MEDSt@rts - Med microfinance support system for start-ups

Announcement of selection

Call for expression of interest

**Partner** Leaders International

**Deadline** 31/07/2020

**Background**

MEDSt@rts - *Med microfinance support system for start-ups* - is a project funded by the European Union's ENI CBC Med Programme launched in October which will close in April 2022. The countries involved are: Italy, Greece, Tunisia, Palestine and Lebanon and the project partnership is made up of 7 organisations.

For each country, specific areas of intervention have been selected, characterized by a high level of structural unemployment - with a consequent slowdown in growth - and significant gender disparity. From an access to credit point of view, SMEs in the Southern Mediterranean face more credit constraints than their counterparts in medium and high-income economies. Innovative SMEs led by young entrepreneurs are often cut off from external sources of finance, making it extremely difficult for them to start a business.

That's why **MEDSt@rts intends to support local entrepreneurs by supporting access to credit for people who are usually not eligible** and developing an innovative support model that can be easily replicated in different contexts.

Specifically, the final objective of the project will be to support the creation of 15 companies per target country. The consequent increase in the number of start-ups in the reference market would not only create new jobs but also increase the volume of new goods/services sold.

Furthermore, the implementation of the project at the local level (with the active involvement of local stakeholders) will give the beneficiaries of the project the opportunity to bring out their entrepreneurial creativity, responding to needs that have so far remained unsatisfied. At the same time, it constitutes value added to the transnational comparison, guaranteed by the creation of a network of microfinance participants within the MEDSt@rts programme.

In concrete terms, MEDSt@rts addresses **young and highly motivated people with innovative ideas** – usually high-risk companies – and supports them in developing their business. For this reason, the final beneficiaries of the project will be young, unemployed people and/or aspiring entrepreneurs, early stage companies and undeclared market enterprises which will be supported for the start-up and development of their entrepreneurial business.

The MEDSt@rts project and Leaders International Organization, acting as the reference partner for Palestine, launch this Call to select 25 unemployed and aspiring entrepreneurs in Palestine, interested in undertaking a highly innovative entrepreneurial path.

1. Objectives of the call

The general objective of this call for proposals is to identify and select 25 aspiring entrepreneurs with an innovative entrepreneurial idea to be perfected and developed, thanks to the support of the MEDSt@rts project.

The aspiring entrepreneurs selected will be involved, according to the steps and methods described in article 3, in an entrepreneurial path of training and accompaniment, with the final goal of obtaining financial support for the business idea.

This call is in line with the objective of the project which is to develop complementary support measures for innovative companies.

The intervention will have an important economic and social effect, contributing to the creation of an environment conducive to entrepreneurship, innovation and employment. In particular, this call will support the selected projects in a structured process which guarantees the following steps:

1. training (joint training program of business incubation, web seminars, mentoring service)
2. field training (thanks to the active support of local groups) to improve skills, abilities and entrepreneurial aptitude;
3. final financial advice;
4. financial subsidy.

2. Recipients and target sectors

The recipients of this notice are unemployed young people (18-40 years) and companies that have started entrepreneurial activity for a maximum of 4 years, whose partners or owner (in case of sole proprietorship) have an average age between 18-40 years and who want to develop an innovative business idea in the following sectors: digitalisation, agri-food, eco design, craftsmanship, cultural heritage, tourism, personal services, Green Enterprises, Isolation Economy ideas, Education, Social Enterprises.

Due to the current difficult situation caused by the COVID-19 pandemic, we decided to broaden the target sectors originally included in the MEDSt@rts project, adding the abovementioned sectors of cultural heritage, tourism and personal service, which have been particularly hit by the current crisis.

Single applications and team applications are allowed. Applicants can submit more than one application under this call but cannot receive more than one grant.

3. Path and phases of the project

The best business ideas selected, up to 25, will then be engaged in a path of joint orientation linked to the strengthening of entrepreneurial skills and competences which are necessary to define/refine a valid business idea and a successful business path.

The path offered by MEDSt@rts includes the following phases:

**Phase 0 - Selection of Business Ideas**: the best business ideas, up to 25, that will be able to participate to the MEDSt@rts path and to compete for the awarding of the sub-grants, will be selected.

**Phase 1 - Pre-Treatment**: preselected applicants will be involved, with the help of experts and project partners, in the following activities:

* launch and organization of the group – Group setting;
* active listening to the motivations of aspiring entrepreneurs;
* identification of skills;
* analysis of business ideas;
* business plan draft;
* support for the first sketch of the business profile by the psychologist and by the organization

**Phase 2 - Field Training**: after having reached a well-defined business idea and having drawn a clear profile of all aspiring entrepreneurs, the preselected participants will be guided along a path *peer to peer* with the involvement of local authorities, associations, businesses. In particular, voluntary groups (n.1 per target area) will be activated to represent several parties that are involved and 4 meetings will be organized between the pre-selected groups and participants to facilitate the analysis of local demand, the exchange and improvement of the business ideas according to market needs;

**Intermediate selection**. At the end of phase 2 the pre-selected candidates – supported by project partners – will improve, detail and develop the original business idea. The improved business plans will then be further judged by an evaluation committee composed by experts and representatives of the partner of reference who will select 15 candidates for the next phase according to the criteria listed in par. 5.

**Phase 3 - Training and Mentoring:** 15 candidates will be involved in a training activity which consists of:

* n.1 : joint training program of business incubation, lasting about 60 hours (6h every 10 days) and focusing on a specific business sector, according to the business plan selected
* n.6 themed web seminars (about 18 hours), available online;
* n.1 mentoring service (50h per candidate): will provide professional consultancy for the target group and will focus on the following: skills training, company orientation, professional contacts or problem solving. Virtual tutoring (videoconference, internet, e-mail) and face-to-face mentoring support are provided.

Training sessions will take place at Leaders International’s office in Ramallah. However, if that might subject participants to endangering themselves and others due to the Coronavirus outbreak, training sessions will be completed through online tools.

The output of Phase 3 will be the design of the definitive Business Plan.

**Final selection and funding of business ideas.** Those who have successfully completed phase 3, will compete for the assignment of the financial support for their business idea (subgrant), for an amount not exceeding € 10.000,00.

1. Sub-grant

The overall financial budget of the call is € 150.000. The call will allocate grants to 15 business ideas. The subgrant cannot exceed the amount of € 10.000 for each business idea.

Leaders International reserves the right to not allocate all available funds.

The subgrant will take the form of a lump sum, under the simplified costs option, and will cover costs related to:

* administrative and legal procedures for opening a new business;
* human resources;
* costs for patents or trademarks registration;
* costs that are directly and unequivocally attributable to the implementation of the proposed business project, (e.g. equipment, prototype, feasibility studies) within 5 months from the granting of the subsidy.

The decision to use the simplified costs method is justified by the need for administrative simplification for small and medium businesses, especially newly established ones.

The expenditure of the lump sums by the beneficiaries will have to comply with the following upper limits for each expense category:

* (only for new enterprises) € 2.000 maximum for setting up the business. Costs are calculated on the basis of an average that takes into account the maximum and minimum expected costs;
* € 1.000 maximum for registering trademarks and patents;
* € 2.000 maximum for communication and promotion of the ideas, quantified according to market estimates;
* € 3.000 maximum for equipment materials, quantified according to market estimates;
* € 5.000 maximum for human resources hired for the activities envisaged in the business project, assuming a commitment of about 4 months of activity;
* € 1.000 maximum for operating costs calculated on the basis of market estimates for administrative costs.

In order for Leaders International to be able to verify the correct expenditure of the sums granted, the sub-grantees will have to link each expense of the provisional budget to a specific attended result of their business plan. At the end of the project period (see art. 12) they will have to report proofs of the implementation of the planned actions.

The evaluation committee and the project beneficiary shall decide whether to accept the proposed amounts or rates on the basis of the provisional budget submitted by the applicants, by analyzing factual data of grants carried out by the applicants or of similar actions.

The sum granted may not be used to finance actions which have already been completed, or which commenced prior to the award of the sub-grant. The financed activities must produce a measurable output before the deadline of the project: December 2021.

The rules for granting, selecting and implementing the funded actions will comply with the rules of the ENI CBC Med program, (available at this link <http://www.enicbcmed.eu/new-handbook-management-sub-grants?fbclid=IwAR1iidNjZuwj91TwseVBpa0N8aMI-QNM7C3lMsPbVmHjMxuzkW84QCg6b5c> ).

4.2 Payments shall be made as follows:

-A budget allocation plan containing the timeline and distribution of each payment according to the cost category mentioned below, shall be set prior to the drafting the subgrant and it cannot be changed or modified afterwards. Beneficiaries may allocate the grant over the following categories without exceeding the maximum amount of € 10,000

* (only for new enterprises) € 2.000 maximum for setting up the business. Costs are calculated on the basis of an average that takes into account the maximum and minimum expected costs;
* € 1.000 maximum for registering trademarks and patents;
* € 2.000 maximum for communication and promotion of the ideas, quantified according to market estimates;
* € 3.000 maximum for equipment materials, quantified according to market estimates;
* € 5.000 maximum for human resources hired for the activities envisaged in the business project, assuming a commitment of about 4 months of activity;
* € 1.000 maximum for operating costs calculated on the basis of market estimates for administrative costs.

- Payment for each milestone will be given in advance once the deliverables for the previous payment are met.

**\*\*\* If the total amount of funds from each cost category fails to reach the maximum amount of € 10,000, excess funds will be lost.**

* Failing to complete all stages of the programme, will oblige beneficiaries to refund all funds received.
* Consultancy support to find the most suitable and available financial solution within the local market

5. Evaluation criteria and scoring methods for the stages of the course

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| **Phase 0:** selection of business ideas. The best business ideas, that will be able to access the entire MEDSt@rts path, will be selected. |

Applications will be examined and judged by an evaluation committee with the possible help from external experts. The evaluation process will be comprised of the following steps.

**Administrative control**

The following aspects will be assessed:

* If the deadline has been met. Otherwise, the application will be automatically rejected.
* If the application meets the admissibility criteria set out in section 5 (verification of the attachment A). Otherwise, the application will be automatically rejected.

**Evaluation of the application**

Applications that are complete and correct from an administrative point of view will then be admitted to the qualitative assessment (Annex B).

The evaluation criteria, shown in the grid below, are aimed at assessing the operational and financial capacity of the applicants, as well as the quality of their business ideas, especially in relation to the objectives of this notice and to the general objectives of the MEDSt@rts project

**Evaluation grid**

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| --- | --- |
| Section | Maximum score |
| **Evaluation of the applicants** | |
| **1. Experience** | 10 |
| 1.1 Do the candidates have a sufficient level of education in the sector of their business idea? | 4 |
| 1.2 Do candidates have sufficient work experience in the sector of their business idea? | 4 |
| 1.3 Do candidates have specific skills in the sector of their business idea? | 2 |
| **2. Composition of the team** | 18 |
| 2.1 40% of the team members are aged between 24-35 | 5 |
| 2.2 The legal representative is aged between 24-35 | 5 |
| 2.3 At least 40% of the team is female | 5 |
| 2.4 The team includes at least one disabled person | 3 |
| **3. Motivation** | 10 |
| 3.1 Are applicants sufficiently motivated in relation to their investment strategy and to the MEDSt@rts project actions? | 5 |
| 3.2 Indicators of socio-economic vulnerability:   * established activity in the shadow economy * proven difficulty in accessing traditional credit | 5 |
| **Evaluation of the business idea** | |
| **4. Relevance** | 10 |
| 4.1 How relevant is the proposal for the objectives of the MEDSt@rts project? | 5 |
| 4.2 How relevant is the proposal for the particular common needs and constraints of the target area? | 5 |
| **5. Innovation** | 8 |
| 5.1 Does the business idea develop new technologies?  (research or development of a new product or development of a new process) | 4 |
| 5.2 Does the business idea aim to use an eco-innovation strategy or can it be considered an eco-business? | 4 |
| **6. Sustainability of the action** | 12 |
| 6.1 Is the action likely to have a tangible impact? | 4 |
| 6.2 Is the action likely to have multiplier effects, scope for replication, extension, capitalisation on experience and knowledge sharing? | 4 |
| 6.3 Are the expected results of the proposed action sustainable? (e.g. financially, institutionally, environmentally, etc.) | 4 |
| **7. Financial plan, cost-effectiveness of the action and profitability** | 12 |
| 7.1 Is the cost estimate consistent with the description of the activities? | 4 |
| 7.2 Is the ratio between the estimated costs and the results satisfactory? | 4 |
| 7.3 Does the financial plan demonstrate a sufficient profitability of the project? | 4 |
| **Maximum total score** | 80 |

A maximum number of 25 participants will be selected, and up to a maximum of 5 others will be kept as reserves in case of cancellation from the selected participants. The evaluation will guarantee gender equality and equal opportunities in general.

**Interviews**

Candidates who obtain a score of at least 50 points out of 80 will be interviewed with the aim of assessing their motivations, attitudes and expectations, in relation to their proposed business idea. Candidates will be interviewed individually, for about 30 minutes each.

Interviews will take place on the project partners’ premise. In the event that the interviews cannot be conducted in person for health security reasons related to the containment of Covid-19, they will be carried out through video calling systems.

Each candidate will be given a score on a scale from 01 (poor) to 20 (excellent), based on the results of the interviews. This score will be added to the partial score obtained in the previous evaluation phase and the final ranking will be drawn up.

At the end of phase 2 pre-selected candidates will have to go through an intermediate selection, whose evaluation criteria are described below. At the end of the intermediate selection, only 15 candidates will continue on the MEDSt@rts project.

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| **Phase 2 - Intermediate selection.** Participants will be judged by an evaluation committee, consisting of a mixed committee of experts and representatives of the reference partner, which will select 15 candidates for the next phase, according to the following criteria |

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| Criterion | Maximum score |
| **Attendance to activities** | **30** |
| Attendance above 80% | 30 |
| Attendance between 50% and 80% | 15 |
| Attendance between 50% and 30% | 5 |
| Attendance below 30% | 0 |
| **Objectives of the business idea** | **30** |
| Are the objectives of the business idea aligned with those of the MEDSt@rts project? | 15 |
| Do the objectives of the business idea meet the needs and requirements of the target area? | 15 |
| **Quality of the Business Plan** | **20** |
| Quality and consistency of envisaged actions and measures | **6** |
| Innovation | 4 |
| Financial sustainability | 6 |
| Socio-economic impact on the context of reference | 2 |
| Estimated impact on employment | 2 |

**Motivational interviews**

All participants will be called for an interview with the aim of assessing their intentions to continue the course as well as their expectations. Candidates will be interviewed individually, for about 30 minutes each. Each candidate will be given a score on a scale from 01 (poor) to 20 (excellent), based on the results of the interviews.

At the end of the evaluation, the final ranking will be drawn up.

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| **Final selection and funding of business ideas.** At the end of the training path, business ideas will be evaluated for the allocation of financial support (subgrant) according to the following criteria |

**Evaluation Grid**

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| Criterion | Maximum score |
| **Attendance to activities** | **20** |
| Attendance above 80% | 20 |
| Attendance between 50% and 80% | 10 |
| Attendance between 50% and 30% | 5 |
| Attendance below 30% | 0 |
| **Quality of the Business Plan** | **70** |
| **Level of detail of envisaged actions and measures** | **30** |
| Innovation | 10 |
| Financial sustainability | 10 |
| Socio-economic impact on the context of reference | 10 |
| Estimated impact on employment | 10 |
| **Feasibility of the idea** | 10 |
| Immediately feasible project | **10** |
| Project feasible in 6 months | 5 |
| Project feasible in 12 months | 0 |

6.Eligibility criteria

**6.1 Eligibility of applicants**

**Lead partner/team members or co-applicants need to meet the following requirements:**

- Natural persons resident in Palestine, unemployed or first-time jobseeker **(18-40 years)**

- Legal persons with registered office in Palestine **which have started the entrepreneurial activity for a maximum of 4 years, whose partners or owner (in case of sole proprietorship) have an average age between 18 and 40 years.** In the case of a team, a lead applicant must be identified to manage the administrative and financial relations with Leaders International;

- Existing companies must not exceed the ceiling of 200.000 euros in state-aid over a period of three fiscal years, according to the de minimis rule set by the regulation (EC) 1407/2013;

- The lead applicant must be directly responsible for the preparation and management of the action with the co-applicant(s);

- The lead applicant must declare that he/she and the co-applicants are not in situations of exclusion in accordance with Article 52.2.vi of the ENI CBC MED Implementing Rules.

To ensure equal treatment of applicants, the project partner cannot give a prior opinion on the eligibility of applicants, co-applicants, or an action.

**6.2 Eligibility of the sector**

The business idea should cover the following sectors: digitalisation, agri-food, eco design, craftsmanship, cultural heritage, tourism, personal services, Green Enterprises, Isolation Economy ideas, Education, Social Enterprises.

7. Visibility

The recipients will have to take all necessary measures to publicise the fact that ENI CBC Med financed or co-financed their business.

8. Ethical causes and code of conduct

a) Absence of conflict of interest

The applicant should not have any conflicts of interest. Any attempt by an applicant to obtain confidential information, to enter into illegal agreements with competitors or to influence the evaluation committee during the process of examining, verifying, evaluating and comparing applications will result in the rejection of their application and may result in administrative penalties.

b) Respect for human rights, environmental legislation and basic labour standards

The applicant and their staff must respect the human rights. Specifically and in accordance with applicable law, applicants must comply with environmental legislation, including multilateral environmental agreements, and the basic applicable and defined standards of the labour in the conventions of the International Labour Organisation (such as the conventions on the freedom of association and collective bargaining; the elimination of forced and compulsory labour; the abolition of child labour).

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| **Zero tolerance for sexual exploitation and abuse:**  The European Commission applies a "zero tolerance" policy in relation to all illegal behaviour. Abuse or physical punishment, threats of physical abuse, abuse or sexual exploitation, harassment and verbal abuse, as well as other forms of intimidation are prohibited. |

c) Anti-corruption

The applicant is required to comply with all applicable laws and regulations and codes relating to the fight against corruption.

d) Violation of obligations, irregularities or fraud

La Fondazione di Sardegna has an obligation to monitor possible violations of obligations, irregularities or fraud that may occur.

9. How to submit the application and the procedures to be followed

Recipients interested in this process are invited to submit an application using **the application of participation** attached to this invitation (**Attachment A**). Applicants must strictly adhere to the format of the form and fill in all sections. Candidates can submit their application in Arabic. Handwritten applications will not be accepted.

With the application, the applicant must present the business idea by filling in the appropriate form (**attachment B**).

No additional attachments should be sent**.**

10. Where and how to submit applications

Applications (Attachment A and Attachment B) must be sent in electronic format to the following e-mail address: r.abdalkader@leadersinternational.org

In the event that applicants send more than one application, they must be sent separately.

The subject of the e-mail must **include the following wording: "Application form and business plan - MEDST@rts"**

Incomplete applications will be rejected.

The deadline for submitting applications is Wednesday, July 31st 2020 at 16:00.

***Learn more about complete applications***

Questions and requests for clarifications can be sent by e-mail, at the latest 5 calendar days before the deadline for the submission of the application, to the following e-mail address r.abdalkader@leadersinternational.org clearly indicating the reference to the call for proposals.

11. Transparency

The final ranking resulting from each selection phase will be published on the project’s website (<http://www.enicbcmed.eu/projects/medstarts>) with due observance of the requirements of confidentiality and security.

**Appeal procedure**

If a non-selected candidate believes its ranking is incorrect, they have 7 calendar days to engage an appeal procedure. The appeal cannot be used as an opportunity to provide new information or to repeat a step of the selection process. During the appeal the application and/or the selection process are not given a full re-evaluation, but will only be checked for errors highlighted in the process.

Participants must submit their appeal via e-mail to r.abdalkader@leadersinternational.org, stating clearly the reason for their appeal and clearly describing the error(s) identified.

12. Calendar indicating activities

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| Time limit for the submission of applications | 31st July 2020 |
| Information to applicants | August 2020 |
| Interviews | September 2020 |
| Final List | September 2020 |
| Phase 1 Pre-Treatment | September - October 2020 |
| Phase 2 Field Training | October – November 2020 |
| Phase 3 Training and Mentoring | December - March 2021 |
| Grant | May 2021 |
| Signing of the contract | April 2021 |
| Establishment of MEDSt@rts companies | December 2021 |

This timeline, and anything in the document, could change.

13. Attachment list

* Annex A Application Form
* Annex B Business idea
* Annex 1 De Minimis Declaration
* Annex 2 Declaration of impartiality and confidentiality
* Annex3 Subgrant contract template
* Annex 4 Financial Report