

**Sub-National Governance Programme-II Innovation Challenge Fund (ICF)  
Round 1<sup>1</sup>  
Term Sheet - Punjab**

<b>1</b>	<b>Goal of the ICF/POF</b>	The ICF seeks to finance innovative and potentially scalable pilot approaches to build evidence of what works to improve governance systems for better service delivery that in particular meet the needs of poor and marginalised people of Punjab and Khyber Pakhtunkhwa under SNG-II.
<b>2</b>	<b>Geographical Area</b>	Pilots may be implemented at the provincial level departments or within selected local governments of SNG-II targeted districts in both provinces.
<b>3</b>	<b>Thematic focus</b>	<ul style="list-style-type: none"> <li>(i) Developing an end to end e-procurement solution for the provincial government;</li> <li>(ii) Innovative techniques to enhance collection of taxes (such as use of GIS, Google Maps and Google car to increase coverage of property tax);</li> <li>(iii) Integration of different data bases of tax-payers for holistic management of enforcement (for example data integration of businesses registered with PESSI, Labour Department, PRA, E&amp;T etc.);</li> <li>(iv) Automation of tax payment and license fees at different levels and expansion in the current e-payment system of the provincial government (local government taxes, fees, Abiyana – water charge, etc.);</li> <li>(v) Analytics system that can use PIFRA data to generate effective budget reports and capture detailed expenditures linked to SDGs and;</li> <li>(vi) Automating information from PC-Is for estimating implications for future current budget.</li> <li>(vii) Innovative ideas for disaster risk financing, planning and disbursement</li> </ul>
<b>4</b>	<b>Type of funding available</b>	Grants for eligible projects. Funding decisions are made on a competitive, deadline-driven basis. Only the best project ideas with complete applications that are awarded by the decision-making body will receive funding.
<b>5</b>	<b>Size of grants available</b>	The total size of funding round is £800,000; where one grant can have a maximum size of £300,000.
<b>6</b>	<b>Implementation period</b>	Projects should be implemented within a maximum of 15 month period.

<sup>1</sup> The Fund may adjust these Terms from time-to-time at its own discretion in order to sharpen the focus of the Fund, also to maximise the effectiveness of funded projects in achieving the purpose and objectives of the Fund.

7	<b>Applicant<sup>2</sup> contributions</b>	<p><u>Public Sector</u></p> <p>No contribution is required</p> <p><u>Private sector</u></p> <p>Applicants must contribute their own resources to the project, bearing at least 20% of the total project cost. These contributions can be made both in cash and in-kind.</p> <p>The grant awarding body will take into consideration the contributions of each applicant when deciding between applications. Preference may be given to higher applicant contributions. (in case of Private Sector)</p>
8	<b>Projects eligible for funding</b>	<p>To be eligible for funding, projects must meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Clearly identify and define the problem they are seeking to address.</li> <li>• Clearly explain how the activity supported by the pilot will address the problem(s) identified.</li> <li>• Work in partnership with government on improving service delivery. Award of grant requires a formal MOU/Agreement with counterpart public sector entity being the primary client for innovation.</li> <li>• Result in increased access to services or improved quality of services that benefit poor people.</li> <li>• Demonstrate how it will provide equitable access to women and marginalized groups.</li> <li>• Is implemented in SNG-II target districts on the thematic area of the ongoing round or at the provincial level in key reform areas of SNG-II.</li> <li>• Has the potential to be scaled-up or fully adopted by the public sector.</li> <li>• Is not easily supported by other sources of finance (SEED Funding).</li> <li>• Begin to demonstrate results within a 12-month period.</li> <li>• Have a monitoring and evaluation plan that will be able to measure impact against targets, and have an appropriate method for forecasting and setting targets – for example, the projected increase in property tax revenue, or % of saving expected from the e-procurement system.</li> <li>• The ICF will not fund projects where the primary nature involves: <ul style="list-style-type: none"> <li>• Infrastructure investments/vehicles and fixture and fittings.</li> <li>• Equipment can be funded as long as they are essential for the delivery of the project – for example some IT equipment required to operationalise an activity.</li> </ul> </li> </ul>

<sup>2</sup> Applicant should be a legally registered entity in Pakistan

	<ul style="list-style-type: none"> <li>• Cash grants/vouchers or direct hand-outs.</li> <li>• Funding of existing development schemes or new approved development schemes.</li> <li>• Projects that are out of the scope of selected thematic focus.</li> </ul>
<p><b>Entities eligible to apply</b></p>	<p>The ICF is open to government institutions; civil society and the private sector. To be eligible, lead applicants must have the following characteristics (supported by documentary evidence):</p> <ul style="list-style-type: none"> <li>• be legally registered to operate in Pakistan in compliance with relevant business licensing, taxation, audited accounts, employee and other relevant regulations, foreign partners can be included s consortium</li> <li>• be in satisfactory financial health (must have an annual turnover of GBP 0.6 million).</li> <li>• have experience of delivering complex projects and programmes of a similar nature in Pakistan.</li> <li>• have demonstrable capacity to implement the project within the agreed timeframe.</li> <li>• agree to and have capacity to participate in lesson learning and lesson sharing activities, monitoring and evaluation activities, and share data with the SNG-II.</li> <li>• Applicant/organisation is not suspended, nor debarred, nor otherwise identified as ineligible by DFID, OPM or any other international Organization. The organisation or applicant is not bankrupt nor involved in any litigation related to bankruptcy</li> <li>• There is no conflict of interest.</li> </ul> <p>In case an individual comes up with an idea that the SNG-II team considers worth exploring, the SNG-II team will assist the individual collaborate with relevant local government or provincial government department to become the applicant. The individual can assume the role of the project lead.</p> <p>If an organisation applies it must provide following evidence:</p> <ul style="list-style-type: none"> <li>• Tax Registration/Payment Certificate issued by the Internal Revenue Authority</li> <li>• Evidencing that the applicant is updated with its tax payment obligations, or Certificate of Tax exemption, if any such privilege is enjoyed by the Proposer</li> <li>• Latest Audited Financial Statements (Income Statement and Balance Sheet) including Auditor's Report for the past two years 2017-18 &amp; 2018-19.</li> <li>• Certificate of Registration of the Business, including Articles of Incorporation, or equivalent document if Proposer is not a corporation.</li> </ul>

		<ul style="list-style-type: none"> <li>• Valid Memorandum of Understanding with the Economic Affairs Division (EAD) – Pakistan. Applicable for s/NGOs only</li> <li>• Proof of registration by the State Bank of Pakistan - Applicable for Microfinance Bank</li> <li>• Proof of registration under Securities Exchange Commission of Pakistan – applicable for Micro Finance Institution</li> <li>• Official Letter of Appointment as local representative, if applicant is submitting a proposal on behalf/in partnership of an entity located outside the country if applicable</li> <li>• All information regarding any past and current litigation during the last five (5) years, in which the applicant is involved, indicating the parties concerned, the subject of the litigation, the amounts involved, and the final resolution if already concluded. Must give a written signed document on a stamp paper.</li> </ul>
10	<b>Application procedures</b>	<p>Applications for funding will be assessed through a <b>two-stage application process</b>.</p> <ul style="list-style-type: none"> <li>• The first stage involves submission of a simple <b>Concept Note</b> which will outline the project idea and capture basic details of the applicant and demonstrate that they meet the eligibility criteria.</li> <li>• Concept Notes will be reviewed by the SNG team, and those that meet the eligibility criteria will be assessed against the Concept Note appraisal criteria.</li> <li>• Applicants that have submitted a Concept Note that satisfies the eligibility criteria and the appraisal criteria through which they are selected for next phase of application will be invited in stage two to develop an Application setting out the full business case for the proposed project. They might be invited for a presentation as part of the evaluation procedure</li> <li>• Applications will be reviewed, and successful applicants will be granted funding.</li> </ul> <p><b>Note:</b> Applications will be limited to two per applying organisation. This includes applications made in either of the two provinces (Punjab &amp; Khyber Pakhtunkhwa)</p> <p>A successful Concept Note does not in any way imply that the subsequent Application will be funded.</p> <p><b>Applications will be appraised by the RWG and approved or otherwise for funding by the Provincial Steering Committee. The Steering Committee’s decision is final.</b></p>
11	<b>Appraisal criteria for Concept Notes</b>	<p>Concept Notes are first screened for eligibility. Only Concept Notes for eligible projects and from eligible applying organisations will be appraised on the extent to which they satisfy the agreed criteria.</p>
12	<b>Appraisal criteria for Applications</b>	<p>Applications will be appraised by the ICF Working Group on the extent to which they satisfy the following criteria:</p>

		<ul style="list-style-type: none"> <li>• The quality of the application and implementation plan including the assessment of risks involved.</li> <li>• The existing internal capability and capacity of the applicant to implement the project in the timeframe set out in the Application. In case of an organisation applying, if there is any change in the capacity (such as change in people working on the project) the organisation must inform and seek approval from SNG of the new appointee</li> <li>• The extent to which inputs, results and impacts are clearly defined, measurable and achievable.</li> <li>• The benefits arising from the project and the likelihood that they will be achieved.</li> </ul>
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