



## DIASPORA FINANCE & INVESTMENT (DFI)

### DIASPORA ENTERPRISE ACCELERATOR BUSINESS PLANNING COMPETITION

### PROSPECTUS

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## INTRODUCTION

This prospectus provides you with key information about the Diaspora Enterprise Accelerator and Business Planning Competition, which is a key deliverable under AFFORD's Diaspora Finance and Investment (DFI) Initiative. It will guide you in understanding if we are able to fund your organisation's project proposal, and will help you to be compliant in the completion and submission of the application forms and business plan. It also provides information on how we assess your application, and what happens next if you are successful.

## WHAT IS DFI?

Diaspora Finance and Investment (DFI) is a major programme within AFFORD Diaspora Finance (ADF). ADF brings together a series of programmes, schemes and initiatives aimed at promoting, stimulating and harnessing diaspora investment opportunities for job and wealth creation. The aim of this is to be a catalyst for efficient and effective development of the African social economy. DFI, co-funded by Comic Relief and UK Aid through the Common Ground Initiative will address the following hurdles which hinder diaspora entrepreneurs and investors:

- Limited access to capital and high cost of borrowing;
- Inadequate information about local market conditions and opportunities;
- Inadequate access to business support in transnational investment;
- Lack of structured or diverse investment products;
- Local barriers to investment and growth.

### Expected Impact of DFI

One key outcomes for DFI is to increase and diversify diaspora investments in SMEs, particularly social enterprise in Africa.

DFI will stimulate and encourage investment and entrepreneurial activities which would lead to the creation of quality and sustainable jobs and thus contribute to social and economic empowerment of Africans. To ensure the success and sustainability of DFI programme, optimise the viability of individual projects, diaspora entrepreneurs and businesses will have full access to flexible and quality business development support services.

DFI will kick-start with an investment of £600,000 (in the form of grant match funding) in 20 UK-based African diaspora businesses operating in any of the four pilot countries, Nigeria, Rwanda, Sierra Leone, Zimbabwe. These businesses will be selected through Diaspora Enterprise Accelerator, a business planning competition.

## WHAT IS THE DIASPORA ENTERPRISE ACCELERATOR & BUSINESS PLANNING COMPETITION?

The Diaspora Enterprise Accelerator & Business Planning Competition will facilitate the selection and award of match-funding for innovative and viable diaspora enterprises in niche, emerging and diverse market sectors with the capacity to create sustainable employment.

The following are the specific objectives of the Diaspora Enterprise Accelerator:

- Identify investment ready businesses and those in need of further business development support within the target group;
- Help to establish viable and sustainable businesses with growth potentials;

- Assist project funders to select and target investment to viable businesses appropriately;
- Encourage diaspora businesses to embrace the culture of business planning;
- Provide a suitable platform to attract further investments.

### **DFI Grant available**

The total grant available for this project is £600,000. Each diaspora business may apply for a grant of £30,000, provided the applicant can provide a match funding in cash totalling £7,500. There are no restrictions on which budget line the match contribution is applied to but it must form part of the overall budget. No more than 20% of the grant may be spent in the UK for project related costs. This will be reconsidered in exceptional circumstances where it is clear that the local African community will benefit from a significant percentage of funds being spent in the UK, and where the business plan successfully demonstrates the rationale for spending funds in the UK.

### **Key Areas of Business/Project Viability**

Grants will be awarded to project proposals that sufficiently meet the following requirements:

1. Project must be innovative and aim to solve existing or future problems.
2. Demonstrate market viability.
3. Demonstrate financial viability.
4. Demonstrate management viability.
5. Employment/job creation and sustainability.
6. Environmental awareness and sensitivity.
7. Evidence of positive actions to encourage youths and women participation.
8. Evidence of plans to use technology, social media and strong partnership working.
9. Scalability and Replicability
10. Summary of social impact and helping communities

### **Expected Project Outcomes**

To be considered for a grant award, your business plan must demonstrate that the proposed project will be able to deliver Outcome 1 and at least one of the remaining three outcomes (2-4):

Outcome 1: The creation of ten new quality jobs (mandatory);

Outcome 2: Building on and enhancing existing initiatives;

Outcome 3: Increase in economic activity and sustainable livelihoods;

Outcome 4: Improved policy environment and conditions for doing business.

### **Outcome 1: The creation of ten new quality jobs (mandatory)**

Projects that seek to generate social and economic benefits in the form of creating a minimum of ten sustainable jobs. Jobs that sustain current roles will not qualify as new jobs.

These following guidelines will apply below:

- Must be sustainable in the short to medium-term with measures in place to ensure its longevity (minimum six months);
- Paid wages and salaries must meet either national or sector minimum wage;
- Number of hours worked must be between 35 and 48 hours per week (this does not apply to seasonal jobs in specific sectors such as agriculture which will be considered separately);
- Every employee must be given a contract of employment, detailing terms and conditions including pay and notice of termination;
- Must offer prospects for personal development such as on the job training;
- Employees must have the freedom to express their views and concerns;
- Must apply equal opportunities principles and ensuring fair treatment for all in employment (including and not limited to pay);
- Evidence of payment of taxes.

### **Outcome 2: Building on and enhancing existing initiatives**

Projects that seek to put systems and processes in place for sustainability, future scaling up and replicating best practices. This can also include projects that seek to be centres of excellence, where they are well-established, well-grounded, make maximum social impact, and become learning models and good examples in their own right. One example could be developing an internal quality management system or increasing the efficiency of an existing cooperative by providing equipment or improving access to markets.

### **Outcome 3: Increase in economic activity and sustainable livelihoods**

Projects that seek to provide on the job skills enhancement to new employees or focus on inclusiveness that enhances economic activity, such as focusing on women and young people as entrepreneurs; stimulating a sector by introducing an idea that improves efficiency, increases competition and makes a difference in the lives of people.

### **Outcome 4: Improved policy environment and conditions for doing business**

Projects that seek to for example, successfully apply innovative solutions to overcome local barriers to investment and growth; use ICT effectively to innovate and improve productivity and efficiency; target areas neglected/under-served by the government; facilitate access to a minimum of 4 days a week of business development support, mentoring and coaching for other enterprises, etc.

### **Core Business Sectors for Investment**

DFI grant will be awarded to businesses operating in labour-intensive sectors including the following:

- a) Agriculture/agri-business;
- b) Education & training;
- c) Health management;
- d) Water, sanitation and hygiene;
- e) Small and medium scale manufacturing;
- f) Distribution, retail and hospitality;
- g) ICT/Creative Industry.
- h) Food
- i) Energy & power

### **Local contents and partnerships**

The proposed project must have significant and demonstrable input into the design and delivery from local partners. I.e. the proposed business should be predicated upon a business model in which projects are delivered on the ground in partnership with local African partners.

In the case of a manufacturing business, it is highly preferred and encouraged, where possible, that raw materials, equipment and furniture are sourced locally.

### **We will require proof of the following:**

- A signed partnership memorandum of understanding (MoU) between the diaspora business/organisation and their African partner(s);
- Proof of local partners' legal status;

We may also ask for references from two reputable referees for each local African partner.

There are no limitations on how many local partners you can work with. However, it is important to bear in mind that the more local partners you have, the more resources and time you will need to spend on

building relationships and strong partnerships. You will need to identify one local partner to be responsible for receiving the monies transferred for the project.

## **CONSORTIUM BIDS**

Although we strongly encourage applications from consortia/groups/alliances of diaspora organisations, only one organisation will lead in the preparation and submission of the application. The lead organisation will be responsible for project management activities, including grant management and reporting.

The lead organisation must be a UK registered organisation. Other members of the consortia can be unregistered groups or diaspora individuals as well as registered charities or companies. Consortia may consist of between two and five members, including the lead organisation.

Members of consortia do not need to have worked together before, although it is expected that a strong consortia bid will have clear roles and responsibilities that recognize and take on board the strengths of each partner.

A lead partner organisation or consortium member can only participate in one grant application.

The £7500 matched funding may be provided by either the lead organisation, one of the partners or the partnership as a whole. The lead organisation completing the application form must be the same organisation that will receive the grant, manage the project and act as the accountable body at all times.

## **ELIGIBILITY**

Lead organisations must answer 'yes' to ALL the following questions to be eligible to apply:

- Do you need £30,000 to deliver an innovative and sustainable social enterprise solution?
- Are you able to match the DFI grant with at least 20% (ie £7,500) of the total contribution?
- Is your project operating in Nigeria, Rwanda, Sierra Leone or Zimbabwe?
- Will the activity/project be implemented by local partners/colleagues (or local staff)/beneficiaries/consultants?
- Are you a UK registered charity, Private Limited Company by guarantee (not for profit), Community Interest Company (CIC), Charitable Incorporated Organisation (CIO) or Scottish Charitable Incorporated Organisation?
- Has your company/charity been registered or active for at least 2 years?
- Is your organisation an African diaspora organization or is your organization majority African diaspora controlled? This means that your organisation must have a majority of trustees who define themselves as being of African heritage, who live in the UK and (irrespective of citizenship) retain emotional, financial and cultural links with their country and/or the African continent.
- Does your organisation share a commitment to tackling poverty and injustice in Africa and do your organisational aims reflect that commitment?
- Will the project funded by this grant be completed within 24 months?
- Do you consent to becoming a member of the AFFORD Business Club (ABC)? Membership to the ABC is mandatory for this grant.
- Do you have a UK-based bank account in the name of your organisation or business and financial procedures that comply with the banking and financial rules and regulations that relate to your registered entity? For example, if you are a registered charity, you will require at least two people who are unrelated and do not live at the same address to sign cheques or make a withdrawal (including debit card or internet purchases and cash withdrawals).

- Do you have two external referees, not linked to your organisation, who can validate your application?

### **Who we cannot fund:**

Lead organisations cannot be individuals, sole traders, unregistered community groups, statutory bodies, or businesses not established or registered in the UK. We are unlikely to fund organisations/businesses that are in poor financial health. An application made on behalf of another organisation will not be considered.

Businesses and organisations are only eligible to put in one application only. **DFI cannot accept more than one application from the same organisation.**

## **FUNDING & EXPENDITURE GUIDELINES**

### **What DFI grant can pay for:**

DFI grant can be used to part cover the following costs:

- a) Project activity costs
- b) Staffing costs related to the delivery of the project;
- c) Machinery & equipment – strictly for business use;
- d) Rent & rates;
- e) Office furniture;
- f) General business overheads.

### **What DFI grant cannot pay for:**

There are some things we are unable to pay for and these are shown below.

- Project activities outside of Nigeria, Rwanda, Sierra Leone, Zimbabwe or the UK;
- Any expenditure incurred on activities before the final letter confirming that the grant is approved;
- Costs of putting together your application and business plan;
- Contingency costs;
- Endowments (to provide a source of income);
- Items that mainly benefit individuals (for example equipment that is not used for business);
- Items that are purchased on behalf of another organisation which is not part of the consortia / lead organisation;
- Projects that cannot be completed within the duration of the grant period;
- VAT that you can recover ;
- Activities outside of the law or against public policy, or anything that encourages ethnic, religious or commercial disharmony;
- Buildings (unless an integral part of the project idea);
- Expeditions, exchanges, holidays, study tours.

### **Match funding**

The maximum grant available is £30,000 and a minimum matched cash contribution of £7,500 is required from all applicants. There are no restrictions on which budget line the match contribution is applied to, but should form part of the overall budget.

Formal approval and final offers to applicants will be made on the basis that they have provided:

- Realistic and viable financial forecasts clearly demonstrating the application of all funds required for the project;
- Evidence of availability of the £7,500 unrestricted matched funds.

## THE APPLICATION PROCESS

### 1. Attendance at a Diaspora Enterprise Accelerator Roadshows / awareness workshops.

### 2. AFFORD Business Club (ABC) membership registration.

All applicants to the Diaspora Enterprise Accelerator must not only consent to becoming members of the ABC but must complete membership Application Form and submit along with the Pre-Qualification Questionnaire (see 3 below). All business development support, mentoring and coaching will be delivered through the ABC and will run parallel to the application process. Applicants will receive business development support to strengthen their applications, and, if successful will continue to receive mentoring and coaching from the ABC Business Advisors. Non successful ABC members will continue to have access to appropriate business support services. The annual fee for SMEs membership to ABC will be a £60.

### 3. Completion and submission of Pre-Qualification Questionnaire (PQQ) (Stage 1 Application)

Complete the PQQ and submit by email to [adf@afford-uk.org](mailto:adf@afford-uk.org) by midnight, Friday 10 March 2017. Late submissions will not be accepted. Only one application per organisation will be considered. We will acknowledge receipt of all applications within two working days. We may need to contact you following receipt of your application for additional information. A decision on your suitability to progress to the next stage will be made within five working days from the date of submission.

### 4. Completion and submission of your Business Plan (Stage 2 Application)

We will invite you to submit the Stage 2 application together with a business plan if you are successful at the PQQ stage. It is a requirement that all Stage 2 applicants attend the Application and Business Plan workshop. At the end of the workshop, each applicant will be assigned a Personal Business Adviser (PBA) to assist you in the preparation of the Business Plan. The completed application form, a business plan, together with detailed financial projections and an electronic copy on a USP stick should be emailed to [adf@afford-uk.org](mailto:adf@afford-uk.org).

### 5. Assessment of Stage 2 application

As part of Stage 2 application, we will invite you to present your business proposal to a panel of judges which will consist of experienced business individuals. The panel is responsible for reaching a final decision and we aim to communicate the final decision to you within twenty working days from the date of this stage's application.

### 6. Final Decision and Grant Offer Letter

If your application is successful, you will be offered conditional offer letter with our terms and conditions which will include the submission of outstanding or additional documents in support of your application. All documents submitted will be carefully checked for accuracy and authenticity. If you do not do this we will withdraw our conditional grant offer.

### 7. Conditions of Grant and Project Start

On satisfactory completion of the due diligence process, final offer letter accepted and Conditions of Grant signed and returned to us, we may ask you to submit an interim work programme, including details

of how the grant money will be expended. If satisfactory, we will arrange for the disbursement of the grant money through your nominated bank. We reserve the right to release the grant money in instalments if appropriate.

You may start your project on receipt of a final offer letter confirming the grant offer.

A list of grantees will be published on AFFORD's website and or social media together with a brief description of their projects.

## **8. Business Development Support**

AFFORD will provide business support to enable the development of your idea into a viable business plan and application throughout the application process. To ensure project sustainability, all successful grantees will be supported regularly through a tailored and well-co-ordinated programme of business development support throughout the life-time of the project. This will be delivered through one to many and one to one approaches. Successful grantees and their local partners will also receive ongoing mentoring support throughout the grant period both in the UK and in the four targeted African countries.

Support in the UK will be provided by the AFFORD Enterprise Unit, and for members the AFFORD Business Club (ABC). Support in the four targeted countries will be provided by AFFORD's in-country institutional partners: Enterprise Development Centre, Pan Atlantic University Nigeria; Private Sector Federation Rwanda; AFFORD Sierra Leone; and Empretec Zimbabwe.

Institutional partners are also required to support grant-holders with Monitoring and Evaluation (M&E) which forms a core part of the grant. All grant-holders are expected to work with AFFORD's institutional partners to provide quality M&E in addition to specific conditions as stipulated in the grant agreement.

## **9. Reporting requirements and project completion**

You will be asked to complete and submit a financial and narrative end-of-project report exactly one month after you complete your project, telling us how the grant has been spent and what was achieved.

You will also be required to submit quarterly and interim financial and narrative reports during the grant period.

We may visit, telephone or ask to see original receipts to check how the grant was spent. You must complete your project within 24 months of the project start date.

## **SUPPORTING DOCUMENTS AND CHECKS**

If you are provided with a conditional offer, you will need to provide the following documents/information in order to be made a final offer. Where it is felt that some of these documents will assist the grants panel of judges to reach final decisions, we will request relevant documents prior to conditional offers being made:

- Details of 2 work related and external referees
- Your registration document (e.g. Charity registration, company registration, etc.)
- Your Constitution / Memorandum and Articles showing your charitable/not for profit/ social purpose
- Details of your Asset Lock if you are a CIC
- Evidence of your Employers' Liability insurance policy certificate (required only if you have employees in England, Scotland or Wales)

- Public Liability Insurance (if your business holds or is likely to hold public events).
- Evidence of other relevant insurance
- Evidence of your match funding. If this has already been secured (a) evidence of the 20% match funding, and (b) other match funding
- Last 2 years' Annual Report and financial/accounts
- Information on your local partners:
  - A validated and signed partnership memorandum of understanding (MoU) between the diaspora organisation and their African partner(s);
  - A constitution for the African partner;
  - Proof of its legally registered status.
- Any other documents or information as requested

We will also check the following:

- Details of your Trustees/Directors on the Charity Commission, Companies House or other relevant regulatory website.
- Details of your local partner(s) on relevant regulatory website.

## COMPLETING THE BUSINESS PLAN, BUDGET AND FORECASTS

All questions, tables and budget templates must be answered and completed as fully as possible. Incomplete PQQs, business plans, budgets or forecasts will not be accepted. Some helpful tips on following the business plan guidance, completing the form and excel budget and forecast template:

- Make sure that all the tables on **Key Business Information, Organisational data, Your project and DFI** have been completed fully and correctly. Where the information is not relevant, complete the box with '**not applicable**', or **N/A**.
- All headings and sub-headings provided in the Business Plan Guidelines must be addressed. Questions that follow the headings and sub-headings are for guidance only and therefore should be applied to your project as is relevant.
- Business plans that are clear, concise and focused will be received favourably.
- **All three sheets in the excel budget template must be completed and returned in the same format as provided – investment needed, 3 years P& L forecast, and cashflow for 3 years.**
- All monetary figures provided must be in GBP (£s). If further information is provided in other currency, a conversion rate must be provided.
- Applicants **must** abide with the formats given for the business plan and for the budget template. For the budget template, applicants can add one extra sheet if they wish. Any further changes or additions to the format will render your application incomplete.

## INSURANCE AND SAFETY

It is your responsibility to ensure you/local partner have adequate insurance in place. This should include cover for any assets you buy or events and activities you run using our grant.

### Employer's liability insurance

If any of your employees are normally based in England, Scotland or Wales you must have employers' liability insurance.

### **Other insurance**

You will need to check what other insurance cover may be required in the countries where projects may be operating.

## **EQUAL OPPORTUNITIES**

We actively encourage applications that represent a wide cultural reach and diversity in terms of age and gender.

## **DATA PROTECTION AND FREEDOM OF INFORMATION**

### **Data protection**

We will use the information you give us during assessment and during the life of your grant (if awarded) to administer and analyse grants and for our own research purposes. We may give copies of all or some of this information to individuals and organisations we consult when assessing applications, administering the programme, monitoring grants and evaluating funding processes and impacts. These organisations may include accountants, external evaluators, funders, partners and other organisations or groups involved in delivering the project.

We may share information with organisations and individuals with a legitimate interest in AFFORD's business development activities, applications and grants.

We might use personal information provided by you in order to conduct appropriate identity checks. Personal information that you provide may be disclosed to a credit reference or fraud prevention agency, which may keep a record of that information.

If you provide false or inaccurate information in your application or at any point in the life of any funding we award to you and fraud is identified, we will provide details to fraud prevention agencies, to prevent fraud and money laundering.

We might use the data you provide for research purposes. We recognise the need to maintain the confidentiality of vulnerable groups and their details will not be made public in any way, except as required by law.

### **Freedom of Information**

The Freedom of Information Act 2000 gives members of the public the right to request any information that we hold. This includes information received from third parties, such as, although not limited to, grant applicants, grant holders, contractors and people making a complaint. If information is requested under the Freedom of Information Act we will release it, subject to exemptions (where business interest is involved), although we may consult with you first. If you think that information you are providing may be exempt from release if requested, you should let us know when you apply.

For further information about this prospectus or application form, please email us at [adf@afford-uk.org](mailto:adf@afford-uk.org).