

OVERVIEW

PIONEER Program

“New IT Services Operations Window”

New IT Services Operations Window

Grants provided under this window for establishing new IT service operations aims to de-risk, encourage, and enable the launch of emerging IT services companies in the West Bank and Gaza IT services market. New IT services firms will bring technological competencies, industry expertise, and customer networks, hence broadening the scope and competitiveness of IT services offered. The seed funding will support entrepreneurs to establish new IT services firms, foreign companies to establish new operations in West Bank and Gaza, but also support the establishment of branches/subsidiaries of West Bank companies in Gaza and of Gaza companies in the West Bank.

The seed funding will support the costs required to establish new business operations in the West Bank or Gaza as detailed in a credible business model submitted by the applicant. These costs can include developing a viable business plan, working capital, software, product development and testing, market testing, intellectual property protection, sales and business development, organizational development, and capacity building. Given the long lead time and high costs of establishing companies in the West Bank and Gaza, the project will consider registration costs by company founders who are established in the West Bank and Gaza as eligible co-financing. Any other private sector funding, including from banks, will be counted as co-financing. No works/construction will be financed through the grants in accordance with TechStart’s Environmental and Social Management Framework (ESMF).

The seed funding is expected to be provided in the range of a 50/50 co-funding basis. Women-led/owned businesses, and individuals/ entrepreneurs that have not yet formed a company will be eligible for a greater share of co-financing of a 70/30 match.

Selection Process

New IT Services Operations Window Eligibility Criteria

Each applicant applying to this program must meet all of the following eligibility criteria to be considered for further evaluation:

1. Be a company legally registered, and operating out of the West Bank and Gaza; or in the process of legal registration; or committed to register with Ministry of National Economy
2. Foreign entities / entrepreneurs willing to establish new entities will commit to register with the Ministry of National Economy
3. Firms are IT services companies and business service providers working in the technology field in software development, computer programming and consultancy, data processing, hosting or related activities, IT training services providers, HR services providers for IT sector; or are

mature tech / tech-enabled startups that have some traction in the market and are already generating revenues.

4. Projects have minimal or non-existent environmental impacts.

New IT Services Operations Window Selection Criteria

1. Applicants, firms or individual entrepreneurs, need to demonstrate a track record of at least three years of cumulative experience providing the relevant services on a commercial basis to local or international clients.
2. The applicants need to provide a Business Plan that will include comprehensive information about the business model, market analysis, proposed organisation & management, marketing plan, financial model and growth potential.

Program Details

Duration

The application window for the PIONEER program will be open for the operational duration of the TechStart project starting August 2022, and applications will be evaluated on a rolling basis.

Target Group

Local and foreign IT companies/ entrepreneurs that are in the process of establishing new IT companies/ branches/ subsidiaries and operations in West Bank and Gaza; including mature tech and tech enabled start-ups. Firms are considered mature tech or tech enabled start-ups if they can prove traction / demand in the market and are generating revenues.

IT services provided may include software publishing, computer programming, consultancy, data processing, hosting, HR IT and training, or related activities.

Note: All companies need to comply with the guidelines of TechStart's Environmental and Social Management Framework (ESMF).

Grant Amount

There is no limit on the number of grants each company can apply to during the project lifetime, (depending on the evolving business opportunities that each company has and the success of implementing previous support received under TechStart).

Grant Structure – Financial Support

The grant type will depend on the activity carried out by the firm – along with a project proposal and budget that identifies the use of funds. TechStart expects to employ two grant types for the seed grant program:

- 1- **In-Kind Grant:** Goods and services are procured directly by the PIA in close correspondence with the beneficiary. Once purchased, goods and services are delivered immediately to the beneficiary or to the grant activity.
- 2- **Standard Grant:** Used for any beneficiary that have the financial and management capacity to receive grant funds.

The type of grant (In-Kind Grant and Standard Grant) that will be most suitable to support beneficiaries will be determined based on an assessment of the beneficiary firm's financial and administrative capacity, as conducted by TechStart.

Pioneer Program foresees most potential beneficiaries to have the administrative capacity (e.g. time, human resources, procedures) to follow TechStart's procurement protocols, and possess the liquidity needed to undertake the procurement and implementation of activities on their own to benefit from the Standard Grant. In those rare occasions where a beneficiary firm lacks such capacity, the in-kind grant will be utilized.

The financial support will be governed by terms and conditions as per the Grant Agreement. Upon selection of the general terms of the grant for the applicant, and once the eligible activities have been identified and selected, a grant agreement will be signed with the beneficiary company which defines, among other things, the grant amounts and expected disbursement dates, as well as the required materials/documents as evidence for payments for co-financing. The grant will cover eligible expenses starting from and including the month of signing the Grant Agreement (regardless of the date of signing the agreement within that month) unless otherwise indicated in the agreement. However, the grant will not cover expenses incurred prior to that.

Eligible Expenses – Use of Funds

All funds used must fall within the list of eligible expenses below. Each grant application serves as the basis for a project proposal and budget that identifies the use of funds.

The financial support will be governed by a Grant Agreement with specific terms and conditions. Upon determining the terms of the grant for the potential Beneficiary, and after identifying eligible activities, a Grant Agreement will be signed with the Beneficiary specifying the grant amount, expected results, disbursement plan, and/or required deliverables to release/approve payments.

The Grant Agreements with recipients will include conditions that prevent the misuse of grant funds, such as repaying borrowings or bonus payments to staff – and shall be used solely for identified and approved expenses.

The grant can cover the following expenses, on the condition that evidence is provided, and compliance requirements are met.

1. Business development, including but not limited to:
 - a. Associated with building relationships with key suppliers or customers.
 - b. Hiring of consultants to improve accounting and financial statements, company structure, strategy, business plan, etc.
 - c. Costs associated with hiring attorney(s) to improve the legal structure of the SME.
2. Product design, development, and refinements: Developing and testing prototypes; purchasing of materials, technology and/or equipment relevant to improving product or service; and/or equipment modernization, product diversification/expansion; product/service innovation and development, and research and development planning.
3. Sales and marketing activities, cost of actions aimed at increasing potential customer base such as:

- a. Hiring of sales and marketing staff.
 - b. Promotion efforts within potential markets.
 - c. Outdoor, print media, electronic media advertising.
4. Implementation of IT solutions:
 - a. Website, e-commerce, and multimedia.
 - b. Software & Software licensing.
 5. Registration and intellectual property: Including application for patents, costs related to IP protection process, hiring of consultants and/or legal expertise.
 6. Advisory and training services/external consultants.
 7. Organizational development, including capacity building.
 8. Labour costs (salaries) and fees associated with delivery/on-going execution of core business functions.
 9. Other Operating expenses that do not fall under non-eligible expenses and subject to approval of the TechStart.

Non-Eligible Expenses – Use of Funds

The following are all considered as ineligible expenses for the purposes of this program:

- Retroactive payments (i.e. payments in arrears)
- Any dividends or bonus payments to staff, management, shareholders, or revenue share agreements
- Repayment of funds loaned to the company by related parties, including the founder/entrepreneurs, other individuals or financial institutions
- Payments to cover fees levied by investors or pay any advisory or placement fees or bonuses to external advisers
- Use of funds to engage in activities that contravene the ESMF and projects exclusion list
- Activities within nature reserves or such designated areas
- Purchasing land, commodities, futures, shares, securities, or other financial instruments
- Income tax, which must be covered by the employer

Non-Eligible Projects – Use of Funds

The program will NOT support beneficiaries/ projects in relation to:

- Tobacco production, processing, storage
- Alcohol, wine, spirits
- Projects that involve alteration to rivers or other natural environments
- Mining Projects
- Logging Projects
- Adult Entertainment Projects
- Gambling Projects
- Property Development

Application Content

Firms applying for the program must complete the online application and provide all the following set of materials:

Items requested from all applicants:

1. Completed application form, in English
2. Business Registration Certificates, or signed commitment template to register with MoNE, attached to the application form
3. Historical financials/accounting records for the previous year.
4. List of shareholders/ owners and copy of their IDs/Passports
5. Executive Management resumes including CEO
6. Detailed Business Plan including comprehensive information about the business model, market analysis, proposed organisation & management, marketing plan, financial model and growth potential, etc

The PIA may request additional documentation from the applicant as it deems necessary during the assessment of the application

Application Instructions

While completing the online application, applicants should consider the following:

- All information provided in the application must be true and accurate.
- All applications, including information and documentation, must be submitted in English. Documentation such as: lease agreements, employment contracts, company registrations, tax files, and other government-issued documents are acceptable in Arabic.
- Only applications submitted via the program's online portal will be considered.
- All application supporting material must be uploaded to the relevant section of the online portal (no hard copies will be accepted).
- Only complete applications that have all required supporting documents will be considered for selection.
- Uploading Documents:
 - The applicant may be asked to revise or provide additional information to their application by TechStart team within a given timeline.
 - Applicants are solely responsible for all relevant documents being uploaded in the appropriate sections of the online portal.

Failing to satisfy any of the above requirements can lead to the application being rejected.

Application Review & Selection Process

The program announcement and call for applications will be publicized intensively on all digital and printed media channels available to the project team, as well as press releases and statements in coordination with the World Bank and the MTIT.

The application will be open for the duration of the project life, during which applications will be reviewed on a rolling first come first served basis. The following diagram gives an indicative timeline for the application processing.

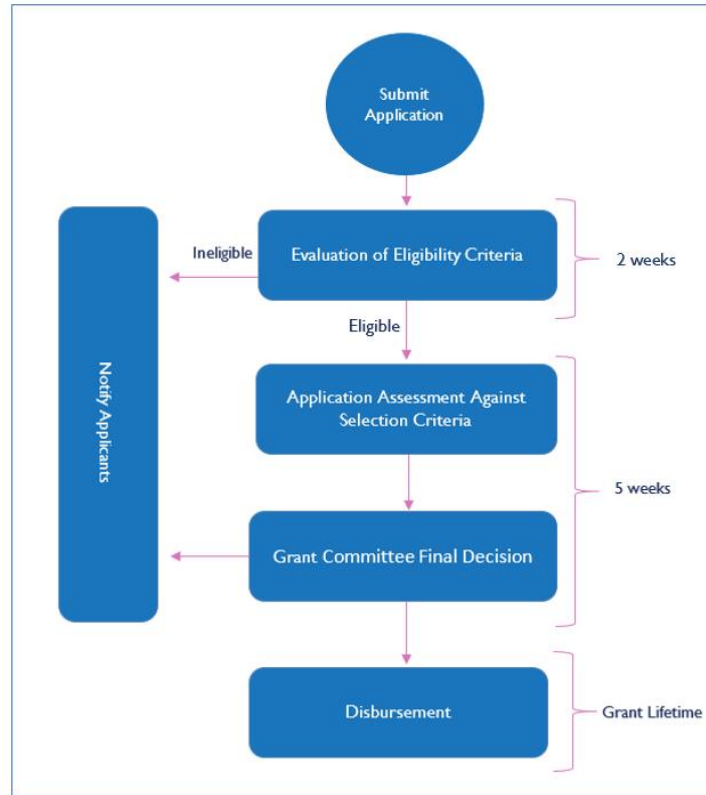


Figure 1: Application and Review Process

Disbursement

Disbursement Based on the type of grant and the nature of support activities, the appropriate disbursement plan approved by the committee and tailored for each grant recipient's needs will be developed. Such a disbursement plan should be a clear, auditable and compliant plan that is designed with the firm to address its needs and enhance cash flow. The financial specialist will manage this activity, in coordination with the Component Lead.

For successful Applicants who are awarded **In-Kind grants**, TechStart will procure the services on behalf of beneficiaries in accordance with the agreed upon budget and set milestones.

For successful Applicants who are awarded **Standard Grants**, the beneficiary will procure the service in accordance with TechStart procurement rules and regulations which will be provided to the beneficiary, and his related staff will be trained on using them to ensure compliance with TechStart rules and regulations.

Standard Grant awarded beneficiaries will be required to open a dedicated USD denominated bank account where the advance payments from TechStart will be transferred. The dedicated bank account can

be used only for TechStart approved costs and rules set under the grant agreement. In case the beneficiary is qualified and has the adequate resources and systems to carry out the needed procurement and contracts, and has the necessary financial resources and systems, the beneficiary will be authorized to manage the transactions related to TechStart activities. In this case the dedicated bank account is not required, and the beneficiary will be reimbursed directly to their bank account within 10 days after presenting the proper documents to TechStart.

The grant funds will be paid to the (Standard Grant) beneficiary by the PIA as per the disbursement plan approved under the grant agreement.

The dedicated account for the Standard Grant shall be ring fenced by the beneficiary and shall only be used for legitimate payments related to the expenses in the seed grant agreement. This dedicated account shall not be used to augment other accounts, whether those other accounts belong to the beneficiary or other entities.

No cash payment will be accepted under the seed grants. All payments must be paid out of the beneficiary's bank account or the designated bank account.

Termination of Grant Agreements and Funding

A grant may be terminated, and a grant beneficiary is required to repay the grant in full under the following circumstances where the grant beneficiary:

- uses the grant funds in contravention to the purposes stated in its application
- uses the grant funds to pay for expenses listed in the non-eligible expenses
- uses the grant funds to fund non-eligible projects
- has deliberately made false or incomplete information to obtain the grant, at any time during the lifetime of the grant
- fails to cooperate and provide the necessary monitoring & evaluation information as requested by TechStart
- fails to cooperate with the program or WB auditors
- violates any of the Environmental & Social Safeguards stated in Grant Agreement

Conflicts of Interest

All procedures for approval for grant funding will be completed with the utmost diligence and any conflicts of interest declared. Any TechStart staff or selection committee member involved in the above procedures will be required to declare any personal or organizational relationship or interest in any enterprises or individual applicants, and/or disclose those interests in which they have a particular stake.

Additionally, applicants are to take all necessary precautions to avoid conflicts of interests or the perception thereof and shall inform DAI without delay of any situation constituting or likely to lead to any such conflict.

There is a conflict of interest where the impartial and objective exercise of the functions of any grant applicant, grant selection committee member, or DAI staff member in relation to the execution of this project is compromised because said applicant, committee member or staff member is in a position to derive personal benefits from actions or decisions made in their official capacity due to personal or professional relationships.

Fraud and Corruption

DAI will require beneficiaries to adhere to the highest ethical standards. The following practices, as defined by the World Bank, shall not be tolerated, and shall lead to termination of the grant agreement:

- “Corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the actions of another party
- “Fraudulent practice” is an act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation
- “Collusive practices” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party
- “Coercive practices” is impairing or harming, or threatening to impair or harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract
- “Obstructive practice”
 - deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or
 - acts intended to materially impede the exercise of the World Bank’s inspection and audit rights.

Monitoring and Reporting

TechStart’s Monitoring and Evaluation (M&E) Officer will be responsible for ensuring adequate reporting and monitoring of all TechStart grants.

Monitoring

All program beneficiaries are expected to follow regular monitoring processes according to the guidelines detailed in the M&E handbook of this project. Beneficiaries will submit closeout surveys, and semi-annual surveys to track their progress against project KPIs.

In addition, field visits may be conducted, to allow TechStart to strengthen direct monitoring and technical assistance to the beneficiaries.

Reporting

For Seed grant beneficiaries, reports will be monthly and quarterly. Monthly reporting will focus on essential beneficiary information required to track grant funds spending. Quarterly reports will be more detailed and include information on the use of funds, the firms' progress in terms of major KPIs and investment opportunities and general information. The required reporting period will be up to 24 months after signing of the seed grant agreement.

APPENDIX I

IT Value Added Services Diagram

IT Value Added Services

Excluded from TechStart scope

