



PROCOM

PROCOM CHALLENGE MANUAL

TABLE OF CONTENTS

1.0	OVERVIEW	2
2.0	BACKGROUND	2
3.0	OVERVIEW OF THE PROCOM CHALLENGE	2
3.1	Strategic Focus of the PROCOM Challenge	3
3.2	What is Eligible for Funding under the PROCOM Challenge?	4
4.0	ELIGIBILITY REQUIREMENTS	5
5.0	DUE DILIGENCE GUIDELINES	5
6.0	SELECTION CRITERIA	6
7.0	PROCOM CHALLENGE ADMINISTRATION	7
7.1	Application	8
7.2	Evaluation	8
7.3	Business Plan Training Session	8
7.4	Investment Panel Review	8
7.5	Grant Awards and Disbursement	8
7.6	Project Implementation	9
8.0	CONTACT US	9
9.0	ANNEX	10

1.0 OVERVIEW

This manual will describe the background, framework for the administration, implementation and management of the PROCOM Challenge. The manual outlines procedures and provides guidelines that form the contractual obligation with the target beneficiaries to ensure the all aspects of these processes are implemented in accordance with the laws of the Government of Saint Lucia and meet the strategic objectives of the PROCOM Challenge.

2.0 BACKGROUND

The National Competitiveness and Productivity Council (NCPC) was established by the Government of Saint Lucia with funding support from Compete Caribbean in 2013 as a platform to strengthen public-private dialogue on issues of productivity and competitiveness in Saint Lucia. The NCPC and its technical secretariat is committed to promoting awareness and understanding of the importance of competitiveness and productivity to economic wellbeing and to advocate for actions to improve productivity and competitiveness in Saint Lucia.

Productivity is often defined as improvements in output relative to input. It is a measure of the efficiency of a firm in using the workers, capital, plant and equipment in producing given amounts of a good or a service. Competitiveness refers to the ability of a company or industry to create advantage often in the form of improved pricing, quality or service relative to competitors. Higher productivity leads to higher competitiveness and trade performance, higher economic growth and improved living standards.

Innovation is a key driver of improved productivity and competitiveness. However, in the Saint Lucian context, poor access to commercial funding has been identified as a significant constraint to innovation. As such, the Government of Saint Lucia through the NCPC and with funding assistance from Compete Caribbean has set up the **PROCOM Challenge**.

3.0 OVERVIEW OF THE PROCOM CHALLENGE

The **PROCOM Challenge** is an initiative geared towards supporting and spurring private-sector led innovative solutions for enhancing productivity and competitiveness in Saint Lucia. The **PROCOM Challenge** is a competitive challenge, where micro and small enterprises (MSE) are invited to develop targeted innovative solutions to some of the productivity and competitiveness challenges in Saint Lucia.

The **PROCOT Challenge** is not designed to be a source of finance for business expansions but to serve as a catalyst for developing and executing targeted solutions in the following thematic areas:

- **Delivery of methods and or technologies to reduce energy costs for businesses**
- **Compliance solutions to meet domestic, regional and international quality standards**
- **Development of new or the adaptation of current technology to reduce operational costs and improve efficiency**
- **Projects or solutions to improve business processes for greater efficiency and productivity**

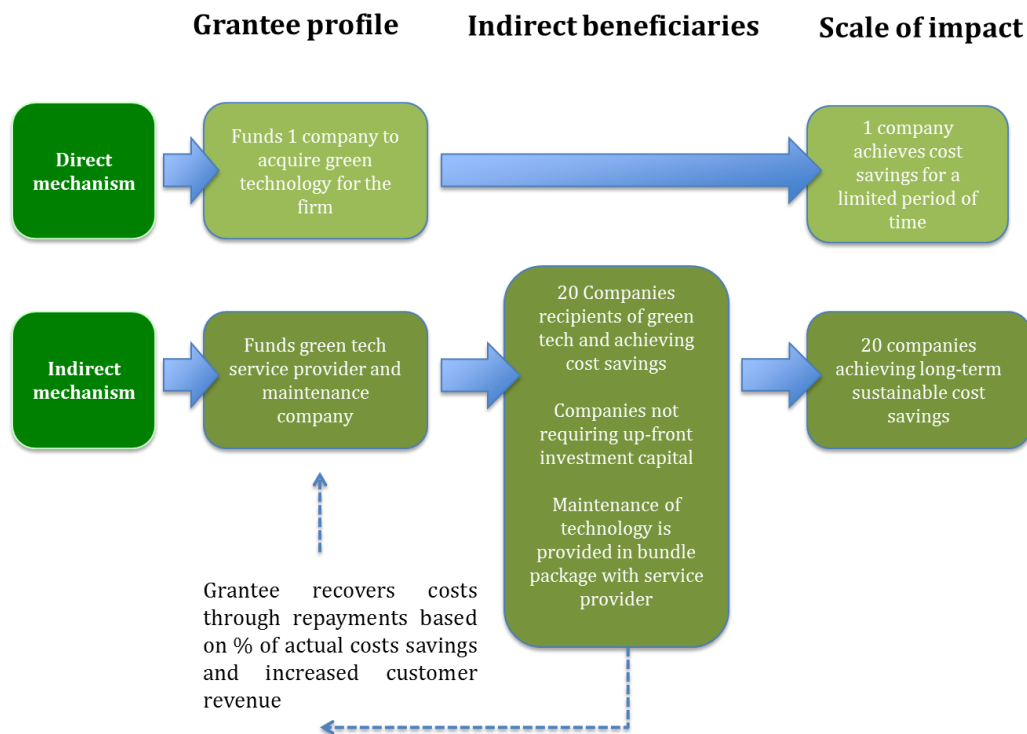
Co-financing of up to **\$100,000 XCD** will be provided for implementation of the winning proposals.

3.1 Strategic Focus of the PROCOT Challenge

The Challenge has no specific sector focus and targets interventions from applicants working in any economic sector (agriculture, manufacturing, services).

While firm specific solutions for individual firms are eligible, preference will be given to productivity and competitiveness enhancing solutions which can be applied across a multitude of organisations, with pathways to scale on both a domestic and regional level, for greater scale of impact. As such, the Challenge invites proposals from eligible goods and service providers, groups or associations that demonstrate a pathway to scale on both a domestic and regional level, with the capacity to export their productivity enhancing services to other relevant companies across the Caribbean.

The diagram on the following page illustrates the difference in scale of impact achieved through direct (firm-specific) and indirect (several organisations) funding mechanisms. It also demonstrates the potential for a commercially sustainable loop achieved through an indirect funding mechanism.



3.2 What is Eligible for Funding under the PROCOM Challenge?

The fund will pay for activities and items such as:

- Technical assistance required to design, pilot or implement the new service
- Capital goods required to pilot or implement the service. Goods and physical assets will be capped at 40% of the project costs.

The fund will not pay for the following:

- Working capital
- Investment in equipment that are not directly related and critical to the project
- The purchase of real estate
- Construction of facilities
- Liquidation of debts
- Payment of taxes
- Payment of customs duties except in the case of newly acquired goods and physical assets purchased by this grant. *Please note that total cost of the goods and physical assets inclusive of custom duties should not exceed 40% of the total project costs.*

4.0 ELIGIBILITY REQUIREMENTS

- Private Sector businesses registered and domiciled as per the Saint Lucian Micro and Small Scale Business Enterprise Act, revised laws of Saint Lucia CAP.13.19
 - **Micro Business Enterprise means a small business enterprise-**
 - a) In which not more than 5 persons are employed;
 - b) Whose annual sales turnover does not exceed \$100,000;
 - c) Whose net assets do not exceed \$75,000
 - **A Small scale business:**
 - a) In which not more than 50 persons are employed;
 - b) Whose annual sales turnover does not exceed \$1,000,000;
 - c) Whose net assets do not exceed \$500,000
- Medium sized companies meeting the following criteria may be considered for funding based on the strength of their proposal;
 - **Employment:** maximum one hundred (100) persons;
 - **Asset Base:** \$1,000,000;
 - **Sales turnover;** not more than \$2,000,000 annually;
 - **Years of Operation:** not more than 10 years
- Demonstration of 3 years of compiled financial statements¹;
- Applicants must declare any other source of financing for the project.
- The idea must be focused on increasing productivity and competitiveness in Saint Lucia;
- Applicants must present all required documentation by deadline;
- Only one application per company will be permitted, so companies are advised to choose their best project ideas;
- Must agree to provide information required for monitoring and evaluating of the project;
- Applicants must comply with the terms and conditions associated with the administration of the PROCOM Challenge as outlined in PROCOM Challenge Manual.

5.0 DUE DILIGENCE GUIDELINES

Short listed applicants must comply with the following:

- Have no enforceable outstanding tax or social security (NIC) obligations
- Not be delinquent in servicing existing debt instruments

¹ Finalists will be subject to further due diligence prior to selection for grant award.

- Not deemed to be bankrupt
- Applicants must show proof of financial capability to contribute a minimum of thirty percent (30%) of the total project costs, with at least ten percent (10%) in cash
- Business site must be adequate/suitable (location, capacity, safety) for implementation of activities to be funded

6.0 SELECTION CRITERIA

Proposals will be assessed and selected based on the following criteria:

- **Scale of Projected Productivity Changes**-Proposals must clearly outline productivity improvements as a result of the product/service. This must be demonstrated by input and output data using monetary values as a proxy where possible.
- **Projected Change in Competitiveness**-Proposals must demonstrate how the product/service will lead to greater competitiveness as demonstrated through improved pricing or quality, increase exports to/ reduce imports from regional or international markets etc.
- **Impact Projections**-Proposals must illustrate that the funds will have a positive economic or social impact or externalities such as increased incomes or job creation. This also includes disaggregated impact projections for youth and gender. This should include indirect impact projections amongst the grantees clients.
- **Commercial Viability**- Proposals must demonstrate that the good or service to be provided is commercially sustainable, has growth potential and risks are mitigated.
- **Human and Financial Resource Capacity**-Proposals must demonstrate the firm has sufficient technical and managerial capacity to implement the proposed project, as well as financial capacity.
- **Additionality**- Proposals must indicate reasons why the project cannot be funded commercially or through equity investors. Funding from the PROCOM Challenge should not displace commercial financing for the project.
- **Clear Description of Proposed Activities, Outputs and Outcomes**-Proposals must clearly outline and demonstrate clear coherence between proposed project activities, outputs and outcomes for the various stages of project implementation.

7.0 PROCOM CHALLENGE ADMINISTRATION

The PROCOM Challenge will be administered through the following processes.

Table 1: Summary of Processes and Procedures

Step	Process	Timelines*
1	Fund Launch and Call for Applications: Call for applications will open at the launch of the PROCOM Challenge	18 th April, 2016
2	Submission of Applications: Applicants will be invited to submit applications using the prescribed forms and supporting document to the NCPC Secretariat by the stipulated deadline for initial evaluations	Application Deadline: 27 th May, 2016
3	Evaluation and Short listing: Applications will go through an initial evaluation and will be screened against the eligibility requirements and selection criteria. Short listed applicants will be invited to a Business Plan Training session	2 Weeks
4	Training for Applicants: The NCPC will host a training session for shortlisted applicants to provide guidance on the preparation of their business plans for submission to the Investment Panel	TBA Submission Deadline: 4 Weeks
5	Investment Panel Review and Interviews: Shortlisted applicants will submit their business plan to be reviewed by the investment panel. Applicants with the best business plans will then be invited to pitch their idea to the investment panel for judging. The best proposals will be selected and passed on to the final stage of the process	3 Weeks
6	No Objection Function: Finalists will be submitted to the PROCOM Challenge Donor for no objection	2 Weeks
7	Grant Awards: Applicants passing no objection are selected for grant awards. Selected grant recipient will be publicized via media	6 weeks after Investment Panel Interview
8	Grant Disbursement: Grants will be disbursed after signing of the Grant Agreement understanding and Service Contracts	Within 6 Weeks
9	Project Implementation: Grantees will proceed with the implementation of project as set out in grant agreement	Within 4 weeks of grant disbursements
10	Monitoring and Evaluation: Project will be monitored to ensure milestones are met and will be evaluated one year after implementation to assess impact	2 years

**The NCPC reserves the right to revise dates and timelines for the PROCOM Challenge*

7.1 Application

The launch of the PROCOM Challenge marks the commencement of the call for application. Businesses will have 6 weeks to submit applications clearly outlining their idea and articulating how it will impact productivity and competitiveness at scale in Saint Lucia. All applications must be submitted using the prescribed template and all supporting documents as required by the call. **(See Annex 1).**

7.2 Evaluation

An evaluation committee will be appointed by the NCPC to review all applications. All members of the evaluating team will be subject to “**PROCOM Confidentiality Agreement**”. Applications will be reviewed and shortlisted based on meeting the eligibility requirements, due diligence and selection criteria. Shortlisted applicants will then be invited to a Business Plan Training Session in preparation for the next step in the process.

7.3 Business Plan Training Session

Shortlisted applicants will be invited to a business plan training session where further guidance and technical assistance will be given in preparation of the business plans. Following this training session, applicants will be given 4 weeks to finalise their business plans for submission to the Investment Panel. Business Plans must be submitted together with supporting documents outlined in **(Annex 2).**

7.4 Investment Panel Review

The Investment Panel will review business plans. Shortlisted applicants will be invited to pitch their business proposal to the Panel. This panel will consist of persons with technical, business and financial management skills within the local business context. When necessary a technical expert will be appointed to provide further input. The Investment Panel will then submit the winning proposals for no objection to Challenge Donor. NCPC will utilize best practice procedures to ensure strictest objectivity, equality and confidentiality of the process as the **decisions of the Investment Panel are final.**

7.5 Grant Awards and Disbursement

All successful applicants passing the no objection function will be contacted for grant awards. Successful applicants must respond to grant award within five (5) days of notification. Grant awardees will be publicized in the media.

Prior to grant disbursement grantees must sign grant agreement which outlines the terms and conditions of the grant award, disbursement guidelines, project implementation timelines and milestones to be achieved under the project.

Forty percent (40%) of the fund's contribution will be available for disbursement upon signing of the grant agreement, with the remaining sixty percent (60%) disbursed based on the achievement of agreed milestones and outputs.

All disbursement requests must be submitted using the prescribe forms and along with supporting documentation including but not limited to, outline of planned expenditure and quotations. The NCPC reserves the right to request any additional information related to project expenses the NCPC determines as necessary to process a grant payment.

Procurement of goods and services will be guided by the Government of Saint Lucia Procurement Act. Three (3) competitive quotes from supplier must be provided to the NCPC. Following approval, payments will be made directly to suppliers or contractors.

7.6 Project Implementation

Project implementation should commence no later than 4 weeks of grant disbursement. Grantees will manage their own project through completion, meeting milestones and reporting requirements set out in their grantee contract.

Grantee will be required to provide timely information as outlined in the monitoring and evaluation framework to facilitate effective monitoring and assessment of the project. Grantee will notify the NCPC immediately in writing of problems or changes in scope of work, budget, product, and performance. Significant changes may require review by the Investment Panel.

Failure to comply with these conditions will be considered a breach of the contract and subject to termination of grant awards.

8.0 CONTACT US

For more information on the PROCOM Challenge;

Please visit our website www.stluciancpc.org,

Follow us on Facebook www.fb.com/stluciancpc,

Call us at 468-5571/5576 or email us to stluciancpc@gmail.com

9.0 ANNEX

Annex 1: Supporting Documents for Applications

To apply for the PROCOM Challenge please submit:

- *Completed Application Form*
- *National ID*
- *3 Years compiled financial statements*
- *Copy of Articles of Incorporation/ Business Registration*
- *Curriculum Vitae/ Terms of Reference for Management and other relevant employees*

Annex 2: Supporting Documents for Shortlisted Applicants

Short Listed Applicants must provide the following with submission of business plans:

- *Bank Statements*
- *Tax Compliance Letter*
- *NIC Compliance Letter*
- *Banker's Reference*