



# Innovation Challenge Facility

## Programme Guidelines

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## Introduction

The **Innovation Challenge Facility** is part of a larger programme (Shaping the Future of Innovation) which has as its goal to contribute to a diversified economic base in Trinidad and Tobago by developing new markets, products, services, and business models.

Shaping the Future of Innovation is an initiative of the Government of the Republic of Trinidad and Tobago, the European Union (EU) and IDB LAB in collaboration with the Caribbean Industrial Research Institute (CARIRI) as the executing agency. The programme is financed by the European Union and the IDB LAB.

Countries that foster innovation and especially innovation for inclusion, are expected to experience sustainable economic growth. Small and Medium Sized Enterprises (SMEs) play the greatest role in creating innovation.

The Innovation Challenge Facility seeks to provide grant funding (non-reimbursable funds) to (i) small organisations / innovators / entrepreneurs, (ii) medium sized organisations with an established commercial track record (iii) other organisations / clusters innovating delivery of goods and services.

Innovation can be considered as any new product, service, technology, device, process that provides an improvement and value for which the market or internal customers will be willing to pay.

The following guidelines are intended to assist applicants to present high quality administrative and technically eligible documents. Additional assistance can be accessed by contacting [innovationchallengefacility@gmail.com](mailto:innovationchallengefacility@gmail.com).

## The Application Process

The Innovation Challenge Facility is a two-stage application process, with periodic 'calls for proposals.' The calls for proposals will be launched on the Shaping the Future of Innovation website <http://future.cariri4.com/> and promoted via social, electronic and / or print media. The call for proposals will specify the scope of the call and which types or organisations are able to apply.

Following the calls for proposals, applicants will be invited to submit a short Concept Note which will be evaluated by an Expert Advisory Panel. The applications will be screened, and successful applicants will then be invited to submit a more detailed Financing Proposal, which will also undergo an independent assessment. Throughout both stages, technical support is available to applicants by contacting [innovationchallengefacility@gmail.com](mailto:innovationchallengefacility@gmail.com).



## Administrative Eligibility Criteria

To apply for the Innovation Challenge Facility, applicants must meet the following administrative eligibility criteria and provide supporting evidence at Stage 1 of the application process.

### Legal entity

Applicants must be a registered legal entity (versus a natural person) including:

- Companies.
- Associations / NGOs representing a group of businesses.
- Universities, enterprises, ventures and spin outs.
- Partnerships and sole traders who have registered their business name and who have been able to open business bank accounts.

### Supporting evidence required for assessment and audit:

Certificate of Incorporation, Act of Parliament, registration as NGO, registered business name (for sole traders and partnerships), other legal instruments.

### Location

The grant funding is only for businesses registered and with a physical presence and substantial part of their operations located in Trinidad and Tobago, generating employment in Trinidad and Tobago. Such companies are subject for tax payments unless exempt in Trinidad and Tobago.

Additionally, job creation is an important element of the evaluation.

### Supporting evidence required for assessment and audit:

The registered address must be presented with the Stage 1 Concept Note package.



### Compliance status

Applicants must be able to show compliance with the regulations of the tax authorities and the Companies Registry.

#### **Supporting evidence required for assessment and audit:**

Proof of latest tax return (e.g., stamped front sheet / Declaration / Notice of Assessment / other) must be presented with the Stage 1 Concept Note package. If exempt from paying tax, then provide Proof of Exemption.

Proof of latest annual return filed with Companies Registry (registered front page) must also be presented with the Stage 1 Concept Note package.

### Financial identity

Applicants should have a bank account in the name of the legal entity versus natural person.

#### **Supporting evidence required for assessment and audit:**

The header of the bank statement showing the name and address of the account holder must be presented with the Stage 1 Concept Note package.

### Financial status

Applicants must be able to demonstrate they have a viable business.

#### **Supporting evidence required for assessment and audit:**

At Stage 2 of the application process, audited or unaudited financial reports must be presented for the last 3 years.



## Size

The innovation challenge facility is **primarily targeting small and medium-sized enterprises (SMEs). The following are eligible:**

- Participants from the CARIRI Innovation Advisory Service Programme (IAS) programme funded by the IDB.
- Small organisations / innovators / entrepreneurs.
- Medium sized organisations with an established commercial track record.
- Other organisations / clusters innovating the delivery of goods and services, including models for delivery of goods and services that traditionally may be provided by the State.

SMEs in Trinidad and Tobago as defined by CSO should meet one or more of the following criteria:

- Employees: ≤ 50.
- Assets: ≤ TTD\$ 5 million (excluding real estate).
- Sales: ≤TTD\$10 million.

**Supporting evidence required for assessment and audit:**

	2019	2020	2021
<b>Employees*</b>			
<b>Asset size**</b>			
<b>Sales</b>			

*\*Please also indicate male/ female numbers to assist in capturing diversity*

*\*\*Excluding real estate*



## Scope of Innovation Challenge Facility

In addition to the administrative eligibility criteria listed in the table above, applications must also meet the following technical requirements, which will be considered during the assessment process.

Type of projects
<p>Innovation in products, services, processes, new markets and business models – <b>for business.</b></p> <p>Innovations with high potential for new markets, export earnings, job creation, social and environmental and inclusive impact.</p> <p><b>Evaluation:</b></p> <p>The innovation will be evaluated in both the Stage 1 Concept Note and Stage 2 Financing Proposal.</p>
Sectors
<p>The Innovation Challenge Facility will be open to all sectors, <b>except for:</b></p> <ul style="list-style-type: none"> <li>• Primary oil and gas extraction and production.</li> <li>• Guns, other weapons, and ammunition.</li> <li>• Gambling.</li> <li>• Illegal drugs.</li> <li>• Any activity that may result in damage to the environment.</li> <li>• Any activity that may result in exploitation of labour.</li> </ul> <p>Priority areas will include technologies for inclusion (see below), ICT, maritime and logistics, creative industries, among other services, renewable energy, energy efficiency, waste reduction, high-value agribusiness and manufacturing.</p> <p><b>Technologies for Inclusion:</b></p> <p>Innovations in sustainable and affordable delivery of utilities, health, housing, transport, education, or access to credit for lower income segments of the population or inclusion of special needs / vulnerable groups.</p> <p><b>Evaluation:</b></p> <p>The innovation will be evaluated in the Stage 1 Concept Note as well as the Stage 2 Financing Proposal.</p>



### Grant size

Grants awarded will range from Euro 75,000 (approximately USD 87,000) – Euro 500,000 (approximately USD 580,000).

The maximum of Euro 500,000 (approximately USD 580,000) will be allowed for **exceptional and inclusive innovations that target last mile, that is**, persons living in extreme poverty who have not traditionally been covered in development action.

### Evaluation:

The Expert Advisory Panel will determine the amount to be awarded based on the project budget presented in the Stage 2 Financing Proposal.

### Contribution from beneficiaries

Successful applicants will be expected to contribute co-financing to the project. Co-financing is expected to be monetary contributions towards the cost of the project.

For SMEs -15%.

For large firms - 50%.

### Evaluation:

Applicants are expected to present the co-financing amount in the Stage 2 Financing Proposal project budget.





## Technology Readiness Levels

Technology Readiness Levels (TRL) are a way of estimating the maturity of new technologies on a scale of 1 to 9. The EU research and innovation programmes, provide the following definitions:

- TRL 1 – basic principles observed.
- TRL 2 – technology concept formulated.
- TRL 3 – experimental proof of concept.
- TRL 4 – technology validated in lab.
- TRL 5 – technology validated in relevant environment (industrially relevant environment in the case of key enabling technologies).
- TRL 6 – technology demonstrated in relevant environment (industrially relevant environment in the case of key enabling technologies).
- TRL 7 – system prototype demonstration in operational environment.
- TRL 8 – system complete and qualified.
- TRL 9 – actual system proven in operational environment (competitive manufacturing in the case of key enabling technologies; or in space).

### **Evaluation:**

Projects must be at least TRL3 - experimental proof of concept and demonstrate progress to higher TRL levels.



## Eligible Costs

Only expenses directly related to the project and incurred after the project has been approved and the contract signed, will be covered by the grant fund. Eligible costs do not include recurrent expenditure and normal operating costs. Allowable cost categories are detailed in the table below. The following costs are **not eligible**:

- Purchase of real estate.
- Purchase of vehicles.
- Normal operating expenses such as rent, utilities, salaries.
- Payment of income and corporation tax.
- Payment of recoverable VAT (*if the company is VAT registered*).
- Bank charges.
- Intellectual property registration.

Cost category	Description	Evidence required for audit
<b>Professional fees</b>	Professional fees for experts recruited specifically for the project are eligible (for example the cost of hiring engineering, ICT, financial, legal, marketing advisers). Any travel expenses incurred by the experts, including international travel where justified, must be included in their fees.	Signed contract with the expert. Proof of the procurement process. Signed assignment of staff on project. Supporting invoices.
<b>Staff</b>	Cost of staff hired, or existing staff assigned specifically to the project by the beneficiary during the implementation of the project.	Signed timesheets of staff showing the time worked specifically on the project.



Cost category	Description	Evidence required for audit
<b>Travel expenses</b>	<p>Both international and local travel expenses <b>related specifically</b> to the implementation of the project. These are as follows:</p> <ol style="list-style-type: none"> <li>1. Domestic mileage costs.</li> <li>2. Airline tickets: cost of economy class, most direct route.</li> <li>3. Business class train tickets.</li> <li>4. Airport transfers.</li> <li>5. Per diems to cover hotel accommodation, meals, ground transport and incidentals. The total daily cost should not exceed the EU published daily rates found in this link (<a href="https://ec.europa.eu/international-partnerships/system/files/per-diem-rates-20200201_en.pdf">https://ec.europa.eu/international-partnerships/system/files/per-diem-rates-20200201_en.pdf</a>).</li> <li>6. Travel insurance.</li> <li>7. Cost of COVID 19 related tests and travel passes.</li> </ol> <p>Costs incurred by overseas experts are to be included in their professional fees.</p>	<p>Airline tickets and boarding passes corresponding to period of project must be submitted.</p> <p>Receipts for Per diem paid or receipts for hotel expenses paid must be submitted.</p>
<b>Fees for external technical testing services</b>	For example, lab services for microbiology testing, analysis of materials or other types of testing.	Invoices and receipts from testing institution.
<b>Costs of prototypes</b>	For example, cost of CAD designs, development of 3D models, prototypes.	Invoices and receipts from prototyping institution.
<b>Cost of capital equipment</b>	<p>Costs of equipment to be used specifically for the new project /innovation.</p> <p><b>Eligible costs are calculated based on a monthly depreciation costs plus % of time used on the project.</b></p>	Invoices and receipts from suppliers.



<b>Cost category</b>	<b>Description</b>	<b>Evidence required for audit</b>
<b>Consumables</b>	Consumables may include tools, instruments, materials required for the implementation of the project and during the implementation period.	Invoices and receipts from suppliers.
<b>Costs of graphic design: identity, logo, packaging, brochures, social media</b>	Graphic design costs associated specifically with innovation project.	Invoices and receipts from suppliers.
<b>Costs of marketing material</b>	Marketing material costs associated specifically with the innovation project – during project period.	Invoices and receipts from suppliers.
<b>Costs of packaging material</b>	Packaging material costs associated specifically with the innovation project – during project period.	Invoices and receipts from suppliers.
<b>Sales and marketing costs</b>	Costs associated specifically with the innovation during the project up to the launch.	Invoices and receipts from suppliers.
<b>Certification and audit costs</b>	The costs associated with certification, including costs of auditors may be eligible provided the certification is specifically related to the innovation project. For example, a company changes to a new energy efficient process and then implements ISO 50001 to enter a specific new market.	Invoices and receipts from suppliers.



Cost category	Description	Evidence required for audit
<b>Intellectual property</b>	Professional fees associated with intellectual property advice is covered within the definition of professional fees. Additionally, Intellectual property registration for the first market only where protection is required would be eligible. This is on the basis that certain international standards are followed for IP protection and registration in the first jurisdiction will provide a template and understanding for the business to register in other jurisdictions.	Proof of registration and fees
<b>Raw material</b>	Raw material for testing, demonstration purposes and piloting of the innovation will be allowed. However, raw material that is part of normal recurrent expenditure is not eligible.	Purchase orders and receipts and justification for covering raw material
<b>Rent</b>	Rental of special equipment or a special facility that provides some required service (for example temperature control room or laboratory that requires separation) during the development of the project may be eligible. However, rental that is part of normal recurrent expenditure is not eligible.	Invoices and receipts and justification for covering rental costs

## How to Apply

### Stage 1 - Concept Note

Applicants will be required to complete a simple Concept Note (template available for download from <http://future.cariri4.com/>). The Concept Note should be no longer than 7 pages. The administrative documents described above to support your eligibility must accompany the Concept Note as part of your application. The Concept Note will consist of:

1. A description of your business, its performance and the qualifications and track record of key personnel.
2. The needs and opportunities targeted by the innovation.



3. Proposed innovation and how it responds to the market needs identified (the 'clear theory of change' and value proposition).
4. Readiness of the technology / innovation, market and financial aspects and the gaps to be closed by the project.
5. The actual project to be financed by the grant to develop and commercialise the innovation.
6. The expected impact of the innovation such as jobs that can be created, new markets, increased efficiency, competitiveness, exports, new skills, as well as viable growth / profit potential, environmental and social impacts.

## Stage 2 –Financing Proposal

Successful applicants invited to Stage 2 of the process will be asked to provide additional information to the Concept Note in a more detailed Financing Proposal. It includes a Business Model Canvas\* to summarise your proposition and you will be asked to provide more detail on:

1. Project budget, co-financing, and value for money.
2. Implementation plan for the activities to be undertaken in the project (including feasibility, R&D, demonstration scale up, pilot, commercialisation), the key outputs, risks and go-to-market strategy.
3. How the investment (commercialised level of operation) will be financed in full beyond the project. For example, the grant may cover the technical development and bank financing may be required for acquisition of scale up equipment and new plant.

\* Business Model Canvas:

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost Structure			Revenue Stream	



## **Policy on Disbursements/ Payments**

The grant will be paid in three tranches:

1. An advance payment on signature of the contract.
2. Second payment based on completion of certain aspects of the implementation plan (to be determined for each project).
3. Final payment based on completion of project (to be determined for each project).

The beneficiary will be required to support monitoring of the project and provide the monitoring team with evidence of what has been completed, including budget spent and progress against the implementation plan

## **Monitoring, Reporting, Participation in Events**

Beneficiaries will be expected to support monitoring of the projects by specialists, submission of written reports of the project implementation up to completion and participation in events or publication of success stories to showcase their projects.

## **Procurement Rules.**

Beneficiaries will be required to meet the procurement rules of the EU and to present the procurement approach before recruiting experts. A simple guide will be available for beneficiaries to download from Shaping the Future of Innovation website <http://future.cariri4.com/> at a later stage.



## Assessment and Scoring of Applications

### Eligibility Check

On receipt of your Stage 1 Concept Note, a check will be undertaken on the completeness of the application and eligibility based on the administrative checklist below.

Requirement	Description	Check
<b>Legal status</b>	One of the above (whichever is relevant) should be included: <ul style="list-style-type: none"> <li>• Certificate of Incorporation</li> <li>• Act of Parliament</li> <li>• Registration as NGO</li> <li>• Registered business name (for sole traders and partnerships)</li> <li>• Other legal instruments</li> </ul>	
<b>Location</b>	The registered address	
<b>Tax Compliance Status</b>	Proof of latest tax return (e.g., stamped front sheet / Declaration / Notice of Assessment / other)  If exempt from paying tax, then provide Proof of Exemption	
<b>Compliance with Companies Registry</b>	Proof of latest annual return filed with Companies Registry (registered front page) – if applicable.	
<b>Financial identity</b>	The header of the Bank Statement showing the name and address of the account holder	
<b>Financial Status</b>	The audited or unaudited financial reports for the last 3 years. This is to be submitted only with Stage 2 applications.	





## Stage 1 Concept Note

An Expert Advisory Panel will then assess your application and provide an initial score based on the following criteria:

Criteria	Weight
<b>1. Background on Business</b> <ul style="list-style-type: none"> <li>• Business track-record and growth potential.</li> <li>• Financial performance.</li> <li>• Experience and qualifications of key personnel.</li> </ul>	10%
<b>2. Needs and opportunities</b> <ul style="list-style-type: none"> <li>• Level of importance to the country of the unfulfilled market need.</li> <li>• Understanding of the potential of the opportunity.</li> </ul>	10%
<b>3. Relevance of the proposed innovation and its value proposition (to the need or opportunity)</b> <ul style="list-style-type: none"> <li>• Relevance of the innovation / solution.</li> <li>• Uniqueness / novelty of the innovation.</li> <li>• Value proposition / customer pull.</li> </ul>	10%
<b>4. Readiness of technology, market knowledge and financial aspects and the gaps to be closed by the project (likelihood of commercialisation).</b> <ul style="list-style-type: none"> <li>• Potential commercial viability.</li> <li>• Market understanding/background research.</li> <li>• Understanding of the innovation and its application.</li> </ul>	10%
<b>5. Project to be financed to commercialize the innovation (types of costs for which financing is requested)</b> <ul style="list-style-type: none"> <li>• Appropriate type of project for the scope of the funding.</li> <li>• Realistic timescale for implementing the project.</li> <li>• Justification of funding.</li> </ul>	15%



Criteria	Weight
<b>6. The expected impact of innovation:</b> <ul style="list-style-type: none"> <li>• Jobs that can be created.</li> <li>• New markets.</li> <li>• Increased efficiency/productivity.</li> <li>• Competitiveness.</li> <li>• Exports.</li> <li>• New skills.</li> <li>• Growth / profit potential.</li> <li>• Environmental and social impacts.</li> </ul>	15%
<b>Total</b>	<b>70%</b>

Following the scoring, the top ranked Stage 1 Concept Notes will be invited to prepare and submit a Stage 2 Financing Proposal. At this stage of the process, specialist technical experts will be available to support the development of your application.

### Stage 2 Financing Proposal

A second assessment of your innovation by the Expert Advisory Panel will then provide a final score for your proposal. The following criteria will be used:

Criteria	Weight
<b>1. Background on Business</b> <ul style="list-style-type: none"> <li>• Business track-record and growth potential.</li> <li>• Financial performance.</li> <li>• Experience and qualifications of key personnel.</li> </ul>	10%
<b>2. Needs and opportunities</b> <ul style="list-style-type: none"> <li>• Level of importance to the country of the unfulfilled market need.</li> <li>• Understanding of the potential of the opportunity.</li> </ul>	10%



Criteria	Weight
<p><b>3. Relevance of the proposed innovation and its value proposition</b> (to the need or opportunity).</p> <ul style="list-style-type: none"> <li>• Relevance of the innovation / solution.</li> <li>• Uniqueness / novelty of the innovation.</li> <li>• Value proposition / customer pull.</li> </ul>	10%
<p><b>4. Readiness</b> of technology, market knowledge and financial aspects and the gaps to be closed by the project (likelihood of commercialisation).</p> <ul style="list-style-type: none"> <li>• Potential commercial viability.</li> <li>• Market understanding/background research.</li> <li>• Understanding of the innovation and its application.</li> </ul>	10%
<p><b>5. Project to be financed</b> to commercialize the innovation (types of costs for which financing is requested).</p> <ul style="list-style-type: none"> <li>• Appropriate type of project for the scope of the funding.</li> <li>• Realistic timescale for implementing the project.</li> <li>• Justification of funding.</li> </ul>	15%
<p><b>6. The expected impact of innovation:</b></p> <ul style="list-style-type: none"> <li>• Jobs that can be created.</li> <li>• New markets.</li> <li>• Increased efficiency/productivity.</li> <li>• Competitiveness.</li> <li>• Exports.</li> <li>• New skills.</li> <li>• Growth / profit potential.</li> <li>• Environmental and social impacts.</li> </ul>	15%
<p><b>7. Project budget</b></p> <ul style="list-style-type: none"> <li>• Level of detail.</li> <li>• Basis on which costs estimated.</li> <li>• Beneficiary contribution / co-financing.</li> <li>• Value for money.</li> </ul>	10%



Criteria	Weight
<p><b>8. Project implementation plan</b> – the start of the project, the activities to be undertaken in the project (including feasibility, R&amp;D, demonstration scale up, pilot, commercialisation), the key outputs, finalisation of the project.</p> <ul style="list-style-type: none"> <li>• Logic and detail of the work plan and the appropriate allocation of tasks and resources.</li> <li>• Risk and risk management strategies.</li> <li>• The go -to-market- strategy.</li> </ul>	10%
<p><b>9. How the investment (commercialised level of operation) will be financed in full beyond the project.</b> For example, the grant may cover the technical development and bank financing may be required for acquisition of scale up equipment and new plant.</p>	10%
<b>Total</b>	<b>100%</b>

The top ranked Stage 2 Financing Proposals will then be granted the funding subject to successful contract negotiations with CARIRI.