

ABOUT MICF

The Malawi Innovation Challenge Fund (MICF) is a competitive, transparent mechanism that provided grant financing for innovative inclusive business projects that are proposed by the private sector in Malawi, which if successful, can deliver large social impact.

As a response to the COVID-19 crisis, the Economic Resilience and Recovery window of MICF, provides grants to i) strengthen businesses operating in logistics, distribution and last mile delivery; ii) support technology-based solutions for tracking movements of goods, supporting aggregation, traceability, and delivery; or iii) support businesses that can work with producers and suppliers to scale and grow products that are likely to experience supply shortages but have potential for future exports.

The project promoters must provide funds of at least 30% of the total cost of the business idea and demonstrate capacity to implement their proposed project.

Through this window, MICF aims to support businesses involved in agriculture, manufacturing, medical and personal protective equipment sectors, and other key sectors in Malawi.

The Malawi Innovation Challenge Fund (MICF) is a competitive, transparent mechanism that provides grant finance for innovative, inclusive business projects proposed by the private sector active in Malawi.

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Managed by:



ECONOMIC RESILIENCE & RECOVERY WINDOW



FAQ

FREQUENTLY ASKED
QUESTIONS

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Frequently Asked Questions

Who can apply?

Applications must be led by a for-profit private sector firm. Implementation of the proposed project could be supported by other organizations including other private sector companies, non-governmental organizations, and other civil society organizations.

Can a new or start-up firm apply?

Only in exceptional cases will MICF consider new businesses or start-up businesses, where there is strong evidence that the new company has credible and experienced investors and management team.

Can a foreign firm, or foreign joint venture, or multinational company apply?

Yes.

Can a government agency apply for the Fund?

No. Applications should be made by private sector firms.

Can a NGO apply for the Fund?

No, a NGO cannot apply directly. If a NGO has a good idea to address the challenge, it is recommended that they find a private sector partner.

Can an individual person apply?

No. All applications must come from a registered company.

What financial capacity do applicants need?

The private sector firms that apply to the MICF must be able to demonstrate their capacity and financial strength and must also be able to contribute a minimum of 30% of project costs through a combination of cash and in-kind contributions.

Does my project need to be innovative?

Ideally Yes. But they must be able to: i) strengthen businesses operating in key supporting functions of value chains, particularly within logistics, distribution and last mile delivery; ii) Support critical businesses across value chains that can have the potential to leverage producers and suppliers to scale and grow products that are likely to experience supply shortages but have potential for future exports; and /or iii) support technology-based solutions for tracking movements of goods, supporting aggregation, traceability and delivery

How do we define innovation?

The MICF views innovation in its broadest sense including: i) a new approach, product, idea or service that has not been tested anywhere; ii) an approach, product, idea or service that is new to Malawi; or iii) an approach, product, idea or service that has not been applied to the sector in question in Malawi.

What other eligibility criteria must applicants meet?

Eligibility criteria are defined within the application guidelines. All applicants must also prove their legal status, including office address, telephone number, company registration number and tax code.

I am still not sure if I am eligible to apply.

If you are unsure of your eligibility to apply, please contact us, by telephone, email or post, for clarification and guidance.

Eligibility Requirements of Proposed Projects:

What type of project is the Malawi Innovation Challenge Fund looking for?

We are looking for projects that: i) are innovative; ii) demonstrate the potential for commercial sustainability, iii) have potential for growth and replication, iv) are realistic and feasible, and v) most importantly, should have a significant impact on the poor. If you think your project idea meets these requirements, we want to hear from you.

What is the challenge that companies can apply for?

Your business project will need to address one of the following challenges to be eligible to be considered under the Economic Resilience and Recovery Window:

- Strengthen businesses operating in key supporting functions of value chains, particularly within logistics, distribution and last mile delivery to ensure that domestic supply chains

can function and continue to deliver vital supplies even with social distancing measures in place.

- Support critical businesses across value chains that can have the potential to leverage producers and suppliers to scale and grow products that are likely to experience supply shortages but have potential for future exports. These will need to demonstrate: i) how local production could be integrated, scaled and grown; ii) domestic demand shortages that the product could fill; iii) a relatively quick turnaround time to commence manufacture / processing; and iv) the longer term potential for delivering export growth; or
- Support technology-based solutions for tracking movements of goods, supporting aggregation, traceability and delivery. It will support the integration of either innovative or off the shelf technology solutions for creating linkages across various market players especially in supporting aggregation, distribution and last mile delivery.

What impacts on the poor is the MICF looking for?

MICF is looking for business led activities that can:

- Maintain or provide additional revenues to a number of companies within your direct targeted supply chain
- Demonstrate the number of jobs retained or new permanent or part-time jobs created by this project
- Demonstrate delivering significant benefits to poor households, in terms of improved incomes

Are there any criteria for the number of SMEs or poor people impacted?

There is no fixed criterion but we encourage firms to think of the most innovative way to impact a large number of SMEs and /or the poor.

Must the proposed project be located in a particular location with a high proportion of poor residents?

MICF will consider proposed projects located in any part of Malawi. However, we will favour project proposals that are expected to have the greatest positive impact on SMEs within supply chains and the poor.

What if the project is quite risky?

We are interested in potentially risky projects that can demonstrate the potential for commercial sustainability in the long run, and the ability to have significant impact on the poor. We are not able to support a project with a low level of business risk which could easily attract more conventional financing, such as bank loans.

What is the length of each applying project?

All projects approved as part of the Economic Resilience and Recovery window should have a maximum duration of 30 months from the date of contract signing.

I have failed in previous applications to other challenge funds.

Can I submit my proposal to MICF?

Yes. If you believe your idea meets the challenge set by MICF, we would be happy to receive your project concept note.

I am still not sure if my Project fits the eligibility criteria

If you are unsure whether your proposed Project meets our eligibility criteria, please contact us, by telephone, email or post for clarification and guidance.

What the MICF actually provides to grant recipients:

Does the MICF provide up-front payments to businesses?

No. Payments will be made according to an agreed schedule with the Project's implementer(s). These payments will be released when the Project meets each pre-agreed milestone. Payments will be reimbursements for funds spent by the grantees, according to the contract.

What is the usual size of the grant?

The grant size will typically be on average around US\$ 400,000 but the MICF will not support project applications below a minimum threshold of US\$ 200,000. Applicants must keep in mind that at least 30% of the Project's costs must be provided by them, as the Fund will only provide up to a maximum of 70% of the Project's total costs.

Precisely what kinds of activities can, and cannot, be funded by MICF?

Specific activities and items that will be funded by MICF will be determined during contract negotiations.

Will the MICF expect to be involved directly in the management of the Projects it supports?

No. The Fund will not be involved in direct management of any Project.

How will the implementation of funded projects be monitored?

Grant recipients will be expected to comply with various reporting requirements, to be mutually agreed during contract negotiations.

Will the MICF provide any technical assistance in support implementation?

Yes, MICF could fund technical assistance as part of the original grant proposal. For those planning interventions in medical and personal protective equipment sectors, additional technical and advisory support could be made available through Engineers without Borders and UNDP's Technology Access Platform. The technical advisory will provide access to a global repository of open source technology with provision of technical specifications for manufacturers with appetite and capacity to re-purpose machinery for local production of PPEs and medical equipment (e.g.: ventilators, shields, masks etc.). However, outside of these two criteria the MICF does not provide "on demand" technical assistance.

Will I be expected to pay back some or all of the grant money if the project is ultimately unsuccessful, or fails to meet its initial goals?

No, you will not.

The Application Process

What is a Concept Note?

The Concept Note is the first part of the application process. Applicants wanting to participate in the challenge fund must initially complete a concept note. All concept note submissions will be reviewed, and the most promising ideas will go through to the next stage. The Concept Note allows applicants to briefly present how ideas respond to the window's challenge.

Does the MICF provide any assistance in developing the Concept Note and Proposal?

The MICF team are happy to provide guidance and clarification on the preparation of concept notes. Those applicants that are subsequently invited to submit more detailed proposals will be invited to a workshop to provide further information on proposal expectations.

What is the grant application process?

Step 1: Challenge is set by MICF

Step 2: Interested parties have one month to submit their concept notes

Step 3: MICF Independent Investment Panel reviews all Concept Notes, and shortlists the most promising applications.

Step 4: Shortlisted applicants are invited to submit more detailed proposals

Step 5: MICF Independent Investment Panel reviews and selects potential grantees

Step 6: MICF enters into Contract negotiations with successful applicants

Step 7: Contracts are signed

Is there a Right of Appeal for unsuccessful submissions?

No. The MICF Independent Investment Panel decision is final. There is no right of appeal.

Can I submit more than one application?

Yes, applicants may submit more than one concept note if they have multiple projects they wish to propose.

If I am not successful, can I apply again at a later date, with a revised or new project proposal?

Yes, if a project does not reach proposal stage, or is ultimately not funded, the applicant company may submit a concept note for another (or revised) project in the next round of challenges.

What if the milestones are too difficult to achieve?

The milestones set by MICF and the grant recipients will be mutually agreed upon, and will be set out in a formal contract, before the first grant disbursement is made. If you believe the milestones set are too demanding, and a mutually satisfactory agreement cannot be reached, then you are free to halt the application process at any time.

I am worried that my Project idea is a good one and could be 'stolen'.

Will my proposal be treated confidentially?

Yes. All applications will be treated in the strictest confidence during the application process. All the people involved in running the fund, including the MICF Independent Investment Panel members, have signed a binding Code of Conduct that prohibits them from divulging details of the applications to others, and also prohibits them from using the information for personal gain.

How is the Malawi Innovation Challenge Fund different from other funds and finance providers in Malawi?

The MICF provides matching grants for projects rather than individual companies. MICF does not seek to obtain any financial return. The fund is not an equity or venture capital investor and will not buy shares in a company or a project. Nor will it wish to share in the profits of successful Projects.

The MICF is not a bank and does not provide loans or other kinds of debt financing. The funding provided is grant money, and there is no interest or other charges attached to the money provided by the fund.