contributing and receiving. For the particular BPP proposal, partners need to

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<sup>5</sup> Based on the Partnership Brokers Association principles of effective partnerships: <http://partnershipbrokers.org/>

demonstrate mutual sharing of objectives, priorities and capabilities along with a clear vision for how DFAT's involvement and financial investment in the partnership can deliver greater results than could otherwise be achieved (this is often referred to as 'additionality'). Based on previous BPP partnerships, a successful BPP initiative is one which:

- Enables BPP partners to develop a shared value initiative.
- Embeds this initiative in the core business of the partner/s.
- Demonstrates strong likelihood of achieving sustainable and measurable development impact.
- Is, or is highly likely to, be sustained and scaled (attracting additional investment).
- Results in a deeper and sustained partnership (including with DFAT).

Based on previous BPP partnerships, a successful BPP partnership addresses the following questions in their application and business plan:

- Is the partnership founded upon diversity, equity, openness, mutual benefit and courage?
- Are the partners and respective roles clearly identified: lead, implementing, investors, and others?
- Is a role envisaged for DFAT in the partnership other than as an investor?
- Do the partners have, and adhere to, strategies for responsible business?
- Is there a viable, sustainable model for continuing the partnership beyond the timeframe of the BPP?
- Is the model economically supported and are there sufficient incentives to maintain it?
- Is there a cohesive partnership, aligned around the principles of good partnership (relationships, roles & structures)?

## Social Impact

In keeping with the shared value approach, BPP initiatives are intended to create positive social impact whilst being commercially viable and sustainable. There are typically three key ways that firms can create shared value opportunities:

1. By reconceiving products and/or markets;
2. By redefining productivity in the value chain; and
3. By enabling local cluster development.

In explaining social impact your application should be as specific as possible about the different impacts for women and men.

### Reconceiving products or/and markets

By changing products and reconsidering how they operate in markets, firms can better serve existing markets, access new markets and lower costs. Social impact can then be derived through broadening access for low income consumers to goods and services which positively improve their lives. This may be achieved by making existing products more affordable to lower income consumers, and/or improving the quality and value of products and services.

**Criteria:** To what extent does the proposed initiative demonstrate innovation in reconceiving products/markets?

- Is a low-income market segment clearly identified?
- Does the initiative demonstrate impact on female and/or male low-income consumers at scale?
- Is the situation of female consumers and/or producers likely to be impacted positively and are key social and economic risks avoided?
- Can this impact be quantified and measured?

### Redefining productivity in the value chain

Through altering the way firms source materials and produce goods and services, they can improve the quality, quantity, cost, and reliability of production whilst simultaneously driving economic and social development and improved natural resource management within communities.

**Criteria:** To what extent does the proposed initiative demonstrate innovation in redefining productivity in the associated value chain?

- Are the 'poor' identified within the supply chain? To what extent is the particular situation of poor women identified?
- Does the BPP initiative demonstrate measurable impact on supply chain actors (women and men) at scale, within a 3-5 year timeframe?
- Will the initiative increase net income, reduce costs, employment opportunities, and/or welfare of female and/or male employees in the supply chain? How well are potential negative impacts for women and/or men, such as displacement from current employment or livelihoods, identified and mitigated?

### Enabling local cluster development

Shared value principles recognise that companies do not operate in a vacuum. Competitiveness is driven by access to reliable local suppliers, functioning physical infrastructure such as roads and telecommunications, access to staff, and broader business enabling environment factors such as an effective legal system. Companies can support their improved profitability through the development of this operating environment, which may in turn have broader benefits to the communities they will be engaged with.

**Criteria:** To what extent does the proposed initiative demonstrate the potential to enable the development of the wider industry cluster?

- Will the initiative include new local institutions, suppliers, downstream actors, communities, associations, or local government?
- Have measurable success factors been identified?
- Does the initiative demonstrate measurable impact on poor women and/or men?

## Gender Equality and Women's Empowerment<sup>6</sup>

Promoting women's rights and women's empowerment is 'smart economics'. When women are fully involved in economic development and their equal rights are promoted, countries become more equitable and prosperous. Australia promotes gender equality and women's empowerment through its aid program, as well as through its foreign policy and economic diplomacy.

Consistent with DFAT's Gender Equality and Women's Empowerment Strategy (February 2016)<sup>7</sup>, BPP initiatives are encouraged to impact gender equality positively by promoting women's economic empowerment; enhancing women's voice in decision-making, leadership and peace-building and/or ending violence against women and girls.

To answer this criteria include analysis of the gender dynamics i.e. the specific experiences of women and men, and how these will be impacted by the initiative. Start by identifying how the initiative will impact women as consumers, producers/business owners and/or employees. Then analyse the current situation and how the initiative is expected to impact on women's income and employment, as well as decision-making about that income, time use and sharing unpaid workload, skills development, occupational health and safety, safety from violence, and decision-making authority as a manager or business owner. For examples and more information refer to the BPP Gender Literature Review and BPP Gender Guidance. Email [applications@thebpp.com.au](mailto:applications@thebpp.com.au) for a digital copies of the BPP Gender Literature Review and BPP Gender Guidance.

**Criteria:** In demonstrating positive impact on gender equality and women's empowerment how does the initiative:

1. Demonstrate that gender dynamics, and the specific concerns and interests of women to be affected by the initiative have been assessed and taken into account in the initiative design?
2. Seek to promote women's empowerment? Does this go beyond an increase in women's or household income and workforce participation?
3. Monitor and address potential negative impacts for women, such as increasing women's workload and their exposure to gender-based violence?

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<sup>6</sup> <http://dfat.gov.au/aid/topics/investment-priorities/gender-equality-empowering-women-girls/Pages/gender-equality-empowering-women-girls.aspx>

<sup>7</sup> <http://dfat.gov.au/news/news/Pages/gender-equality-and-womens-empowerment-strategy.aspx>

## Commercial Viability

Commercial viability is a key consideration for any shared value initiative. It is a key indicator of sustainability, i.e. how likely are shared value activities to become an ongoing component of the business model of the partners, rather than a stand-alone initiative. Commercial viability also indicates the likelihood that partners will not only maintain, but also have the potential to adapt and scale-up shared value activities.

The BPP fully recognises that firms have to expend resources to pilot and adopt shared value practices, and they must balance any such investments with the prospect of commercial returns. BPP partners therefore need to articulate clearly how their inclusion of shared value practices will lead to improved sustainable growth, viability, competitive advantage and profitability.

**Criteria:** To what extent does the initiative demonstrate commercial viability?

- Does the initiative demonstrate a clear and viable pathway towards commercial viability in a realistic timeframe (3-5 years), with clear incentives for all partners including any intended continued roles for NGOs/NFPs (i.e., not donor funded, but funded through revenues)?
- Has a market assessment been conducted and are the market, trends and forecasts identified and described?
- Is the initiative expected to strengthen the commercial (lead) partner/s position and/or competitiveness (through break-even analysis and other financial metrics) in a realistic timeframe (3-5 years)?

## Value for Money

Achieving value for money is a critical consideration for the achievement of DFAT’s strategic objectives<sup>8</sup>. It is a requirement under the Public Governance, Performance and Accountability Act (2013) and the Commonwealth Procurement Rules. Building on these requirements, DFAT has developed eight *Value for Money Principles* to guide its decision making and maximise the impact of its investments. We expect all our partners to be aware of these principles as follows:

Economy	Efficiency	Effectiveness	Ethics
<ul style="list-style-type: none"> <li>• Cost consciousness</li> <li>• Encouraging competition</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence based decision making</li> <li>• Proportionality</li> </ul>	<ul style="list-style-type: none"> <li>• Performance and Risk Management</li> <li>• Results Focus</li> <li>• Experimentation and innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Accountability and transparency</li> </ul>

<sup>8</sup> For more information on VFM Principles see: <http://dfat.gov.au/aid/who-we-work-with/value-for-money-principles/Pages/value-for-money-principles.aspx>

Achieving **value-for-money** for the BPP means:

**Leverage** – Attracting additional investment from partners through real and measurable contributions (at least 50 per cent of initiative costs); and

**Additionality** – Using DFAT resources to generate measurable development impact through BPP partnerships which would not have otherwise occurred.

**Criteria:** To what extent does the partnership demonstrate value for money for DFAT?

- Is there significant (minimum of 1:1) leverage through contributions from the BPP partner(s) against DFAT’s contribution?
- Does the proposal articulate the need for DFAT funding to catalyse business investment? (i.e., the investment provided by BPP would not have been provided by other sources)

The partner(s) is to lead and fund the supported shared value activities as part of their core business. Accordingly, DFAT does not intend to subsidise transaction costs with target groups, i.e. consumers, suppliers, or use its funds towards activities that partners would have done anyway (additionality). Sustainability of activities beyond BPP funding is a core principle, therefore, partners’ current day to day operational and core recurrent expenses central to continuing the shared value activity beyond the BPP timeframe, will not be funded.

The BPP will co-invest in items and activities that help the partner to do something they would not have done as a part of their core business. The following table outlines examples of items that DFAT may contribute towards, and those that DFAT is unable to fund.

Generally Acceptable	Possible Funding	Unable to Fund
<ul style="list-style-type: none"> <li>• Attributable technical specialist support</li> <li>• Related staff salaries (relating to development &amp; start up)</li> <li>• Related vehicle expenses</li> <li>• Related training costs</li> </ul>	<ul style="list-style-type: none"> <li>• Physical assets, e.g., machinery or infrastructure</li> <li>• Recurring operational and working capital costs of partner, including personnel</li> <li>• Audits</li> <li>• Related equipment and supplies (printer, laptop, camera, motorbike)</li> <li>• Telephone and IT for BPP use only</li> <li>• Office supplies and equipment</li> <li>• Office rental, maintenance, electricity, water and printing</li> </ul>	<ul style="list-style-type: none"> <li>• Management fees</li> <li>• Free/discounted samples</li> <li>• Inputs manufactured by the partner (e.g. for use on demo plots)</li> <li>• Fundraising</li> <li>• Advocacy (unless specific to the BPP objective then should be attributable)</li> <li>• Marketing and communications (unless specific to the BPP initiative then should be attributable)</li> <li>• Retroactive expenses: i.e. costs incurred prior to the effective funding start date of the contract</li> <li>• Taxes and import duties applied by governments and public authorities</li> </ul>

**Note:** The above is a guide only. Funding will be subject to final contract negotiations.

### Partner co-contributions

Co-contributions pledged by the applicants (all proposed partner organisations in one application) may either be **cash** or a combination of **cash and eligible in-kind contributions**. For applicants who are providing a combination of cash and eligible in-kind contributions, a meaningful cash contribution is strongly encouraged. In addition to assessment against the key criteria, assessment of applications will be weighted towards applications with a higher cash contribution.

For BPP purposes, cash contributions are the monies provided by the applicant organisations for the purposes of undertaking the BPP initiative. In-kind contributions consist of non-monetary inputs committed by the applicant organisations during the funding period of the BPP initiative. These normally include volunteer hours, facilities, equipment and services provided by a partner organisation from its own resources, particularly any pre-existing resources, facilities, equipment, etc.

The test to determine whether a contribution made by a partner is considered to be an in-kind contribution or not, is whether a partner organisation will make a payment for the goods, services or land during the lifetime of the BPP initiative. If the partner has made a payment then this is considered to be a cash contribution.

### Partner In-kind Contributions

BPP will recognise in-kind contributions at ‘fair market value’, defined as the agreed-upon price, normally expected to pay in the given environment. Partners are expected to include with their budget a plan outlining partner contributions in the form of cash and/or in-kind support. In the plan, partners will identify only confirmed partner contributions.

Generally Acceptable	Unlikely to be Acceptable
<ul style="list-style-type: none"> <li>• Volunteer hours</li> <li>• Equipment, materials and supplies</li> <li>• Legal assistance</li> <li>• Overhead/administration costs (maximum 5 per cent)</li> <li>• Professional and technical services</li> <li>• Travel and subsistence costs</li> <li>• Technology</li> <li>• M&amp;E including dissemination of data/information</li> <li>• Office and work-space</li> </ul>	<ul style="list-style-type: none"> <li>• Costs (or other) non-related to the BPP initiative</li> <li>• Costs (or other) currently funded by the partner or other donors</li> <li>• Any non-preapproved/agreed costs</li> <li>• Other DFAT funding</li> </ul>

**Note:** The above is a guide only. Funding will be subject to final contract negotiations.



For all in-kind contributions included in the budget, applicants must be prepared to produce a calculation for the value of the good or service, including the rationale and supporting evidence for the calculation. Partners must also be certain that the value they are attributing the contribution does not exceed the market value.

#### Additionality and Co-contributions

Co-contributions (cash or in-kind) must demonstrate they are directly relevant and specific to the proposed initiative and must not be part of a broader contribution to an activity the organisation(s) are already undertaking. In other words, to qualify as eligible, co-contribution costs listed must be essential to accomplish the objectives of the initiative and must represent a cost to the organisation. For example, for staff cost to qualify as an eligible co-contribution, the following conditions would need to be met:

- a. Staff must be essential to deliver the initiative
- b. Staff must be either new recruits or a time equivalent of an existing staff
- c. If staff claimed as co-contribution are existing staff, the portion of their time committed must represent actual time spent on the initiative and that portion of their time cannot be claimed by the organisation for other purposes.

## Business Plan Guideline

Applicants must submit a Business Plan at the time of application. Business Plans must be no more than 10 pages<sup>9</sup> (excluding appendices) and must contain the following elements:

1. Executive Summary (*max. 1 page*)
2. Background and Purpose (*max. 2 pages*)
  - a. Concept outline: a brief overview of the concept and the development challenge it sets out to address.
  - b. Objectives: the objectives of the proposed BPP initiative, outlining;
    - i. **Business objectives:** Explain the business objectives of the initiative and include headline forecasts for growth. Applicants should explain whether they are seeking BPP for the purposes of starting-up, scaling-up existing activities, piloting a new approach, etc.
    - ii. **Development/Social objectives:** Include descriptions and projected numbers of people anticipated to be impacted, and the assumptions behind these projections. Ensure that impact on women is highlighted and that a credible means of capturing this is described. Ensure you clearly outline:
      - a. The number and type of beneficiaries that will be impacted;
      - b. How the number of beneficiaries was estimated/calculated; and
      - c. How the benefit to beneficiaries was estimated/calculated.
    - iii. **Partnership objectives:** Demonstrate aligned objectives and incentives. Be clear about how the role of each partner is expected to be internalised and paid for in the long term (i.e. without DFAT support after the BPP funding period finishes).
3. Market Analysis (*max 1.5 pages*)
  - a. Overview of the industry, market or sector and the specific market segment occupied by the proposal's participant(s).

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<sup>9</sup> The Business Plan page limit must be adhered to. Applicants who progress to Stage 2: Engagement will have the opportunity to refine their business plan.



- b. Competition: what is the competition in the sector/market/industry? Include competing companies as well as any other donor funded projects, or government programmes that may compete (i.e. through subsidies).
- c. Overview and projections of the demand for products or services the proposal is intending to develop. Who are you selling to? Why would they buy your products/services over others?

**4. Product or Service Development (*max 2 pages*)**

- a. Market research conducted and summary results: including any beneficiary-level interaction, consultation and research (i.e. the demand side).
- b. Research and development: An overview of the process of developing the product/service offered.
- c. Production requirements, process and intellectual property: Any proprietary features and protected intellectual property.

**5. Financial Summary (*max. 2.5 pages*)**

- a. Cost benefit analysis including break-even analysis. Outline how much profit will the proposed activity make during the BPP implementation period and at what point will the proposed activity break even? Include any recurring costs that may be a component, or service/roles, being performed by an NGO/NFP expected to be required on an ongoing basis, or internalised.
- b. Summary of sales and revenue projections (3 years). Make sure to list your yearly sales targets, unit prices and all other relevant financial assumptions.
- c. Summary of forecasted capitalisation from all sources (including BPP investment, partners, loans, investors, etc.). Ensure there is consistency with the budget information.

**6. Risk Factors (*max. 1 page*)**

- a. *Include a table describing key risks and mitigation/management strategies. This may include:*
  - i. Cost overruns
  - ii. Seasonality & natural hazards
  - iii. Problems with labour, suppliers, distributors or partners
  - iv. Not meeting projections
  - v. Unforeseen market trends and competition; unforeseen economic, social or political developments
  - vi. Financial mismanagement, fraud.



## 7. Appendices<sup>10</sup>

*Essential:*

- Financial projections (three years).
- Break-even statement and calculations.

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<sup>10</sup> Only appendices listed may be submitted.



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