

Information Sheet

Demo Environment Programme

2016-2019

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Financing innovative technology for new markets

Environmental and climate change affects people living in poverty to a greater extent than less vulnerable groups. In many developing countries there is an increasing demand for sustainable technical solutions within areas such as energy, waste management and water treatment, which reduces the environmental impact of the local communities and contributes to improving the living conditions for people living in poverty. Technology transfers between countries can be a way of identifying and spreading new solutions and increasing knowledge about them.

The Demo Environment programme funds international technology transfers involving buyers in the following 14 countries:

- Africa: Kenya, Mozambique, Tanzania, Zambia
- Asia: Bangladesh, Cambodia
- Latin America: Bolivia, Colombia and Guatemala
- Western Balkans: Bosnia and Hercegovina, Serbia
- Eastern Europe: Georgia, Moldova, Ukraine

The programme's emphasis is on cleantech products, systems, processes, and services which offer clear advantages over competing solutions in the following focus areas:

- Water
- Sanitation
- Ecosystem services
- Energy
- Urban development

Planning Grants are awarded to help entrepreneurs explore new markets and research their technology's impact on the environment and poverty reduction. In Demonstration Projects, local actors receive financing to help them import technologies which offer solutions to local environmental challenges.

Grants are awarded on a competitive basis. The Seller in a partnership can apply for a Planning Grant, and the Buyer can apply for a Demonstration Project grant. However, a partnership may not submit applications for both grants during a single call for applications.

The Demo Environment programme is financed by The Swedish Agency for Development Cooperation (Sida), and has been managed by The Swedish Agency for Economic and Regional Growth (Tillväxtverket) since 2007.

Planning Grants

A Planning Grant can help the project owner strengthen their partnerships and explore new market opportunities for their technology or business model. A new market means a market where the project owner does not have an established presence or a local distributor.

Eligibility

Applicants must fulfil the following eligibility requirements:

- The main applicant must be a company or organisation based outside one of the 14 countries, and its partner organisation (the potential customer) must be legally registered in the project country.
- The partners must have signed a Memorandum of Understanding or similar agreement before applying.
- Companies or private organisations applying must have at least 3 employees. We particularly encourage applications from small and medium-sized enterprises.
- Both partners must exhibit sound finances and a reasonable turnover. They must also both have been operating for about three years.

Note that no organisation, private or public, is eligible for funds if it is involved in any of the following:

- The manufacture of arms and/or their components
- The tobacco industry
- The alcohol industry

Projects must fulfil the following eligibility requirements:

- The project's activities involve exploring new market opportunities, understanding local conditions and strengthening partnerships.
- The project involves the introduction of new environmental technology or business models in one of the 14 available countries.
- The technology in question has already been proven and sold in another market.
- The project is at least six months and not longer than one year.
- The project has integrated a multidimensional poverty perspective as well as a gender equality perspective.

The following are examples of suitable project activities:

- Feasibility studies or market research investigating rules and requirements relevant to the project country
- Meeting with partners and other local stakeholders to draw up business plans or plan joint activities and projects
- Capacity development and sharing of knowledge between the partners

Funding

Examples of the costs that can be covered by a Planning Grant are:

- External services
- Travel to the project country
- Project auditing and accounting

The maximum grant amount for Planning Grants is SEK 350,000. Co-financing is not required for Planning Grants, although it may be considered favourable during the selection process.

Ineligible Costs

The following costs are not eligible for funding and will not be reimbursed:

- Any costs incurred before the decision to award the grant is made
- Wages and salaries for staff
- Input materials intended for the continuous production of goods or services
- Direct investments in inventory, real estate or land intended for the continuous production of goods or services
- Overheads
- Financial transaction fees, foreign exchange fees, interest payments, and other financial expenses
- Representation and per diem for workshop participants
- Duties, taxes, and statutory charges
- Study visits from the project country to the technology provider/applicant
- Indirect costs

Demonstration Projects

Demonstration Projects are international technology and knowledge exchanges involving new and sustainable solutions which positively and measurably impact the environment and poverty reduction.

Eligibility

Applicants must fulfil the following eligibility requirements:

- The main applicant (the Buyer) must be a company or organisation based in one of the 14 available countries.
- The Buyer must have identified an international partner (the Seller) that offers the technology they want to import.
- The Buyer and Seller should have signed a purchase agreement before the full application is submitted.
- Companies or private organisations applying must have at least 3 employees. We particularly encourage applications from small and medium-sized enterprises.
- Both partners must exhibit sound finances and a reasonable turnover. They must also both have been operating for about three years.

Note that no organisation, private or public, is eligible for funds if it is involved in any of the following:

- The manufacture of arms and/or their components
- The tobacco industry
- The alcohol industry

Projects must fulfil the following eligibility requirements:

- The technology demonstrated must be new to the country (or the specific context of use).
- The technology demonstrated must already have been tested and sold in another country.
- The required co-financing must be in place.
- The project must be at least one year and not more than two years.
- The project must have measurable positive effects on the environment, poverty reduction and gender equality.

Funding

Examples of the costs that can be covered by Demonstration Projects grants are:

- Equipment purchases
- Training of staff that will operate the equipment
- Services required to transport, install, and get the technology up and running
- Communicating project results and information about the technology in order to awaken interest

Technology or equipment investments should make up a substantial proportion of the total project cost.

The grant can range from SEK 500,000 to 1,800,000. Tillväxtverket can fund up to 50 per cent of your invoiced costs for equipment, and up to 80 per cent of your invoiced costs for services. The remaining costs must be co-financed either by the applicant or by identified and confirmed private or public sources.

How will the grant be paid?

Tillväxtverket pays the approved costs retrospectively and the Grant Recipient must show that all project costs within each tranche already have been paid. The Grant will be disbursed as follows:

20 %- of the approved grant after the technology has been **ordered from the partner**

60 % - of the approved grant when the technology **is in use** and an onsite **monitoring inspection** has been conducted

20 % - of the approved grant after marketing and communication activities have been carried out in accordance with the agreed project plan

Ineligible costs

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- Direct investments in inventory, real estate or land intended for the continuous production of goods or services
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- Representation and per diem for workshop participants
- Duties, taxes, and statutory charges
- Indirect costs

Calls for applications

Calls for applications have been announced on Tillväxtverket's website. Two calls have been made each year from 2016 until the spring of 2019. There will be no more calls for application within Demo Environment III.

Assessment of applications

Applications have been reviewed and scored by the Swedish Agency for Economic and Regional Growth (Tillväxtverket) and its partners. Applications have been scored based on six key areas:

- Impact
- Technical solution
- Market potential and commercial viability
- Partners
- Project plan, budget and risks
- Additionality

Impact

The project must be very likely to have a direct or indirect measurable impact on the environment and the reduction of poverty. It must also be potentially replicable. Further, it must be demonstrated that the project and the technology transfer will address genuine needs present in the project country. Also, how well the project aligns with national, local, and Sida priorities relevant to the project country has been considered. Additional points have been awarded if the project will help promote gender equality. Outcomes predicted in the applications should be measurable, and project performance will be monitored throughout the project period.

Technical Solution

The technology should be new to the country or context of use, but previously tested and sold in a different market. We have looked at how and why the technology differs from and is preferable to any solutions currently in use in the project country. If possible, the benefits of the solution should be illustrated by showing on results from previous studies and projects relevant to the project country.

Market Potential and Commercial Viability

How well the project owner has researched the technology's market potential and the project's sustainability after the project period has been part of the assessment. Also the project's potential for replication and scalability, as well as the project owner's plan for communicating any new knowledge that is gained during the project has been assessed.

Partners

The project must be developed and implemented by a partnership involving at least two partners: A Buyer and a Seller. Both parties must have a proven interest and capacity to see the project through.

Project Plan, Budget and Risks

The feasibility of the project plan's activities, budget and timeframe has been part of the assessment. Other important factors are the project's cost effectiveness and how clearly it has been stated how an awarded grant would be used. The project owners' assessment of internal and external risks and plans for overcoming them, is also

reviewed.

Additionality

The project owner must show that the project is unlikely to be carried out in the planned way, timeframe, or scope if not awarded a grant from Demo Environment.

Decision process

All grant decisions have been made by the Swedish Agency for Economic and Regional Growth (Tillväxtverket) in consultation with Sida and other partners. A list of grants awarded is published at www.tillvaxtverket.se.

Payments and Reports

Requests for Payment

Payments are made retrospectively, and based on paid, actual costs. All requests for payment must include a narrative progress report which links all costs to performed activities.

Before any payment can be made, a Request for Payment form must be submitted. The form is available for download from www.tillvaxtverket.se/demoenvironment. It must be signed by a registered auditor. An audit certificate verifying the accuracy of your attached financial statements must also be included. The audit certificate should be made in accordance with the internationally recognized audit standards issued by IAASB. The sample Terms of Reference for audit available at the link above must be used when engaging an auditor.

Financial reports must be submitted in Swedish krona (SEK). Any conversion of local currency into SEK must be documented in writing, and is subject to Tillväxtverket's approval.

Narrative Reports

One Narrative Report is required for a Planning Grant, while a minimum of three Narrative Reports are required for Demonstration Project grants. These reports are to follow the template provided by Tillväxtverket, and focus on your performance and progress in relation to the objectives stated in your application. Tillväxtverket will also carry out monitoring visits.

Changes to your Project

Tillväxtverket requires advance notice of any substantial changes to your project plan or the activities in it. If you make such changes without first consulting with Tillväxtverket, all or part of your grant may be cancelled. You may also be required to repay the grant.

Integrating cross-cutting issues

All projects within the Demo Environment programme must show on effects on the environment and climate, poverty and gender equality. Below you can read about how to integrate these cross-cutting issues in the planning, implementation and follow-up of your project.

Environment and Climate

Projects within the Demo Environment programme involve technologies that can help solve relevant environmental problems in the project countries. Below you find questions you can use to describe how your project relates to the Demo Environment programme's five thematic priorities. For more information and tools regarding integration of environment and climate change perspectives in your project see [Sida's Green Toolbox](#).

Overarching questions

- What is the environmental and/or climate issue that your project will address?
- What natural resources is the project dependent on?
- How the project develop products, services or solutions that are new and innovative in the context, and that reduce stress on the environment?
- How do you plan to follow up the effects that the project has on the environment, in the short and long term?
- In what way will the effects of the project be measured?
- What actors work with environment and climate in the project context and is there an opportunity for exchange of experience and knowledge transfer?

Climate change/adaptation

- Does your project contribute to strengthened institutional capacity to integrate climate adaptation and climate risks, including resilience to environmental impact and climate change?
- Does your project contribute to reduced greenhouse gas emissions and air pollution?
- Does your project contribute to increased adaptation to and resilience to climate change?

Sustainable use and management of eco-system services

- Does your project contribute to more sustainable use and management of natural resources?

Improved access to sustainable energy

- Does your project contribute to increased access to cost- and energy-efficient, sustainable and renewable energy alternatives?

Sustainable water and sanitation management

- Does your project contribute to increased institutional capacity for more cost-effective and sustainable use of water resources?
- Does your project contribute to strengthened local, national and regional water resource management?
- Does your project contribute to reduced negative impact on drinking water caused by chemical substances and other types of pollutants?

Sustainable urban development

- Does your project contribute to increased institutional competence and capacity to design policies and plans for sustainable urban development?
- Does your project contribute to improved living conditions and increased safety for people living in slum areas?

- Does your project contribute to improved waste management and recycling?

Poverty

Tillväxtverket makes use of Sida's conceptual framework for multidimensional poverty. Integrating a multidimensional poverty perspective in your project entails analyzing how the project affects its context through peoples access to the four dimensions (resources, opportunities and choice, power and voice, and human security).

For more information and tools see [Sida's Poverty Tool Box](#)

Resources

Being poor in terms of resources means not having access to or power over resources that can be used to sustain a decent living standard and improve one's life. Resources can be both material and nonmaterial – e.g. a decent income, capital, being educated or trained, professional skills, being healthy.

Opportunities and choice

Being poor in terms of opportunities and choice concerns what possibility you have to develop and/ or use your resources so as to move out of poverty. Access to e.g. social services, to infrastructure, to capital, to land, or to natural resources affects the opportunities and choices.

Power and voice

Being poor through lack of power and voice relates to the ability of people to articulate their concerns, needs and rights in an informed way, and to take part in decision-making that relate to these concerns. Power is a relational concept that allows us to better understand socio-cultural hierarchies and relations of which gender is one, others include age, caste, class, religion, ethnicity and sexual identity. Reinforcing forms of discrimination based on such socio-cultural relations may increase an individual's poverty in this sense.

Human security

Being poor in terms of human security implies that violence and insecurity are constraints to different groups' and individuals' possibilities to exercise their human rights and to find paths out of poverty.

Diversity and Gender Equality

Having a gender equality perspective in a project involves highlighting the conditions of women and men in project planning and aiming to change any unjustified differences between men and women that are relevant to the project implementation. It also entails following up to see if the project has contributed to furthering gender equality.

Integrating a diversity perspective extends this analysis to how different social groups are affected by the project. Thus, you can include a diversity and gender perspective in your project by describing the conditions of different groups divided by e.g. gender, ethnic origin, religion, belief, disability, age, sexual orientation, transgender identity or expression, and how your project will affect these groups.

For more information and tools see [Sida's Gender Toolbox](#).

Below you find questions you can use to describe how the work for diversity and gender equality is relevant in your project.

Overarching questions

- Does the project have clear goals related to diversity and gender equality and how do you follow up on it?

- In what way will the effects of the project be measured?
- What actors work with diversity and gender equality in the project context and is there an opportunity for exchange of experience and knowledge transfer?

Project organizations competences concerning diversity and gender equality

- Do the project organization have a plan or strategy concerning diversity and gender equality?
- What skills and experiences are needed in the context and in your project?
- Which persons or groups are part of the project? How should the project bring in participants with different backgrounds, who can contribute with new approaches?

What sectors in the project country will be affected by the project?

- Which groups of people work in these sectors?
- Which groups do not work in these sectors, and why?
- Who owns the resources in these sectors?

What target groups does the project have?

- Can you broaden your target group and reach more people of different gender and backgrounds?
- What risks does the exclusion of certain groups or perspectives entail?
- Can you adapt your language and/or communication channels to reach new groups?
- How could the project's results contribute to increased accessibility for people with disabilities?

Contact

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