

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 Tourism Sector Recovery Window of MICF, provides matching grants to projects that i) Maintain or provide additional revenues to companies within their direct supply chain; ii) Demonstrate the retention of jobs or the creation of new permanent or part-time jobs and iii) Support people within targeted communities who will benefit from the intervention based on improvements to their incomes.

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 the Tourism Sector 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.

CONTACT US

Lilongwe Office
Skyband Complex (behind Amina House)
Paul Kagame Rd
Office Block 7, Old Town
P.O. Box 1306
Tel: +265 (0) 997 290 402

Mailing Address
Malawi Innovation Challenge Fund
P.O. Box 2873
11 Jacaranda Ave, Mandala
Blantyre, Malawi

Blantyre Office
Imani House, 11 Jacaranda Avenue
Mandala, Blantyre, Malawi
P.O. Box 2873
+265 (0) 1 872 830/961

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Managed by:



TOURISM SECTOR 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?

No. The widow is aimed at supporting firms already active in the sector, who are facing challenges due to the COVID-19 pandemic, to continue services and preserving value chain employment.

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 an NGO apply for the Fund?

No, an NGO cannot apply directly. If an 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. In addition to providing the audited accounts and tax clearance certificate from the Malawi Revenue Authority for the past two years, the applicant should also have a minimum turnover of US\$200,000 which is the lower threshold of the MICF grant funding.

Does my project need to be innovative?

Ideally Yes but ultimately we are looking for projects which can: i) re-orientate exiting product offers to a new market segment such as domestic and / or regional tourist markets; ii) improve the quality and range of the product offer; and /or improve integration of the offer with local communities and businesses to strengthen and deepen supply chains

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 tourism sector. 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 Tourism Sector Recovery Window:

- re-orientate exiting product offers to a new market segment such as domestic and / or regional tourist markets rather than international markets. This could also be combined with the use of digital technologies to create new value-added user experiences or integrate specialist SME suppliers into the product offer.
- improve the quality and range of the product offer, particularly focusing on skills development to support better guest experiences
- Improve integration of their offer with local communities and businesses to strengthen and deepen supply chains that integrate into the new service offerings and / or support sustainable use of natural resources, long-term conservation, and measures to protect/promote biodiversity that also benefit host communities.

What impacts are the MICF looking for this round?

MICF is looking for business led activities that can:

- Maintain or provide additional revenues to companies within your direct supply chain
- Demonstrate the number of jobs retained or new permanent or part-time jobs created by your project
- Support people within targeted communities who will benefit from the intervention based on improvements to their incomes

Are there any criteria for the number of companies or community level beneficiaries impacted?

There are no fixed criterion but we encourage firms to think of the most innovative way to impact on SMEs within your supply chain and /or community based beneficiaries.

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 jobs and improving livelihoods of community beneficiaries. We are not able to support a project 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 Tourism Sector 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\$ 250,000 but the MICF will not support project applications below a minimum threshold of US\$ 200,000 and a maximum of US\$ 320,000. 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 long as it is part of the original grant proposal.

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

Does the MICF provide any assistance in developing the Proposal?

The MICF team are happy to provide guidance and clarification on the preparation of proposals.

What is the grant application process?

- Step 1: Challenge is set by MICF
- Step 2: Interested parties have one month (3 weeks) to notify in writing their interest in submitting a bid with the required documentation stated in the eligibility criteria for this round - failure to do so will indicate that despite interaction with the MICF team, that the applicant does not wish to proceed with their application(s).
- Step 3: The applicant will have a further 1 months (4 weeks) to submit more detailed proposals to the MICF. During this period the MICF management team will undertake a due diligence of the lead institution.
- Step 4: A carefully selected Independent Investment Panel reviews proposals and selects grantees.
- Step 5: Fund Managers enter into contract negotiations with successful applicants.
- Step 6: Final UNDP approval and 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.

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.