



BUSINESS PARTNERSHIP FACILITY

PRACTICAL GUIDE - 2024

1. PRESENTATION OF THE BUSINESS PARTNERSHIP FACILITY - BPF

1.1. *What is the BPF?*

The Business Partnership Facility is a financing facility initiated and financed by the government of Luxembourg through the Luxembourg development Cooperation and carried out by LuxDev, the Luxembourg Development Cooperation Agency.

The objective of this financing facility is to encourage the private sector in Luxembourg and Europe to establish a partnership with entities from developing countries (see list [here](#)) 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 Luxembourg's Ministry of Foreign and European Affairs (MFEA) with an envelope of one million euros.

The facility is subject to a biannual call for projects in two phases:

- a pre-selection through the application form downloadable from the BPF website;
- the partners of the pre-selected applications will be invited to submit a detailed project proposal and budget.

At the end of the process, the selected partnerships can benefit from co-financing of up to EUR 200 000, representing a maximum of 50% of the total budget of the proposed project. 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. *What kind of projects can be supported by the BPF?*

The selected business projects need to prove a contribution to the achievement of one or several Sustainable Development Goals (SDG) in the country of implementation of the project. The SDGs¹ provide a roadmap to a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice. The SDGs are interconnected.

¹ For more details <https://www.un.org/en/exhibits/page/sdgs-17-goals-transform-world>

1.4. *In which countries can the projects be implemented?*

The proposed projects must be implemented in developing countries eligible for public development aid, as defined by the Development Assistance Committee².

1.5. *What kind of partnerships?*

The BPF can support projects proposed by different types of partners, such as:

- **lead partner / project leader:** a private sector company based in Luxembourg or Europe which ensures the coordination task on behalf of the partnership and has a trade register number in that country;
- **local partner(s):** private companies, public entities, universities, research institutes or civil society actors legally registered in a developing country;
- **associated partner(s):** other entities that can bring value to the partnership.

The partnership should include at least one lead partner and a local partner. The grant agreement will be signed with the lead partner. Local partners looking for a Luxembourgish or European lead partner to set up projects that fall within the framework of the BPF can contact bpf@luxdev.lu.

2. IMPLEMENTATION OF THE CALL FOR PROJECTS UNDER THE BPF

2.1. *Process*

A biannual call for projects forms the basis of the project selection process. The call for projects takes place in two stages:

- **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;
- **submission of the detailed proposal:** following a selection committee, the leaders of pre-selected applications, will be invited to a second stage where they are expected to submit a more detailed presentation and budget of the project, in particular through a value proposition containing a business plan and SDG-aligned results chain (templates will be provided).

Starting 2022, the BPF goes from one to two annual editions. The application submission period now runs from March to October. The closing dates of the 2 editions and the timetable of the process can be found on the BPF website.

2.2. *Eligibility of the lead partner*

Participation in this call for projects is open on equal terms to private sector company or consortium of companies³ based in Luxembourg or Europe and registered in the commercial register of its country.

The lead partners must satisfy 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 EUR 500 000 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;

² * <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-List-of-ODA-Recipients-for-reporting-2024-25-flows.pdf>

³ This consortium may be a permanent consortium with legal status or a temporary consortium created for the purposes of this call for projects.

- minimum five employees at the time of submission of the project proposal;
- fulfil the conditions set out in the declaration on honor attached to the application form;
- comply with the “de minimis” regulation (see point 2.3).

Any 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 firm⁴ 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

Applications in both French and English will be accepted.

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

The application form includes general information about the lead partner, the local partner(s) and possible associated partner(s) 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 (stage 1)

⁴ 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.

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 application 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 i.e. the partnership

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 he 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 he is in compliance – for himself and the whole value chain in which he 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 on the achievement of the SDG.

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

The selection criteria include: the innovative nature of the project, the transfer of technology and/or know-how, the potential for job creation, green and inclusive growth. 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, provided 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 EUR 200 000 or EUR 100 000⁵ 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: the Ministry of Foreign and European Affairs of Luxembourg, the Ministry of Economy of Luxembourg, LuxDev, Luxembourg’s 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 and selection criteria

Only projects meeting the administrative eligibility criteria presented under section 2.2 will be analysed. 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 and respect i.a. 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)⁶. A formal commitment to the United Nations Guiding Principles on Business and Human Rights is considered as an advantage.
- Companies with a turnover above EUR 50 million per annum are expected to submit a due diligence assessment of their operations on the basis of the OECD methodology for Responsible Business Conduct (RBC).⁷ The release of the second tranche of subsidies of the selected companies will be contingent – in addition to the delivery of agreed upon results - on the submission of an RBC report.

⁵ <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32013R1407&from=EN>

⁶ Guiding principle 11 of the United Nations

⁷ <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

- Companies with a large footprint in the mineral sector (green energy, ICT), as well as in the sectors of apparel, construction, cement and animal-based protein will be asked to specify their due diligence approach on basis of a reporting template which will be provided by LuxDev. This also includes the development of a concrete action plan on the basis of findings from the reporting template. This action plan will need to be submitted during the request for the second tranche. LuxDev reserves itself the right to request other sector-based companies to also fill out the RBC reporting template. Any companies working on or with commodities that are covered by the EU regulation on deforestation-free products will also need to highlight their approach in ensuring deforestation-free products.

4.2. Selection of applications and second stage

All candidates will be informed in writing of the outcome of their application.

Candidates selected for stage 2 will receive instructions for the submission of full proposals and will then have approximately three months to submit their proposal. During this period, companies can benefit from assistance by Luxinnovation for the preparation of their detailed proposal, as per Luxinnovation's mandate.

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 selection committee in the second stage.

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