

COVID-19 Relief Program 2021

برنامج التعافي من جائحة كوفيد - ١٩

Overview لمحة عامة

About IPSD and TechStart

The Innovative Private Sector Development (IPSD) is a US\$22 million Ministry of National Economy project funded by the World Bank and implemented by DAI as the Project Implementing Agency (PIA). IPSD aims to support Palestinian startups, SMEs and entrepreneurs from the West Bank and Gaza through (i) developing a dynamic startup finance ecosystem, (ii) improving businesses access and linkages to international and regional markets, (iii) promoting government reforms and automating business registration, (iv) streamlining and providing a framework for home-based businesses, (v) supporting businesses to survive the COVID-19 Pandemic, and (vi) supporting a pilot developing an outsourcing hub in Gaza.

Palestine Technology for Youth and Jobs (TechStart) is the Ministry of Telecommunications and Information Technology (MTIT) Project funded by the World Bank (WB), and implemented by DAI as a Project Implementation Agency (PIA).

TechStart is a five-years, US\$15 million project with the objective of increasing economic opportunities for IT service firms in the West Bank and Gaza. The project has three major programs focusing on (i) strengthening the capabilities of firms and their workforces, addressing the capability shortfalls, information asymmetries, and other factors that dissuade firms from investing in capacity-building activities on their own, (ii) Providing competitive grants to encourage the entry of new, complementary actors into the IT ecosystem including HR IT and training service providers, support the technology and business infrastructure that IT service companies rely on to compete and (iii) stimulating demand through international market linkages and will encourage foreign direct investment in the West Bank & Gaza.

COVID-19 Relief Program Overview

IPSD and TechStart are forming a joint program to provide financial support to Palestinian companies struggling through the current COVID-19 pandemic. This support program is a sequel to the successful COVID-19 Rapid Response program concluded in 2020 also by IPSD and the Finance for Jobs (F4J) World Bank funded Project.

Although the 2020 program was successful, the pandemic continued to pose a threat to the Palestinian economy, and a new wave of closures meant that the threat is still present and that Palestinian companies can benefit from another round of financial support to weather the storm.

IPSD and TechStart are providing a business assistance intervention, which is a combination of financial support (grants) and non-financial support (Training, technical assistance) to enable companies to withstand and adapt through the continuing COVID-19 effects. In addition, grants can be awarded for online training courses that can help companies better utilize their resources under the current circumstances and even generate a new revenue stream through new business development. The financial support will be in the form of an In-Kind Grant covering up to four (4) months of salaries per beneficiary firm.

Program Details

Duration

The application window for this program will be open from July 28, 2021 until September 27, 2021

The grants will cover up to 4 months of salary support for each Beneficiary firm.

Target Group

The program will target:

1. Startups and SMEs with innovation-driven business models and/or technology/technology-enabled businesses, regardless of their sector, in accordance with the guidelines of IPSD's Environmental and Social Management Manual ([ESMM](#))
2. IT services firms from the Palestinian IT sector, in accordance with the guidelines of TechStart's Environmental and Social Management Framework ([ESMF](#)), to ensure broad outreach and impact within the local entrepreneurial ecosystem.

Grant Amount

Firms may receive up to USD \$50,000 each, for a maximum of 4 months.

Grant Structure – Financial Support

The financial support will be in the form of an in-kind grant agreement between the Project and the Beneficiary firm. The Project will be responsible for the procurement of eligible expenses under the grant agreement.

Eligible Expenses – Use of Funds

The COVID-19 Relief Grant funding shall be used solely for working capital (salary) purposes and shall not be used to repay any borrowings, make any dividends or bonus payments to staff, management, shareholders or consultants, or to pay any advisory, placement fees or bonuses to external advisers. Retroactive payments (i.e. payments in arrears) are not eligible:

Items	Cost-sharing and Conditions	Notes
Salaries	IPSD\TechStart Contribution: Up to 70% <ul style="list-style-type: none"> • Min./employee (registered company): \$350 per month • Max./employee (registered company): Up to \$1,500 per month • Period: up to 4 months 	<ul style="list-style-type: none"> • Full-time and Part-time employees with a signed contract • Calculation of program share will be exclusive of income tax. • Employee contracts must be signed prior to the grant agreement signing • Companies that are female-owned or female-managed can receive up to 80% cost sharing from IPSD/TechStart • Female employees can receive up to 80% cost-sharing from IPSD/TechStart
Technical Assistance	<ul style="list-style-type: none"> • 100% coverage of online training costs • 100% coverage of capacity building training sessions 	<ul style="list-style-type: none"> • The online course must support staff retention, growth, or resilience.

Non-Eligible Expenses – Use of Funds

The following are all considered as non-eligible expenses for the purposes of this program:

- Retroactive payments (i.e. payments in arrears)
- Any dividends or bonus payments to staff, management, shareholders, consultants, 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 ESMM/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
- Salaries of consultants and any other non-employees of the applicant
- Employee benefits, bonus, overhead

Non-Eligible Projects – Use of Funds

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

- Projects or activities that are classified under Category A and B in accordance with the exclusion list provided by the Environmental and Social Management Manual.
- Industrial related or construction activities, or any other activities that entail pollution generation, in accordance with the exclusion list provided by the Environmental and Social Management Manual
- Any of the following projects or activities:
 - 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

Selection Process

Firm Eligibility

To be eligible for support under this program, you must:

- be a legally registered IT services company; or
- a tech or tech-enabled startup or innovative SME that: (1) has legal registration; (2) is in the process of legal registration; or (3) is willing to commit to legally registering. (IPSD may provide technical support to eligible firms needing assistance in registration with MoNE); and
- have been operational (paying salaries, providing services, etc) for at least 6 months prior to the submission of the application; and
- revenues for the previous 3 years shall not exceed USD 5,000,000 annually; and
- have low or no environmental impact in accordance with ESM standards of both projects.

Program Selection Criteria

- Demonstrated effect of COVID-19 Pandemic on the company, including impact on revenue, staff and markets.
- Proper financial planning and management: Applicants provide financial statements for 2019, 2020 and 2021 projections, (audited financial statements for previous period are preferred). For applicants with less than two years of operations, confirmed historical data for their period of operations must be provided (3 months at a minimum).

- Proven and sound management experience: CVs for the management team credentials will be reviewed to establish credibility and value added.
- Sound Business Model: The application's background summary must clearly articulate a sound business model that demonstrates that a start-up or an SME is innovation-driven and technology/tech-enabled business or IT Service.
- Clear and credible plans for recovery post Covid-19 in the application. Demonstrate the positive impact of the fund on resilience, sustainability and staff retention. It is recommended, (although not required), that applicants attach a business plan and/or pitch deck presentation (if such materials are available).

Applicants will be given additional consideration during evaluation for their relevance to IPSD and TechStart project's objectives, namely that applicants:

- Request support for salaries of female employees
- The company is owned or managed by a female
- Demonstrate how this assistance will help keep the job of an employee under the risk of layoff, along with a plan for sustaining the job after the subsidy is over

Note: Beneficiaries of the 2020 COVID-19 Rapid Response who failed to provide the close-out report including M&E data will be required to provide the necessary reports for the previous program and to commit to provide the report for the current program.

In evaluating what constitutes an "Innovative Startup or SME", IPSD will use the definition of innovation based on the "Oslo Manual", 3rd edition, 2005, which indicates:

- Product innovation:** the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics. Product innovation can utilize new knowledge or technologies or can be based on new uses or combinations of existing knowledge or technologies.
- Process innovation:** the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software. Process innovation can be intended to decrease unit costs of production or delivery, to increase quality, or to produce or deliver new or significantly improved products.
- Marketing innovation:** is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing. Marketing innovations are aimed at better addressing customer needs, opening up new markets, or newly positioning a firm's product on the market, with the objective of increasing firm's sales.
- Organizational innovation:** the implementation of a new organizational method in the firm's business practices, workplace, organization or external relations. Organizational innovations can be intended to increase a firm's performance by reducing administrative costs or transaction costs, improving workplace satisfaction (and thus labor productivity), gaining access to non-tradeable assets (such as codified external knowledge) or reducing costs of supplies.

Application Content

Firms applying for the program must complete the [online](#) application and provide all the required documentation as requested through the online application form.

Application Instructions

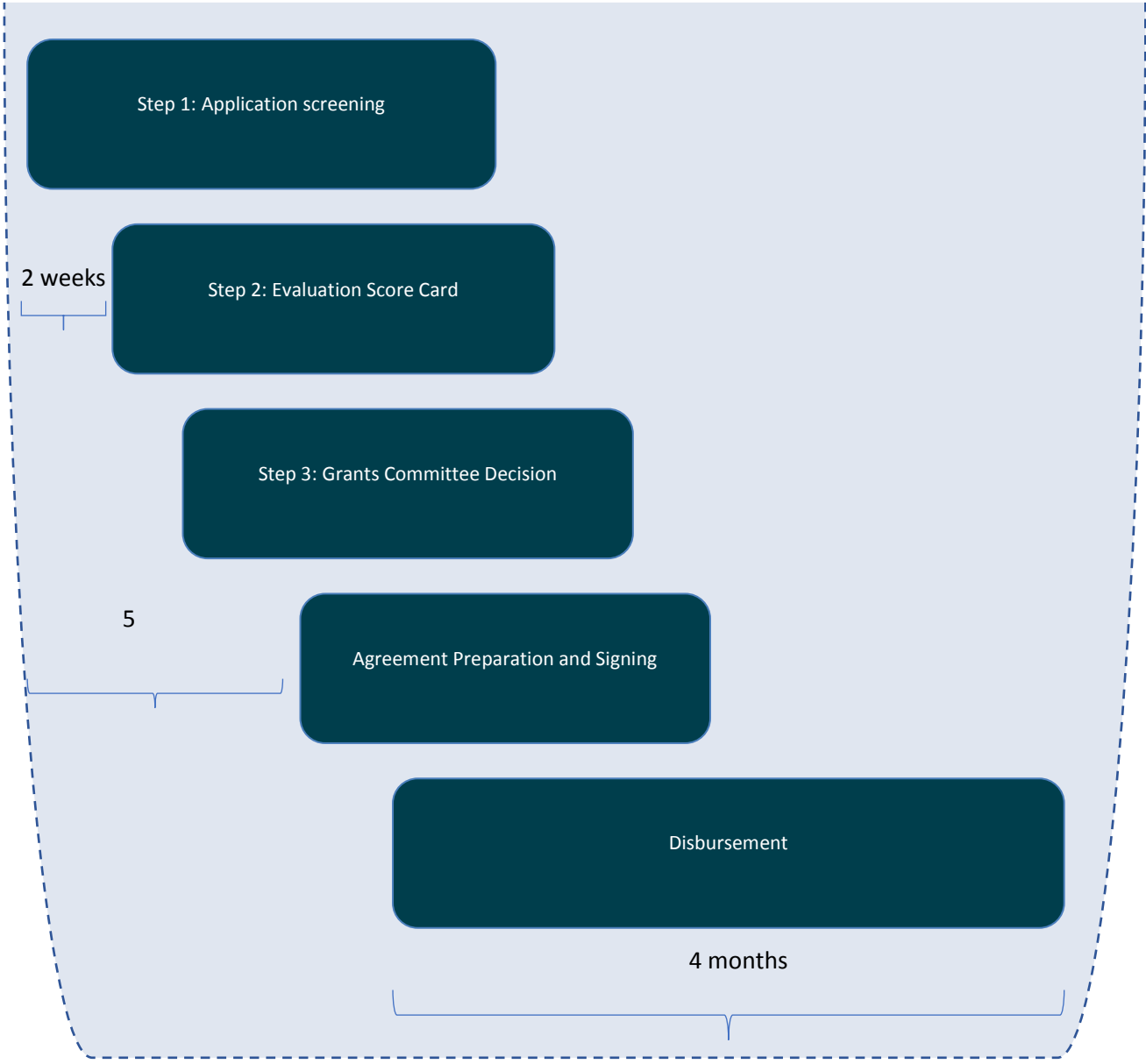
While completing the online application, applicants should consider the following:

- There can only be one application per company submitted
- 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: 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 will be considered for eligibility
- Uploading Documents:
 - The applicant firms may be asked to revise or provide additional information to their application by DAI representatives
 - Applicants are solely responsible for all relevant documents being uploaded in the appropriate sections of online portal

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

Application Review & Selection Process

Applications will be processed on a rolling basis, and evaluated based on eligibility and selection criteria, which focus on effects of COVID-19 on the business operations.



Disbursement

Disbursement of funds for salaries occur monthly and each beneficiary will be informed of the required documents that must be submitted and approved prior to the fund disbursement. These funds will be transferred directly to the bank accounts of the individual employees.

Termination of Grant Agreements and Funding

A grant may be terminated, and a grant beneficiary 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 as listed above
- uses the grant funds to fund non-eligible projects as listed above
- 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 the program
- fails to cooperate with the program or WB auditors
- violates any of the Environmental & Social Safeguards stated in the Grant Agreement

In addition, the project may be terminated for any reason by the MoNE, MTIT, or WB

Conflicts of Interest

All procedures for approval for grant funding will be done with the utmost diligence and any conflicts of interest declared. Any DAI 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 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

All program beneficiaries are expected to follow regular monitoring processes. The aim is to strengthen self-assessments of progress, improve documentation of the implementation processes, and facilitate timely modifications as needed.

Upon the completion of the grant, a Closeout Report shall be completed by the grantee and submitted to DAI.