



1. PRESENTATION OF THE BPF

1.1. *What is the BPF?*

The Luxembourg Development Cooperation Agency (LuxDev), launches an annual call for projects in the framework of the BPF - Business Partnership Facility (BPF) - financed by the Directorate for Development Cooperation and Humanitarian Affairs from Ministry of Foreign and European Affairs of the Grand Duchy of Luxembourg (MFEA).

The objective of this financing facility is to encourage the Luxembourg and European private sector to establish a partnership with entities from developing countries in order to set up sustainable business projects in these countries.

1.2. *How does it work?*

The BPF provides for the establishment of a fund endowed annually by the MFEA with an envelope of one million euros.

The facility is subject to an annual call for projects in two phases.

At the end of the process, the projects supported are co-financed up to a maximum of 50% with a ceiling of 200 000 EUR in the form of a direct grant. Candidates should note that this co-financing is to be considered as aid falling within the scope of the "de minimis" regulation described in point 2.3.

Full details and conditions for applying for this facility are described in chapters 2 and 3.

1.3. *Who is eligible for this BPF?*

Luxembourg/European private sector companies are the privileged partners of this facility. However, only those active in one of the six sectors of activity listed below are eligible for the BPF:

- CleanTech, eco-innovation and circular economy;
- Space;
- Fintech;
- HealthTech;
- Mobility and logistics;
- Information and Communication Technologies (ICT).

Companies proposing projects related to the fight against the COVID-19 pandemic can also apply.

1.4. In which countries can the partnerships be established?

The proposed projects must be implemented in developing countries eligible for public development aid, as defined by the Development Assistance Committee¹.

1.5. What form will the partnership take?

Different types of partnership can be established under the BPF. However, the initiative for the establishment of a partnership lies with the Luxembourg and European private sector wishing to participate in the facility. Thus, there are at least two entities involved in the partnership:

the Luxembourg/European partner, which must have a trade register number and have its headquarters in an European Union (EU) country. This partner is referred to as the “lead partner”;

the “local partner(s)” established in a developing country, which may be private companies, public entities, universities, research institutes or civil society actors;

other entities can usefully complement the partnership on the European side. They will then be referred to as “associated partners”.

If the project is to be led by a Luxembourg or European company, partners from the South looking for a Luxembourg or European company to set up projects that fall within the framework of the BPF can also make themselves known through a platform set up on the BPF website: <https://bpf.lu/en/developing-countries-partners/>

2. IMPLEMENTATION OF THE CALL FOR PROJECTS UNDER THE BPF

2.1. Process

An annual call for projects forms the basis of the project selection process:



¹ * <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-List-of-ODA-Recipients-for-reporting-2020-flows.pdf>

The call for projects takes place in two stages:

- **A first stage called “call for applications”:** through an application form, the project leader will make a brief presentation of his company, his experience in developing countries and his partners and will present his project in a concept note. More information on the content of the concept note is given in chapter 4;
- **For successful applications, a second stage called “submission of the detailed proposal”** for which a more precise presentation of the project, in particular through a value proposition containing a business plan, is expected.

2.2. Eligibility

Participation in this call for projects is open on equal terms to any Luxembourg or European private sector company or consortium of companies² registered in the commercial register of its country and satisfying the following administrative eligibility conditions:

- **at least three years of existence on the date of signature of the co-financing agreement and at least three years of activity in the sector concerned;**
- **average annual turnover of at least 500 000 EUR or three times the total amount of the proposed project in the three financial years preceding the year in which the call for projects is launched;**
- **minimum five employees at the time of submission of the project proposal;**
- **fulfil the conditions set out in the declaration on honour attached to the application form;**
- **comply with the “de minimis” regulation (see point 2.3);**
- **the leading company is active in one or more of the BPF priority business areas.**

An candidate who has received co-financing under previous BPFs may resubmit a project as long as the total amount of co-financing received and required remains in accordance with the “de minimis” regulation.

2.3. “De minimis” regulation

This regulation is one of the legislative texts adopted by the EU to regulate the granting of state aid to companies in order to minimise distortion of competition within the internal market. The regulation defines the aid intensities that can be granted to companies. Thus, Community law considers that certain aid is incompatible with European standards if it affects trade between Member States or if it distorts or threatens to distort competition by favouring certain enterprises or the production of certain goods. However, certain aid, the amount of which does not exceed a ceiling, may be granted by Member States without prior notification or authorisation by the European Commission. This is known as “de minimis” aid.

Under EU Regulation 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the EU to de minimis aid, the total gross amount of such aid may not exceed, per firm, the ceiling currently set at 200 000 EUR per period of three fiscal years, granted to a single firm³ by an EU Member State. This ceiling is reduced to 100 000 EUR for undertakings active in the field of road transport.

Particular attention will therefore have to be paid to compliance with this ceiling on public aid, which may not exceed 200 000 EUR (100 000 EUR for companies active in the road transport sector) over the previous two fiscal years and the current fiscal year, rolling all aid combined.

If the project is accepted and before the co-financing agreement is signed, the candidate will have to prove, by providing a declaration on honour, that the total amount of aid received by the candidate does not exceed this ceiling of 200 000 EUR (100 000 EUR for companies active in the field of road transport).

2.4. Language

The language of the call for proposals is French, however applications written in English will be accepted.

² This consortium may be a permanent consortium with legal status or a temporary consortium created for the purposes of this call for proposals.

³ For the purposes of applying the “de minimis” rules, it is recalled that a group of related enterprises will be considered as constituting a single enterprise. Thus, the “de minimis” aid granted by the Luxembourg Government must be declared for all enterprises linked to the single candidate enterprise, i.e. enterprises having a shareholding of at least 50% in the single candidate enterprise or in which the single candidate enterprise has a shareholding of at least 50%. EU Regulation 1407/2013 lists several additional criteria in this respect.

3. HOW TO COMPLETE THE APPLICATION FORM (STEP 1)

The expression of interest form includes general information about the lead partner, the local partner and possible associated partners (European or local) as well as the project's concept note (project description, current situation of the partnership, expected results and impacts, sustainability).

3.1. *Deadline for submission of applications*

The deadline for returning the application form is indicated on the BPF website.

3.2. *Format for submission of applications*

Applications must be drawn up on the basis of the application form provided for this purpose. Candidates are free to attach any documentation they consider useful, but the form must be duly completed, otherwise it will be rejected.

3.3. *Procedure for submitting applications*

Applications, in English or French, must be received by e-mail only, no later than the day indicated under clause 3.1, at the following e-mail address: bpf@luxdev.lu

Requests for clarifications should be sent in writing to the same address no later than 8 calendar days before the submission deadline.

Clarifications are available on the BPF website in the form of a downloadable document. They are regularly updated in response to questions asked by candidates. It is the responsibility of the candidates to consult these documents regularly.

3.4. *Application form*

The application form is composed of 3 parts: identity of the candidate, presentation of the project and annexes.

3.4.1. *Identity of the candidate*

Definitions:

The “lead partner” refers to the Luxembourg or European private company representing the candidate and which carries out the coordination mission. The other possible private or public partners, Luxembourg or European, are called “associated partners”.

The private or public partner(s) from developing countries where the project is envisaged are called “local partner(s)”.

The term “candidate” refers collectively to the lead partner, the local partner(s) and any associated partner(s).

In this first part of the form, the lead partner briefly describes his company and its activity and experience in developing countries.

He must also detail his social responsibility (CSR) programme and/or his environmental, social and/or good governance commitments. The lead partner will specify, for example, whether it has a CSR policy, particular labels such as ISO 14000, 26000, etc.

With regard to Human Rights, the principle adopted is that the lead partner checks, as a matter of a procedure to implement reasonable due diligence, that it is in compliance – for itself and the whole value chain in which it is part – with the United Nations Guiding Principles on Business and Human Rights and with the OECD Guiding Principles on Human rights (chapter IV).

The same information is required for the associated partner(s) (point 1.3 of the form).

3.4.2. *Presentation of the project*

In this section, the candidate briefly describes the project and its expected impact.

The concept note should specify how the project responds to an existing issue in the country of implementation and be linked to at least one Sustainable Development Goal (SDG).

The innovative nature of the project, the transfer of technology and/or know-how, the potential for job creation, green and inclusive growth are all criteria for selection following this call for applications. Thus the concept note must present the impact of the proposed project on the economic development of the partner country but also on its environment (only projects that have a positive or neutral impact can be considered) or its societal impact (the potential for job creation in the partner country, particularly jobs for young people and women, respect for human rights).

Budget

The amount of co-financing, brought by the BPF, is a maximum of 50 % of the total amount of the project. There is no minimum amount.

Under the “de minimis” regulation referred to in point 2.3, the co-financing requested may not exceed 200 000 EUR or 100 000 EUR⁴ for companies engaged in road haulage activities for hire or reward.

4. EVALUATION AND SELECTION OF THE APPLICATIONS

The applications received as well as the detailed proposals (see chapter 4.2) will be evaluated by a BPF committee composed of one or more representatives of the following institutions: Ministry of Foreign and European Affairs, Ministry of Economy, LuxDev, Chamber of Commerce. All members of the BPF committee are subject to impartiality and confidentiality in the performance of their evaluation tasks.

4.1. Evaluation criteria

Only projects meeting these administrative eligibility conditions will then be analysed. The presentation of the lead partners and associated partners, the presentation of the project including its impact on SDGs and the innovative character of the proposal will be taken into account for being retained for the second stage of the process.

The proposal will also be analysed against the following selection criteria:

- the impact of the project on the achievement of SDGs such as job creation, impact on the economic development of the target country/region, environmental impact, societal impact (inclusive growth - poverty reduction) including respect for human rights and poverty reduction more broadly, and associated indicators;
- the potential for transfer of technology and/or know-how;
- the principle of additionality of co-financing by the BPF: **without the financial support of the BPF, the project would not have been undertaken by the partners or, in any case, not on the same scale, not in the target country(ies) and not according to the same timetable. Indeed, the proposed project should not displace the private sector or substitute other private funding**;
- the neutrality of the co-financing, which must in no way create distortions in the targeted market; it must be granted within the framework of an open, transparent and fair system. It must be temporary and accompanied by a well-defined exit strategy, assuming that the beneficiary company will be able to ensure business continuity;
- the common interest, i.e. the partnerships established, must be based on a cost-effectiveness approach, common interest and mutual accountability in terms of results; the risks, costs and benefits of a joint project must be shared equitably;
- the demonstration effect: the project should have a clear demonstration effect, which can catalyse market development by integrating other actors, thus ensuring replication and wider application;
- compliance with social, environmental and fiscal standards: private companies benefiting from the BPF commit to ensuring that their operations comply with environmental, social and fiscal standards, including decent working conditions, good governance and industry standards;
- The lead partner checks, as a matter of a procedure to implement reasonable due diligence, that it is in compliance – for itself and the whole value chain in which it is part – with the United Nations Guiding Principles on Business and Human Rights and with the OECD Guiding Principles on Human rights (chapter IV)

⁴ <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32013R1407&from=EN>

4.2. Selection of applications and second step

All candidates will be informed in writing of the outcome of their proposal at the end of the second quarter.

Candidates selected for stage 2 will receive instructions for submitting full proposals and will then have approximately two months to submit their proposal. During this period, Luxembourg companies which asks for may be assisted by Luxinnovation for the preparation of their detailed proposal.

The detailed proposals will be evaluated in terms of the economic viability of the project. The social and environmental impact presented in the concept note should also be confirmed in the detailed presentation.

4.3. Implementation of the selected projects

A co-financing agreement will be signed with the lead partners of the detailed proposals selected by the second selection committee.

The implementation of the selected projects will be monitored through regular technical and financial reporting according to a predefined model. The technical reports will ideally be presented in the form of a results chain with monitoring and change indicators derived from this results chain. The environmental, social and good governance impacts of the projects will also be addressed in these reports.

Field visits by the BPF authorities may be organised to assess the reality of the project and the partnership. The BPF authorities also reserve the right, when they deem it necessary, to submit the expenditure of co-financed projects to an external review.