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EVD
international
business and cooperation

Programme for Cooperation with Emerging Markets (PSOM)

Tender Instructions

First Tender 2007

Call for proposals in 58 countries in Africa, Asia, Eastern Europe
and Latin America

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1 Introduction

1.1 General information

The Programme for Cooperation with Emerging Markets (PSOM) is a Dutch governmental programme that aims at encouraging (Dutch) investments in emerging markets in Eastern Europe, Africa, Asia, the Middle East and Latin America.

PSOM entails two programmes: PSOM-EZ and PSOM-OS. PSOM-EZ was formerly known as **PSO (Programme for Cooperation with Eastern Europe)** and is financed by The Netherlands Ministry of Economic Affairs, Directorate General for Foreign Economic Relations. PSOM-OS was formerly known as **PSOM** and is financed by The Netherlands Ministry of Foreign Affairs, Directorate General for Development Cooperation.

Because the two programmes are very similar, the two Ministries have decided to integrate the two programmes into one, and to eliminate the differences in application and implementation procedures as much as possible.

PSOM stimulates pilot investments in the private sector and promotes long term trade relations as the driving force behind sustainable economic development in countries in transition and developing countries. Investments generate employment, income and knowledge transfer, and strengthen the local private sector. Because this contributes to poverty alleviation, the Ministry of Foreign Affairs (Development Cooperation) invests in PSOM. The Ministry of Economic Affairs aims not only at stimulating economic development, but also at the positioning of Dutch companies on these markets.

PSOM finances projects to ease some of the initial risks that companies will face when investing in these countries. A typical project involves a mix of hardware supply and installation, knowledge transfer and project management.

The EVD is an agency of The Netherlands Ministry of Economic Affairs and implements the PSOM programme on behalf of the Ministries of Foreign Affairs and Economic Affairs. Companies selected as Contractor for a project will therefore enter into a contractual agreement with the EVD.

The legal basis for the programme is provided by Memoranda of Understanding (MoU) between the Dutch government and the governments of the recipient countries.

Tender Instructions

These Tender Instructions provide the procedures, eligibility conditions and criteria used in the selection process. The following topics are covered:

Chapter 2: Tender specifics
Chapter 3: Eligibility conditions
Chapter 4: Selection criteria
Chapter 5: Project implementation

Annex 1: Application format
Annex 2: Country specifics
Annex 3: Guidelines for parallel investments
Annex 4: Cash flow analysis
Annex 5: Route description to the EVD

Please note:

- *Read these Tender Instructions carefully. Project proposals that do not meet the requirements will not be considered.*
- *PSOM-OS and PSOM-EZ are very similar. However, some differences between the two programmes and among countries remain. These differences are indicated in Annex 2 of these Tender Instructions. It is strongly recommended to take notice of the information provided in this annex.*

2 Tender specifics

2.1 Project proposal

Who can submit?

The Applicant that submits the proposal must be a company registered in The Netherlands.

An exception is made for Cape Verde, Malawi, Mali, Mozambique, Rwanda, Uganda and Zambia. For projects in these countries not only Dutch companies can submit a proposal, but foreign (not being located in the recipient country) companies as well. These foreign companies should be based in countries of the DAC-list of aid recipients of the OECD. This list can be downloaded at www.evd.nl/psom, under 'Publications'.

What to submit?

Companies can submit a PSOM proposal according to the mandatory format and requirements mentioned in Annex 1.

What is a PSOM-project?

In order to give potential Applicants and their partners an impression of what is expected (and accepted) as a PSOM-project, an example of an imaginary-project (a *Chili Sauce Factory on Antarctica!*) will be published at the latest in January 2007 on the EVD-website (www.evd.nl/psom; choose *PSOM Example*). This example is further elaborated during the different workshops "How to write a business proposal?". see section 2.5 for more details.

When and where to submit?

Proposals must be submitted to the EVD before the deadline of **February 28th 2007, 15.00 hours CET**. Applicants can submit their proposals by regular post, courier, hand delivery or via internet (not by electronic mail).

The address for regular mail is:

EVD
Attn. PSOM
P.O. Box 20105
2500 EC The Hague

The address for hand delivery or courier is:

EVD
Attn. PSOM
Juliana van Stolberglaan 148
2595 CL The Hague

See Annex 5 for a route description. Hand delivery is possible until February 28th, 2007. On February 28th, 2007 a special submission session is organised between 10.00 and 15.00 hrs CET. During this session the proposals will be screened on eligibility in the presence of the person delivering the proposal. Following this screening this person will receive a completeness checklist and a confirmation of receipt. Applicants of proposals not delivered during the submission session will receive this completeness checklist and a note of receipt by mail.

Online submission (NB: Applicants residing in The Netherlands only!): Applicants may also submit proposals including annexes through the internet (not by electronic mail). Go to www.senterloket.nl and follow the instructions. This option can be used from December 11th, 2006, until the deadline of February 28th, 2007, 15.00 hours CET. Please note that it is necessary to request an electronic certificate on this site **at least three days prior to submission**.

Costs incurred

No costs incurred by the Applicant or Consortium Partners in preparing and submitting the proposal will be reimbursed by the EVD.

Ownership

The EVD retains ownership of all proposals received under this tender procedure. Consequently, Applicants have no right to have their proposals returned to them.

Information to third parties

After submission of your proposal the EVD has the right to provide third parties with general, non-confidential information (for example name of company and title of project). The EVD requests the explicit permission of applicant, recipient and partners to present complete proposals to the FMO (Netherlands Development Finance Company) in order to assess the possible eligibility of the proposal under FOM (Fund for Emerging Markets). Project partners are all requested to tick the appropriate box in the tables for the key data, Annex 1, chapter 1. (The same applies for parallel project proposals) For more information on FMO and FOM, please visit www.fmo.nl, (See also section 4.8 *Additionality*)

Note: Please mind the following:

- *Any proposal that does not use the format of Annex 1 will be disqualified;*
- *Any additional documentation (brochure, letters, etc.) other than the mandatory annexes will not be taken into consideration;*
- *Late proposals will not be accepted under any circumstance and will be returned;*
- *In all cases the Applicant is responsible for the timely submission of the project proposal;*
- *E-mailed or faxed versions are not regarded as an official application.*

2.2 Countries and available budget

The total budget available for this tender is EUR 39,400,000. Of this budget EUR 9,400,000 will be allocated to projects in the PSOM-EZ countries and EUR 30,000,000 will be allocated to projects in the PSOM-OS countries. See Annex 2 for country specifics.

The total project costs and PSOM contribution per project differ between the various countries, see Annex 2. An overview of the differences is given in the tables on the next pages.

Co-financing by other programmes of The Dutch government is not allowed. It is obligatory to mention any co-financing contribution by non-commercial parties (donors, NGO's, etc.). The total PSOM contribution combined with co-financing contributions from non-commercial parties may not exceed 80% of the total project costs (NB: not applicable for countries with a 100% PSOM-EZ contribution, see the following sections).

Countries with a 50% contribution per project

For the following countries the **maximum** project budget is EUR 1,500,000. The EVD will fund 50% of the total project budget, up to a maximum of EUR 750,000. The other 50% will have to be provided by the Project Partners themselves.

- | | | |
|-----------------------|-----------------------------|--|
| 1. Albania | 17. Kenya | 28. Serbia (including Kosovo) (PSOM-EZ) |
| 2. Armenia | 18. Macedonia | 29. Montenegro (PSOM-EZ) |
| 3. Bolivia | 19. Morocco ‡ | 30. South Africa |
| 4. Bosnia-Herzegovina | 20. Moldova | 31. Sri Lanka |
| 5. Brazil ^ / ‡ | 21. Mongolia | 32. Surinam |
| 6. China ^ | 22. Namibia ‡ | 33. Thailand |
| 7. Colombia | 23. Nicaragua | 34. Turkey (PSOM-EZ) |
| 8. Ecuador ‡ | 24. Pakistan | 35. Vietnam |
| 9. El Salvador ‡ | 25. Palestinian Authorities | |
| 10. Egypt ^ | 26. Peru | ^Specific regions, see Annex 2 |
| 11. Georgia * | 27. Philippines ^ | ‡ On the date of publication of these Tender Instructions the MoU had not been signed yet. See disclaimer § 2.7. |
| 12. Ghana | | * With exception of Abkhazia |
| 13. Guatemala | | |
| 14. Honduras ‡ | | |
| 15. India | | |
| 16. Indonesia | | |

Countries with a 60% contribution per project

For the following countries the **maximum** project budget is EUR 825,000. The EVD will fund 60% of the total project budget up to a maximum of EUR 495,000. The other 40% of the project costs will have to be provided by the Project Partners.

- | | | |
|------------------|------------------|--------------------|
| 36. Afghanistan | 43. Gambia ‡ | 50. Senegal |
| 37. Bangladesh | 44. Madagascar ‡ | 51. Sierra Leone ‡ |
| 38. Benin | 45. Malawi ‡ | 52. Sudan |
| 39. Burundi ‡ | 46. Mali ^ | 53. Tanzania |
| 40. Burkina Faso | 47. Mozambique | 54. Uganda |
| 41. Cape Verde | 48. Nepal ‡ | 55. Yemen |
| 42. Ethiopia | 49. Rwanda | 56. Zambia |

^Specific regions, see Annex 2

‡ On the date of publication of these Tender Instructions the MoU had not been signed yet. See disclaimer § 2.7.

Countries with a 100% contribution per project

For the following countries the **maximum** project budget is EUR 750,000. The EVD will fund 100% of the total project budget. Simultaneously the Project Partners have to finance related investments in the same country for at least the same amount as the project budget. These investments should be related to the PSOM project, but have to be implemented independently. See Annex 3 for further instructions on these parallel investments.

57. Russian Federation
(PSOM-EZ) ‡/°

‡ On the date of publication of these Tender Instructions the MoU had not been signed yet. See disclaimer § 2.7.

58. Ukraine (PSOM-EZ)

° With exception of Chechnya, Ingushetia, Northern Ossetia, Dagestan, Stavropol and Kabardino Balkarskaya.

2.3 Project duration

The standard project duration is between one and two years. In exceptional cases, such as agricultural projects where growing seasons have a direct impact on the realisation of a project, the duration can be extended by a maximum of one year, up to a total project duration of three years. After the completion of the project two more years are dedicated to the realisation of the proposed spin-off effects.

2.4 Time schedule

The provisional time schedule for the first tender 2007 is as follows:

Description tender phase	Date	Time (CET)
Opening call for proposals	December 6 th , 2006	
Information meetings at Chambers of Commerce		See: www.evd.nl/psom
Workshops "how to write a project proposal"	January 11 th (afternoon) and 24 th , (morning and afternoon session) and the 1 st of February (afternoon)	9.30 hrs and 13.30 hrs
Deadline for submission of proposals	February 28 th , 2007	15.00 hrs CET
Selection process	March - June 2007	
Notification of final selection	No earlier than June 11 th , 2007	
Festive meeting for signing new contracts	July 5 th , 2007	15.00 hrs
Start of projects	August 2007	

2.5 Information meetings

Information meetings at Chambers of Commerce

Following the information meeting held during the opening session of this Tender, general information meetings will be held in throughout the year in order to answer questions about PSOM and the tender(s). For details and registration consult our website www.evd.nl/psom.

Workshops "how to write a project proposal"

Four workshops will be held, on the 11th (afternoon) and 24th of January (morning and afternoon), and the 1st of February (afternoon), to support you with writing your project proposal. The workshop can be combined with an individual consultation with a project officer. If you have a project idea, you can apply for one of the workshops on www.evd.nl/psom. Please also fill in the intake form as this is mandatory for participation in a workshop.

Consult with a project officer

It is possible for companies with a project idea to consult with a PSOM project officer before submitting the proposal. This is to avoid unnecessary time and effort put into project ideas which do not fit within the PSOM programme. In this individual meeting you can consult with the project officer on the eligibility of the project idea with regard to the requirements of PSOM. This consultation is not mandatory, and will not have any bearing on the actual tender procedure. This consultation is an extra service to potential Applicants provided by the EVD. To apply for an individual meeting, please fill in the intake form which is available on www.evd.nl/psom, under 'Procedure'.

2.6 Selection process

Mandatory components

Upon submission, all proposals are checked for all the required information and documentation. In cases where proposals do not contain the required documentation, these proposals will not be taken into consideration.

In case of minor omissions¹, Applicants will be given the opportunity to complete their proposals within seven working days (ten working days in case of foreign Applicants with a proposal for Cape Verde, Malawi, Mali, Mozambique, Rwanda, Uganda and Zambia). Consequent failure to provide the required information or documentation within the deadline specified, will lead to the rejection of the proposal. See also section 2.1 for further details on how, when and where to submit a proposal.

Assessment of eligibility

All proposals containing the required information are subsequently assessed to see whether they meet the eligibility conditions of this tender as specified in Chapter 3.

Selection of project proposals

If eligible, the proposals will be evaluated and ranked using the selection criteria in Chapter 4. The EVD will present the ranking of the proposals to the External Advisory Committee, which advises on the definite selection of projects. All the top ranking project proposals that fit within the total available budget of either PSOM-OS or PSOM-EZ and meet the minimum requirements will be selected for contracting.

During the selection process, the EVD may invite or visit the Applicant in order to obtain additional information. Equally, the EVD retains the right to visit the Recipient and the proposed project site. The Royal Netherlands Embassies in the PSOM countries have an advisory role in the selection procedure.

The EVD may seek advice from external and independent experts to assess the project proposal. The EVD may also ask the Applicant to provide additional information to the EVD or to a competent body to assess the financial position and conduct of the company on its behalf including subjects focussing on due diligence, market position, judicial position and social position.

Unsuccessful Applicants will be informed by the EVD in writing that their proposal has been rejected. Applicants that are selected will be notified by the EVD and a contract will be negotiated.

¹ Examples of minor omissions: missing extracts of Chambers of Commerce, incorrect postal address, forgotten paragraph risk analyses, letter of intent of partner not signed, etceteras.

2.7 Disclaimer

The EVD may suspend or cancel the tender procedure at any moment due to unforeseen circumstances. In this event the EVD will inform the Applicants as soon as possible and announce the suspension or cancellation of the tender on the EVD's website. With exemption of the below mentioned exceptions, the EVD is not obliged to pay any costs incurred by the Applicant or other Consortium Partners. In case PSOM-countries not having signed the relevant Memorandum of Understanding on the date of publication of this tender (see section 2.2 for a list of these countries), qualified proposals will be held over until the Memorandum is signed.

Only in event EVD cancels the tender in a particular county for reasons below, Applicants can be reimbursed for costs up to EUR 7,500 for project proposals submitted and officially qualified:

- The tender is cancelled in a particular country or region as a result of political disturbances;
- EVD cancels this tender in a particular country because the relevant Memorandum of Understanding (MoU) has not been signed by December 31st 2007.

3 Eligibility conditions

3.1 Introduction

Project proposals must comply with all of the following eligibility conditions:

- Budget restrictions;
- Consortium;
- Corporate social responsibility.

Project proposals which do not meet one or more of the above-mentioned conditions will not be considered in the selection process. The eligibility conditions are clarified in further detail in the following sections.

3.2 Budget restrictions

Any failure to meet the maximum project budget and EVD funding criteria will immediately lead to disqualification of the proposal. (see section 2.2 for further details)

	Maximum Project budget	Of which, maximum EVD funding
Countries with 50% financing of the total project budget	EUR 1,500,000	EUR 750,000 (50%)
Countries with 60% financing of the project budget	EUR 825,000	EUR 495,000 (60%)
Countries with 100% financing of the project budget (matched with parallel investments instead)	EUR 750,000	EUR 750,000 (100%) (+ parallel investment of at least the same size)

3.3 Consortium

The Consortium must consist of one Applicant (which shall become the main Contractor for the entire duration of the project) and one Recipient. Additionally, other Partners from any country may participate in the Consortium. When evaluating the proposal, the EVD will verify the eligibility on the basis of the actual situation at the moment of submission.

Applicant

- The Applicant is a company registered in the commercial register at the Chamber of Commerce in The Netherlands (with the exception of projects in Cape Verde, Malawi, Mali, Mozambique, Rwanda, Uganda and Zambia as described in section 2.1);
- The EVD can only sign a contract with the official Applicant. Changing Applicants during the selection process or during the implementation of a project is not allowed. It is however possible that the parent company, holding company or a Consortium Partner, co-signs the contract if the financial situation of the Applicant is not sufficient to cover the own investment. In this case, the consolidated audited annual reports (2004 and 2005; and if available concept figures 2006) of the parent company, the holding company or the Consortium Partner, also need to be submitted to the EVD;
- Foundations and NGO's are excluded from applying for PSOM. Non-profit foundations and NGO's can also not be the Recipient in a project. Foundations and NGO's may however be part of a Consortium and take part in a PSOM project as a Project Partner;
- For PSOM-EZ, the Applicant must have substantial economic activity in The Netherlands in terms of turnover and/or employment. Projects suggesting major complete transfer of economic activities outside the Netherlands will not be taken into consideration.

Recipient

- The Recipient is a private company registered at the local Chamber of Commerce or any other officially designated registration authority in the Recipient country. Shareholders can also be governmental organisations, however, they cannot not possess more than 25% of the shares (with the exception of companies in Vietnam and China, see Annex 2);
- The Recipient must have substantial economic activity in the Recipient Country in terms of turnover and/or employment;
- The Recipient may be a Joint Venture between the Applicant and a local private company, registered at the local Chamber of Commerce or any other officially designated registration authority in the Recipient country. There are no restrictions in the percentage of shares belonging to shareholders;
- The Recipient may be an existing sister or daughter company of the Applicant registered at the local Chamber of Commerce or any other officially designated registration authority in the Recipient country (with the exception of companies in China, see Annex 2).

Grounds for rejection

Proposals will not be considered in case any Member of the Consortium:

- Is bankrupt or whose activities are being wound up, whose affairs are being administered by the court, who has entered into an arrangement with creditors, who has suspended business activities or who is in any analogous situation arising from a similar procedure under national laws and regulations;
- Is the subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up of activities or administration by the court or for an arrangement with creditors or of any other similar proceedings under national laws and regulations;
- Has been convicted of an offence concerning his professional conduct by a judgment which has the force of *res judicata*;
- Has been guilty of grave professional misconduct proven by any means which the EVD can justify;
- Has not fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of The Netherlands, the Recipient's country or the Applicant's country;
- Has not fulfilled obligations relating to the payment of taxes in accordance with the legal provisions of The Netherlands, the Recipient country or the Applicant's company;
- Is guilty of serious misrepresentation in supplying the information required under these Tender Instructions.

3.4 Corporate social responsibility

The Dutch Government wants to promote responsible business conduct. Therefore all Project Partners must declare that they are familiar with the OECD-guidelines for Multinational Enterprises and will make an effort to apply them, within the limits of their ability, in their own companies and in the course of this project. A copy of the OECD Guidelines for Multinational Enterprises can be found on www.evd.nl/psom, under 'Links'.

In addition to the environmental guidelines that are included in the OECD guidelines, the Project Partners will have to adhere to the environmental guidelines that are agreed upon in the European Union as well as the relevant legislation of The Netherlands, the local country and the Applicant's country.

In addition to these guidelines the Dutch government considers standards of employment and industrial relations as laid out in the *ILO Declaration on fundamental principles and rights at work* of great importance. A copy of this declaration can be found on www.evd.nl/psom, under 'Links'. Of particular importance are the right of association and negotiation and the prohibition of discrimination, child labour and forced labour.

4 Selection criteria

4.1 Introduction

Project proposals which meet the eligibility conditions as stated in the previous chapter shall be evaluated by applying the following seven selection criteria:

- Consortium;
- Project plan;
- Business plan;
- Spin-off;
- Development and transition effects;
- Priority sectors and regions;
- Additionality.

Final ranking of proposals is based on two criteria: spin-off and development effects. The weight of these two criteria is different, depending on the country where the project will take place.

For projects in **PSOM-EZ countries** the criterion 'spin-off' is more important than the criterion 'development effects'. For projects in **PSOM-OS countries** the criterion 'development effects' is a more important selection criterion. See Annex 2 for country specifics.

The selection criteria are explained in further detail in the following sections.

4.2 Consortium

The PSOM programme prefers projects from Applicants which can be considered as Small and Medium Sized Enterprises (SME's: less than 250 employees) with foreign SME companies as Recipients. In case the Applicant or Recipient do not qualify as SME's the proposal should clarify how other SME's will directly benefit from this project.

Preference will be given to projects with Consortium Members that have not benefited previously from PSO or PSOM. The PSOM programme may disqualify projects from consortia where the Applicant and/or Recipient, or their sister, parent- or subsidiary companies were or are involved in PSO or PSOM projects which did not show satisfactory results (yet).

If an Applicant submits more than one proposal, for the same or different countries, this must be mentioned in the different proposals. In this case, the Applicant must clearly explain how this multi-submission fits in the overall company strategy.

Specific conditions

Specific conditions concerning the Consortium Members are:

- The financial and economic standing of the Applicant and Recipient must be **sufficient**, as demonstrated by the two most recent audited annual reports and accounts (2004 and 2005; and if available concept figures 2006);
- The Project Partners must have sufficient means to finance their own contribution and working capital. In case the Applicant does not have sufficient financial means to finance the own contribution, also the consolidated audited annual reports (2004 and 2005; and if available concept figures 2006) of the parent- or holding company, or of any other investing company, are to be submitted. In this case, the parent or holding company also co-signs the contract;
- There has to be a reasonable balance between the size and capabilities of the Partners, in particular between the Applicant and the Recipient;

- There has to be a reasonable balance in the financing of the own contribution (or, if applicable, of the parallel investment) between Applicant and Recipient;
- Although cooperation with a local sister or daughter company is allowed, Joint Ventures with local companies not owned by the Applicant are preferred. If the Applicant does, however, consider cooperation with a local sister or daughter company, then this local company must comply with all the criteria applicable to the Recipient as described under paragraph 3.3 of these tender instructions (registration, financial and economic standing, size and capacity, etc.);
- The project budget must correspond with the level of economic activity of the Consortium Members;
- There must be a clear link between the core business of the Consortium Members and the project proposal;
- The Consortium Members must be committed to a long-term trade or investment relationship, for example, in the form of a Joint Venture;
- The technical capacity of the Consortium Members must be sufficient to implement the project;
- The Applicant and Recipient must have relevant market experience.

4.3 Project plan

The quality of the project plan will be evaluated by the answers to the following questions:

- Is the proposed project intervention a logical response to the problem or business opportunity defined in the proposal?
- Does the project fit in the strategy of the Consortium Members?
- Are the results clearly described, logical and realistic?
- Can the results be verified?
- Are the allocated budgets per result realistic?
- Is the project consistent and complete, with a clear starting and ending date?
- Does the project offer a realistic combination of hardware supplies and knowledge transfer in order to achieve the project's objectives?
- Is the proposed technology proven and not too advanced or too outdated for local conditions in terms of operation and maintenance?
- What is the capacity of the equipment in relation to the proposed output of the PSOM project?

4.4 Business plan

The business plan will be evaluated along the following lines of questioning:

- Does the business plan contain all the necessary information (marketing plan, investment plan and operational plan)?
- Are the market prospects for the proposed products or services favourable (growth of the market or market share)?
- Is the source of market information traceable and can the data be verified?
- Are the predicted sales in the business plan based on sufficient data, realistic assumptions and accurate calculations?
- Is the project financially feasible and sustainable in terms of pay-back period, internal rate of return and cash flow?
- How has the cost price been calculated?
- Is the risk analysis realistic?
- Is it clear how the own contribution (or if applicable, the parallel investments) will be financed?
- Is it clear how the working capital and follow-up investments will be financed?
- If applicable, what is the relationship between the PSOM project and the parallel investment? Can the PSOM project exist without the parallel investment?

4.5 Spin-off

The spin-off effects will be evaluated as follows:

- The amount of projected additional investments and turnover in the two years after the project;
- The expected increase in turnover in the two years after the project is finished for the Project Partners and/or the Joint Venture;
- Are the projected follow-up investments and additional turnover sufficiently substantiated and realistic?
- For PSOM-EZ countries: in what way will the project contribute to the strengthening of the position of the Dutch company in the Recipient country *as well as* in The Netherlands; what is the economic impact of the project for the different project partners?

4.6 Development and transition effects

The development effects and the impact on the local economy in the PSOM countries will be evaluated by the answers to the following questions:

- How much and what kind of extra employment (direct and indirect) will the project generate in the Recipient country and in The Netherlands? What is the expected increase of employment for the Project Partners in the two years after the project?
- Does the project introduce and promote technical skills or technologies? Are they new for the country or region? How many local people are trained during what period of time?
- What chain effects are expected? Will there be positive effects for other local companies (SME's)?
- Does the project introduce new activities or lead to the development of an existing or new market?
- What special measures will be taken to provide good working conditions? (for example, medical care, transport, school support). Will the workers receive a fair income?
- What will be the impact on the position of women (quantity and quality)?
- What will be the impact on the environment (quantity and quality)? Will the impact on the environment be positive, neutral or negative? If relevant in your project, please explain the use of water resources, energy, chemicals, production of waste and/or impact on natural resources/vegetation, and measures taken. Regarding environmental effects, the EVD respects the UN Convention on Biodiversity and attaches great importance to the sustainable management of fishery and forest resources.

4.7 Priority sectors and regions

The PSOM programme is open for projects targeted at any sector of the economy. For some countries the MoU specifically mentions priority sectors, regions or groups, which however do not exclude other sectors, regions or groups. PSOM project proposals which meet these priorities will be weighed favourably during the selection. See Annex 2 for country specifics.

4.8 Additionality

The additionality of the project will be evaluated by the answers to the following questions:

- Is commercial financing for the project likely to be available? Was the project presented to other (commercial) financial institutions? Is there proof of their reaction (letter of rejection, letter of interest)?
- Is the project eligible for funding under the FOM (Fund for Emerging Markets - www.fmo.nl)? Why, to your opinion, is financing under the FOM not feasible?
- Does the project concern activities or does it target a market where other local or foreign companies in the PSOM country have the same kind of business funded commercially?
- Does the project concern the expansion of an already ongoing activity or investment?

- If the Recipient is an existing sister or daughter company of the Applicant, how can the project contribute to positioning of the Applicant in the recipient country? Does the project concern other activities and/or markets than those targeted already?
- Is, at the date of submission, a PESP (EVD Programma Economische Samenwerking Projecten) study either in the pipeline or ongoing for a similar project in the same country?
- Does the project receive funding from other Dutch Government programmes like those implemented by FMO?

5 Project implementation

5.1 Introduction

In this chapter supplementary information is provided to give potential Project Partners a brief overview of PSOM project regulations. Projects are subject to the *PSOM General Terms and Conditions 2006* during implementation. The general conditions can be found on the EVD website at www.evd.nl/psom, under 'Publications'. Here you can also find an example of a PSOM-contract (NB: examples will be available at a later date during the tender period, presumably in January 2007).

NB: Please note that all advances and payments mentioned in the following sections have to be related to the funding regime applicable for the different countries. For example, in a country where PSOM funds 50% of the project costs, only 50% will be made payable.

5.2 Reporting and payments

The Applicant will report on the achievement of the results in accordance with the established procedures and format described in the *PSOM General Terms and Conditions 2006*.

In the project proposal the Applicant defines a maximum of five results and allocates the project budget to these results. The EVD will establish a payment schedule for the implementation of the project, based on these results and the project budget. The contractual agreement between the EVD and the Applicant will therefore be result based. Payments will be made based on documentary evidence of the achievement of the results and on the findings during site visits paid by the EVD or on behalf of the EVD. Non-realisation of a result will lead to non-payment of the budget allocated to that result.

The EVD will only make payments in euros. Possible differences in exchange rates will not be reimbursed by the EVD. The EVD will pay hardware on the basis of invoices of suppliers and will use the exchange rate of the date that the invoice has been issued.

5.3 Advances

Advances with bank guarantee

In order to finance the required capital for the implementation of the project, companies can request an advance for up to 30% of the project budget, based on an irrevocable and unconditional letter of guarantee issued by a Dutch bank (according to the format prescribed by the EVD).

Advances for hardware

Advance payments for hardware are possible if the following conditions are met:

- 30% of the approved hardware costs will be paid in advance after approval of the request for the purchase of goods and a confirmation order. The EVD will check the market conformity of each hardware quotation with the assistance of independent valuation organisations¹;

¹ In the event of a purchase value lower than EUR 25,000, the principal will not check the market conformity of the intended purchase. Purchases of second-hand goods will always be checked for market conformity.

- 50% of the approved hardware costs will be paid in advance after submission of the purchase invoice and bill of lading. If no shipping is involved, one should submit a protocol of receipt and a purchase invoice;
- 20% of the approved hardware costs will be paid in advance after installation of the hardware and the hardware produces the foreseen amount of products. The EVD has to receive the signed protocol of production. In addition, a protocol of receipt has to be submitted if the second advance was based on a purchase invoice and bill of lading;
- In case second hand equipment is acquired or brought into the Joint Venture, the quality and price is appraised according to the SHA rating standards as developed by SGS. Second hand goods purchased under a PSOM contract should, upon delivery to the Recipient, meet at least quality level SHA-4. This means that the second hand goods should at least meet the following criteria: 'Used equipment that is complete and presented for inspection showing no signs of either excessive wear or defective components. There must be acceptable documentary evidence available at the time of inspection to show that the goods are in good working order'.

5.4 Final report, payment and spin-off

After realising the final project results, the Contractor will send a final report to the EVD. The final report should include a business plan for the follow-up investments and projected extra turnover in the following 5 years after the project. Indicate what part of the investments and extra turnover will be realised in the first two years after the project, the so called spin-off phase. After verification of the results the agreed PSOM grant for the final result will be paid by the EVD.

Two years after completion of the project, the Contractor must report about the realised spin-off effects (extra investments, turnover and employment).

Annex 1: Application format

The proposal should be structured in the following nine sections. Please number all pages consecutively:

1. Key data of Consortium Members;
2. Project plan;
3. Business plan;
4. Spin-off;
5. Development effects;
6. Priority sectors and regions;
7. Additionality;
8. Description of parallel investments (for 100% countries);
9. Annexes.

What to submit?

- Six hardcopies of the project proposal written according to the format provided in Annex 1. This format is mandatory. The proposal must be drawn up in English and must remain within the 25 page limit (excluding annexes);
- One digital copy. This digital copy should contain only MS Word, MS Excel files and/or PDF files for documents not available as Word or Excel files and have a maximum size of 1 MB. The digital copy must be sent to psom@info.evd.nl;
- If applicable, six hardcopies of the parallel investment proposal written according to the format provided in Annex 3. This format is mandatory. The proposal must be drawn up in English and remain within the 10 page limit.

Each hardcopy must contain the following annexes:

- Copies of the extract of registration at Chamber of Commerce or (in case of non-Dutch companies) other designated Registration Authority of Applicant and Recipient. These copies may not be older than 6 months.
- Audited (for Dutch companies by an independent RA or AA) annual reports and accounts of last two years (2004 and 2005; and if available concept figures 2006) of the Applicant and Recipient. If other Project Partners also participate financially in the project their annual reports and accounts (2004 and 2005; and if available concept figures 2006) should be included. The annual report should be translated into Dutch or English, preferably in Euros or US dollars. Clearly indicate the currency used in the annual reports!
- Résumés of key project personnel (maximum 3).
- Signed Letters of Intent of the Applicant, Recipient and other Project Partners in which they commit themselves to the implementation of their part of the project. The Applicant's original signature must be on the Letter of Intent of the Applicant. The Recipient's signature on the Letter of Intent of the Recipient may be a copy, but then needs to be accompanied by a copy of the passport of the Recipient. This same rule applies to the Letters of Intent of the other Project Partners.
- If others than mentioned in the extract of registration at the Chamber of Commerce, sign the Letter of Intent or, later on, are supposed to sign a possible contract, then proof of this authorisation must accompany the Letter of Intent of the Applicant.

The deadline is February, 28th 2007, 15.00 hours CET.

1. Key data of Consortium Members

1.1 Applicant

Company name and legal structure (BV, VOF, Ltd. etc)	
Address	
Postal code and city	
Country	
P.O. Box	
Postal code and city	
Country	
Name of contact person	
Position	
Telephone number	
Fax number	
E-mail address	
Website	
BIK (SBI) code (to be obtained through Chamber of Commerce, Dutch Applicants only)	
Registration no. Chamber of Commerce including date and city of registration	<i>Give registration number, name and address of the Chamber of Commerce or other designated Registration Authority plus date of registration</i>
Main economic activity	
Number of employees	
Bank/giro account number	
Name and address of bank	
PSO, PSOM, PESP	<i>Is or was this company or a subsidiary, sister or parent company involved as Consortium Member in a PSO, PSOM of PESP project proposal?</i> <input type="checkbox"/> No <input type="checkbox"/> Yes, please give title(s) and project number(s) if awarded
Programmes FMO and SenterNovem	<i>Is or was this company or a subsidiary, sister or company involved as Consortium Member in a Dutch Government programme implemented by FMO or SenterNovem?</i> <input type="checkbox"/> No <input type="checkbox"/> Yes, please give title(s) and project number(s)
Ownership and company structure	<i>Please explain company structure, type, nationality, percentage of shares of each shareholder and parent companies.</i>
Corporate Social Responsibility	<i>Is the Applicant familiar with the OECD guidelines for multinational corporations and will they make an effort to apply them, to the best of their ability, in their companies? (see www.evd.nl/psom, under 'Links')</i> <input type="checkbox"/> No <input type="checkbox"/> Yes
International Labour Organisation Principles	<i>The Applicant will follow the ILO principles and rights. (see www.evd.nl/psom, under 'Links')</i> <input type="checkbox"/> No <input type="checkbox"/> Yes
The complete project proposal may be presented by the EVD to the	<input type="checkbox"/> No, [company name] objects to presentation of this proposal to FMO, because....

FMO to assess the possible eligibility of the proposal under FOM (Fund for Emerging Markets)	<input type="checkbox"/> Yes, [company name] approves presentation of this proposal to FMO.
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1.2 Recipient

Company name and legal structure (local equivalent of BV, VOF, Ltd. etc)	
Address	
Postal code and city	
Country	
P.O. Box	
Postal code and city	
Address of the potential PSOM project (<i>Project location: postal code + address/city + country</i>)	
Name of contact person	
Position	
Telephone number	
Fax number	
E-mail address	
Website	
Registration number Chamber of Commerce	<i>Give registration number, name and address of the Chamber of Commerce or other designated Registration Authority plus date of registration</i>
Main economic activity	
Number of employees	
PSO, PSOM, PESP	<i>Is or was this company or a subsidiary, sister or parent company involved as Consortium Member in a PSO, PSOM or PESP project proposal?</i> <input type="checkbox"/> No <input type="checkbox"/> Yes, please give title(s) and project number(s) if awarded
Programmes FMO and SenterNovem	<i>Is or was this company or a subsidiary, sister or parent company involved as Consortium Member in a Dutch Government programme implemented by FMO or SenterNovem?</i> <input type="checkbox"/> No <input type="checkbox"/> Yes, please give title(s) and project number(s)
Ownership and company structure	<i>Please explain company structure, type, nationality, percentage of shares of each shareholder and parent companies.</i>
Corporate Social Responsibility	<i>Is the Recipient familiar with the OECD guidelines for multinational corporations and will they make an effort to apply them, to the best of their ability, in their companies? (see www.evd.nl/psom, under 'Links')</i> <input type="checkbox"/> No <input type="checkbox"/> Yes
International Labour Organisation Principles	<i>The Recipient will follow the ILO principles and rights. (see www.evd.nl/psom, under 'Links')</i> <input type="checkbox"/> No <input type="checkbox"/> Yes

<p>The complete project proposal may be presented by the EVD to the FMO to assess the possible eligibility of the proposal under FOM (Fund for Emerging Markets)</p>	<p><input type="checkbox"/> No, [company name] objects to presentation of this proposal to FMO, because.....</p> <p><input type="checkbox"/> Yes, [company name] approves presentation of this proposal to FMO.</p>
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1.3 Project Partners (other Members of Consortium besides Applicant or Recipient)

Company name and legal structure (BV, Ltd. etc)	
Address	
Postal code and city	
Country	
P.O. Box	
Postal code and city	
Name of contact person	
Position	
Telephone number	
Fax number	
E-mail address	
Website	
Registration number Chamber of Commerce	<i>Give registration number, name and address of the Chamber of Commerce or other designated Registration Authority and date or registration</i>
BIK (SBI) code (to be obtained through Chamber of Commerce, Dutch companies only)	
Main economic activity	
Number of employees	
PSO, PSOM, PESP	<i>Is or was this company or a subsidiary, sister or parent company involved as Consortium Member in a PSO, PSOM or PESP project proposal?</i> <input type="checkbox"/> No <input type="checkbox"/> Yes, please give title(s) and project number(s), if awarded
Corporate Social Responsibility	<i>Is the Project Partner familiar with the OECD guidelines for multinational corporations and will they make an effort to apply them, to the best of their ability, in their companies? (see www.evd.nl/psom, under 'Links')</i> <input type="checkbox"/> Yes <input type="checkbox"/> No
International Labour Organisation Principles	<i>The Project Partner will follow the ILO principles and rights. (see www.evd.nl/psom, under 'Links')</i> <input type="checkbox"/> Yes <input type="checkbox"/> No
The complete project proposal may be presented by the EVD to the FMO to assess the possible eligibility of the proposal under FOM (Fund for Emerging Markets)	<input type="checkbox"/> No, [company name] <u>objects</u> to presentation of this proposal to FMO, because.... <input type="checkbox"/> Yes, [company name] <u>approves</u> presentation of this proposal to FMO.

2. Project plan (maximum 6 pages)

2.1 Project title and location (city, province, country):

2.2 Project starting and finishing date

- Give a starting and finishing date for your project. The duration of the project should be between one and two years. In exceptional cases, such as agricultural projects where progress depends on seasonal influences, the implementation phase may be extended to a maximum of three years.
- Please note that a project may not have started before submission or before contracting of the project.
- The project has to be consistent and complete, with a clear starting and ending date.

2.3 Project budget

- Give the size of the full project budget in euros;
- Specify the size of the own contribution and the budget to be financed by PSOM (not applicable for projects situated in the Russian Federation and Ukraine, see chapter 8 of this annex).

2.4 Abstract

The abstract should be no more than one page including the most important features of the project such as:

- Description of problem and/or business opportunity;
- Objective of the proposed project and concrete results to be achieved;
- Brief description of equipment and training to be funded by the PSOM programme;
- Rough indication of the size of the spin-off to be achieved by this project in terms of: follow-up investments, increase in turnover, additional employment.

2.5 Consortium

- Mission and strategy of Consortium Partners;
- The history of the relationship between the Project Partners and the main reason to participate in the project;
- Brief description of future cooperation. (Will a Joint Venture be formed? Will Applicant participate financially in the Recipient company?);
- Description of technical, managerial and other capabilities of the Project Partners;
- References to previous projects demonstrating the technical capacities of the Project Partners.

2.6 Description of project results (for examples, visit www.evd.nl/psom; these examples will be available stating January 2007 only!)

The results should be formulated according to the following principles:

- Maximum five project results should be formulated. Project results may consist of several related sub-results;
- Results should be described as concrete and achievable outputs, with start and end dates for each result;
- Each result should be described in such a way that it can be verified by the EVD or by an independent auditor/evaluator;
- The results include the engineering, shipping, installation, operation and commercial exploitation of the hardware. A protocol of production should be submitted after the hardware has been fully implemented for a certain period of time. The protocol of production includes the amount of units produced or turnover realised. The figures should be based on the figures in the business plan and be produced within a certain period;
- The results also include technical assistance (number of people trained in certain aspects). This can be in combination with the installation, operation and commercial exploitation of the hardware;
- Development effects like total number of employees hired should also be part of the results;
- The last result should include realised production figures;

- The last result should include amongst others an updated business plan including projected spin-off effects.

The following format for the description of a result (maximum five) should be used:

Result 1	- Title of the result; - Start and end date; - Budget for this result.	
Description	<i>Give brief description of planned activities</i>	
Sub-results	Means of verification	
1.	1.1. 1.2. 1.3.	
2. Etc.	2.1. 2.2. 2.3. etc.	

Result 2	- Title of the result; - Start and end date; - Budget for this result.	
Description	<i>Give brief description of planned activities</i>	
Sub-results	Means of verification	
1.	1.1. 1.2. 1.3.	
2. Etc.	2.1. 2.2. 2.3. etc.	

Result 3	- Title of the result; - Start and end date; - Budget for this result.	
Description	<i>Give brief description of planned activities</i>	
Sub-results	Means of verification	
1.	1.1. 1.2. 1.3.	
2. Etc.	2.1. 2.2. 2.3. etc.	

Result 4	<ul style="list-style-type: none"> - Title of the result; - Start and end date; - Budget for this result. 	
Description	<i>Give brief description of planned activities</i>	
Sub-results	Means of verification	
1.	1.1. 1.2. 1.3.	
2. Etc.	2.1. 2.2. 2.3. etc.	

Result 5	<ul style="list-style-type: none"> - Title of the result; - Start and end date; - Budget for this result. 	
Description	<i>Give brief description of planned activities</i>	
Sub-results	Means of verification	
1.	1.1. 1.2. 1.3.	
2. Etc.	2.1. 2.2. 2.3. etc.	
Realised production figures, revised Business Plan; spin-off; etc.		

2.7 Project budget - specified

The budget should contain the cost for project management, hardware and technical assistance as described and justified in the operational plan in section 3.3.

The budget allocated to the last result may include costs to be incurred for submitting the final report, revised business plan and spin-off.

The Applicant should submit the project budget according to the format below. Number of days allocated to project management, technical assistance and other services should be indicated.

Budget item	Result 1	Result 2	Result 3	Result 4	Result 5	TOTAL
A) Project management (EUR)						
<i>Number of days (a)</i>						
B) Technical assistance not related to goods (EUR) - provided by Consortium Members						
<i>Number of days (b)</i>						
C) Technical assistance related to goods (EUR) - provided by Consortium Members						
<i>Number of days (c)</i>						
D) Technical assistance not related to goods - provided by third parties						
E) Technical assistance related to goods - provided by third parties						
Total Technical Assistance (EUR) A+B+C+D+E						
Total number of days (a+b+c)						
F) Hardware (EUR)						
TOTAL BUDGET (EUR)						

Additionally, it is advised to include a detailed budget that contains the separate budget items that are used to accomplish the table above, according to a format that can be downloaded from the EVD website. Use of this detailed budget is not compulsory; however, the EVD retains the right to request detailed budget information during selection. NB: using the **Budget Calculating Tool** on www.evd.nl results in the above table!

Explanation of (non-)eligible project costs

What costs can, and what costs cannot, be included in the budget is explained in the next sections.

Eligible costs

a. Project management

Costs for project management include fees for Dutch and local experts for time allocated to management, meetings, drafting business plans, dissemination and reporting. Overhead costs for local and international travel, communication and lodging can also be included under this item.

b. Technical assistance not related to goods - provided by Consortium Members

This includes- among others - fees and costs for knowledge transfer and training activities (locally or in The Netherlands) aimed at capacity building and improving management and/or technical skills of local personnel in the Recipient country. These activities are performed by Consortium Members.

c. Technical assistance related to goods - provided by Consortium Members

This involves fees and costs for knowledge transfer aimed at performing engineering activities or instructing employees to operate equipment or perform production activities. These activities are performed by Consortium Members.

d. Technical assistance not related to goods - provided by third parties

This involves similar activities as described under b. but performed not by Consortium Members but by other companies. The EVD has the right to check market conformity of the costs of these activities.

e. Technical assistance related to goods - provided by third parties.

This involves similar activities as described under c. but performed not by Consortium Members but by other companies. The EVD has the right to check market conformity of the costs of these activities. If such training is performed by the supplier of equipment, these costs should be included under budget item 'hardware'.

f. Hardware

Costs for hardware include equipment, agricultural inputs, transport, insurance and installation, commissioning and instruction activities performed by the supplier. Also costs for renovation and adaptation of existing buildings and infrastructure can be included under this item. Hardware must be offered DDP (Duties Delivered Paid) excluding VAT.

Non-eligible project costs

For technical assistance the following costs are not eligible and can therefore not be included in the budget:

- costs for drafting and submitting this PSOM project proposal;
- costs for research and product development activities (R&D)¹;
- working capital and other operational costs.

For hardware and services the following costs are not eligible:

- costs for rent, lease or purchase of land;
- costs for rent, lease or purchase of buildings which are already property of Consortium Members or their shareholders;
- Hardware must be delivered duties paid. VAT however will not be eligible. For some countries tax exemption has been or will be agreed upon in the Memorandum of Understanding with the local government, in which case local government taxes such as import duties and VAT on project equipment will not be eligible. Successful Applicants will be informed about this issue during contract negotiations.

3. Business plan (maximum 14 pages)

3.1 Project objective

- Describe the mission and strategy of the joint enterprise to be started by the Consortium.
- (In addition and only for PSOM-EZ countries) Describe how the project contributes to the strategic positioning of the Netherlands applicant in the Netherlands.

3.2 Market analysis

Give an analysis of the market for the product or services to be realised through the project. The market analysis should at least describe:

- Trends (quantity and quality) in market volumes and prices for the product or services for both the local and export market over the past 2-5 years;
- The relevant competitors (local and international) in this market and their market share;
- Growth prospects for the market (local and/or export);
- Growth prospects in market share for the proposed product of service;
- Source of used market information.

¹ With the exception of project proposals submitted for Moldova, which target the priority sector Research and Innovations as specified in the MoU.

3.3 Operational plan

- Give a marketing and sales plan based on the market analysis. Who are the prospective clients and how will they be attracted?
- Give a detailed description of the proposed hardware and the costs. Is a project building available or should the site still be identified or constructed?
- Give an outline of the programme for the transfer of know how and training (including subject of training, training days and number of employees trained). If third parties are involved, please mention their names, addresses, etc.;
- Give an outline of the project management. How will the project be organised (project manager, team Members, responsibilities)?
- Give a description of the production process.

3.4 Financial plan

The financial plan should cover a 7 calendar year period (2007-2014). It should at least contain the following elements:

- A cash flow analysis covering the 2 project calendar years (indicate starting month of investments) and 5 calendar years after finalising the project. For the starting year it should contain: all investment costs, specified to land, buildings and equipment. For each year it should contain the following elements: total revenues, total cost of purchase of raw materials, sum of all other production costs (energy, personnel, maintenance, marketing costs, administration, etc., including taxes, depreciation and financial costs). In case of an agricultural project, it is possible to submit a cash flow analysis covering 3 project calendar years and 7 calendar years after the project. The cash flow analysis should involve the total project. Therefore, if a parallel project is involved, the cash flow analysis should also include this parallel project (see Annex 3). Please note that the cash flow analysis should not contain the PSOM contribution or the proposed follow-up investments.
- Please use the format in Annex 4 and specify the assumptions used for the calculations (price x quantity) for turnover per product and for costs of sales per product;
- A financial analysis, containing a calculation of the added value (market value minus value of purchased and used goods and services); profit and loss statement covering the 2 project calendar years and 5 calendar years after finalising the project; balance sheet for the first year of the project. The financial analysis should involve the total project. Therefore, if a parallel project is involved, the analysis should also include this parallel project (see Annex 3). Please note that the analysis should not contain the PSOM contribution nor follow-up investments;
- An explanation of how the cost price has been calculated (at least indicate production figures both in quantity and in price);
- An indication of the necessary working capital for the project and an explanation on the way this working capital will be financed.

3.5 Own contribution

In case of a 50% or 60% PSOM contribution (for parallel investments: see Annex 3) the proposal should explain how the own contribution will be divided among the Consortium Partners. Also explain how the own contribution will be financed. This information should be supplied using the following format:

Division of shares and own contribution

	Division of shares in Joint Venture or Recipient company (%)	Division of own contribution (%)	Means of financing own contribution
Applicant			
Recipient			
Partner 1			
Partner 2			
Total			

If it is not conclusive from the submitted annual reports that the Applicant can pay the own contribution of the project, then it is possible that the parent company, holding company or a Consortium partner, co-signs the contract. In this case, also the consolidated audited annual reports (2004 and 2005; and if

available concept figures 2006) of the parent company, holding company or Consortium partner need to be submitted to the EVD.

Please also submit a plan for financing of working capital. Give an indication of the necessary working capital on top of the own contribution and explain how this working capital will be financed. This information should be supplied using the following format:

Division and financing of working capital

	Required working capital (EUR)	Means of financing working capital
Year 1		
Year 2		
Year 3		
Year 4		
Total		

3.6 Risk analysis

Describe risks and commercial assumptions, which may affect and even hamper the implementation of this project. Differentiate between low, middle and high risks. Describe proposed measures to manage these risks.

4. Spin-off after the project (maximum 2 pages)

Additional investments and turnover

- Indicate how much additional money will be invested during the two years after the project is completed and for which purpose;
- Indicate how much additional turnover is expected in the two years after the project is finished. The additional turnover is the level of turnover as a result of the project and is calculated as follows:
(turnover first year of spin off phase minus turnover year before project starts) plus (turnover second year of spin off phase minus turnover year before project starts)
 The additional turnover of the Recipient, mentioned in the format below, should be based on figures from the cash flow analysis in the financial plan;
- Please indicate in the table below, what part of the increase in turnover is a direct consequence of goods coming from the Recipient or Joint Venture. For example: goods are exported from the Joint Venture to the Applicant in The Netherlands. The Applicant sells these goods in the EU. This is an increase in turnover for the Joint Venture and for the Applicant. To avoid double counting in the increase of turnover, please indicate which part of the increase in turnover is directly related to the export of goods from the Recipient or Joint Venture;
- For PSOM-EZ countries: indicate in what way the project will contribute to the strengthening of the position of the Dutch company in the Recipient country *as well as* in The Netherlands; what is the economic impact of the project for the different project partners?

Spin-off information should be supplied using the following format:

Increase in turnover and investments in euros 2 years after project

	Investments after project	Turnover 2 years after project	
		Turnover directly related to (re)sale of goods imported from the Recipient or Joint Venture	Total turnover
Applicant	EUR	EUR	EUR
Recipient / Joint Venture	EUR	Not applicable	EUR
Partner 1	EUR	EUR	EUR
Partner 2	EUR	EUR	EUR
Total	EUR	EUR	EUR

5. Development effects (maximum 2 pages)

5.1 Employment

Estimate the number of jobs created (direct and indirect) by the project (for men/women, type of employment), in the Recipient country and in The Netherlands. Also give an estimate of the jobs (direct and indirect) that will be created in the two years after the project as a result of the projected spin-off.

Please use the table below and explain the figures.

Jobs created by the project

	During project		Two years after project	
	direct	indirect	direct	indirect
In Recipient country				
In The Netherlands				

5.2 Introduction of knowledge and technology

Does the project introduce and promote technical skills or technologies. Are these new for the country or region? How many people will be trained in what skills?

5.3 Development of the local market

Besides the Project Partners, what other local companies are involved in the project? Will local companies supply goods or services to the production process? Are these small or medium sized enterprises (SME's)? What is the local availability of raw materials and will they be used by the project? Will the project have or be part of a chain-approach and involve local SME's during and/or after the project? What indirect employment will be created? Does the project introduce new activities that set standards for the local market? Does the project lead to the development of existing or new markets in the region?

5.4 Income level and working conditions

What specific measures will be taken to provide good working conditions? What is considered to be a fair income for the workers and how will this be guaranteed?

5.5 Impact on the position of women

Will the impact on the position of women be positive, neutral or negative and why?

5.6 Environment effects

Will the impact on the environment be positive, neutral or negative and why? If relevant in your project, please explain use of water resources, energy, chemicals, production of waste and/or impact on natural resources/vegetation, and measures taken.

5.7 Other development effects

Will the project have other development effects (for instance: HIV prevention, education, medical care)?

6. Priority sectors and regions

If applicable, does the project fall under a priority sector, region or group mentioned in Annex 2 of the Tender Instructions?

7. Additionality (maximum 1 page)

7.1 Market impact

Who are the local competitors in the PSOM country? What will the impact of this project be for the local competitors? To your knowledge, do local or international/foreign competitors who are active in this market receive any financial support from their government? Do they have a comparable sort of business funded commercially? Will the project focus on production for the local market or for export to new markets?

7.2 Commercial feasibility

Please explain why PSOM funding is required. How would this project be realised if PSOM funding would not be available?

Can the project costs be financed out of the resources of the Project Partners? Are commercial funds e.g. from banks available to finance this project? Give arguments why commercial funding for this project is not available.

Is the project eligible for funding under the FOM (Fund for Emerging Markets - www.fmo.nl)? Why, to your opinion, is financing under the FOM not feasible?

8. Description of parallel investments

NB: Only for proposals in the Russian Federation and Ukraine

Please note that description of parallel investments requires less detail than the main PSOM project. Please provide information for each item mentioned in Annex 3. A separate business plan is not required, nor is a detailed budget breakdown.

For further details, please refer to Annex 3 of these Tender Instructions.

9. Annexes

The annexes for each separate project proposal should contain the following documentation:

- Copies of the extract of registration at Chamber of Commerce or (in case of non-Dutch companies) other designated Registration Authority of Applicant and Recipient. These copies may not be older than 6 months;
- Audited (for Dutch companies by an independent RA or AA) annual reports and accounts of last two years (2004 and 2005; and if available concept figures 2006) of the Applicant and Recipient. NB: Only complete annual reports; do not restrict this annex to Profit & Loss-account and Balance. If other Project Partners also participate financially in the project their annual reports and accounts (2004 and 2005; and if available concept figures 2006) should be included. The annual report should be translated into Dutch or English, preferably in Euros or US dollars. Clearly indicate the currency used in the annual reports!
- Résumés of key project personnel (maximum 3);
- Signed Letters of Intent of the Applicant, Recipient and other Project Partners in which they commit themselves to the implementation of their part of the project. The Applicant's original signature must be on the Letter of Intent of the Applicant. The Recipient's signature on the Letter of Intent of the Recipient may be a copy, but then needs to be accompanied by a copy of the passport of the Recipient. This same rule applies to the Letters of Intent of the other Project Partner;
- If others than mentioned in the extract of registration at the Chamber of Commerce, sign the Letter of Intent or, later on, are supposed to sign a possible contract, then proof of this authorisation must accompany the Letter of Intent of the Applicant.

Annex 2: Country Specifics

Country	Maximum Project budget	Grant Percentage (fixed)	Maximum PSOM grant	Parallel investment of same size required	Preferred sector 1)	Preferred region or group 1)	PSOM-EZ or PSOM-OS	Substantial Economic activities Dutch Applicant 2)	Open to non-Dutch companies 3)	Additional remarks
Afghanistan	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	
Albania	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	
Armenia	€ 1,500,000	50%	€ 750,000	no	a,t	no	OS	no	no	
Bangladesh	€ 825,000	60%	€ 495,000	no	a,n	no	OS	no	no	
Benin	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	
Bolivia	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	
Bosnia-Herzegovina	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	
Brazil	€ 1,500,000	50%	€ 750,000	no	no	VI	OS	no	no	5)
Burkina Faso	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	
Burundi	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	5)
Cape Verde	€ 825,000	60%	€ 495,000	no	no	no	OS	no	yes	3)
China	€ 1,500,000	50%	€ 750,000	no	a,b,c,d,g	II	OS	no	no	4) 6)
Colombia	€ 1,500,000	50%	€ 750,000	no	b,c,d,h	no	OS	no	no	
Ecuador	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	5)
El Salvador	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	5)
Egypt	€ 1,500,000	50%	€ 750,000	no	a,b,c,l	I	OS	no	no	
Ethiopia	€ 825,000	60%	€ 495,000	no	a	no	OS	no	no	
Gambia	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	5)
Georgia (excl. Abkhazia)	€ 1,500,000	50%	€ 750,000	no	a	no	OS	no	no	
Ghana	€ 1,500,000	50%	€ 750,000	no	a,b,c,d	no	OS	no	no	
Guatemala	€ 1,500,000	50%	€ 750,000	no	l	no	OS	no	no	
Honduras	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	5)
India	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	

Country	Maximum Project budget	Grant Percentage (fixed)	Maximum PSOM grant	Parallel investment of same size required	Preferred sector 1)	Preferred region or group 1)	PSOM-EZ or PSOM-OS	Substantial Economic activities Dutch Applicant 2)	Open to non-Dutch companies 3)	Additional remarks
Indonesia	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	
Kenya	€ 1,500,000	50%	€ 750,000	no	a,f,i	no	OS	no	no	
Macedonia	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	
Madagascar	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	5)
Malawi	€ 825,000	60%	€ 495,000	no	no	no	OS	no	yes	5) 3)
Mali	€ 825,000	60%	€ 495,000	no	a,c,j	III	OS	no	no	3)
Moldova	€ 1,500,000	50%	€ 750,000	no	b,d,e,h,n,s,t,u	no	OS	no	no	
Mongolia	€ 1,500,000	50%	€ 750,000	no	a,e	no	OS	no	no	
Montenegro	€ 1,500,000	50%	€ 750,000	no	no	no	EZ	yes	no	
Morocco	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	5)
Mozambique	€ 825,000	60%	€ 495,000	no	no	no	OS	no	yes	3)
Namibia	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	5)
Nepal	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	5)
Nicaragua	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	
Pakistan	€ 1,500,000	50%	€ 750,000	no	a,b,g	no	OS	no	no	
Palestinian Authorities	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	
Peru	€ 1,500,000	50%	€ 750,000	no	a,e,f,g,m,o	no	OS	no	no	
Philippines	€ 1,500,000	50%	€ 750,000	no	no	IV	OS	no	no	
Russian Federation	€ 750,000	100%	€ 750,000	yes	no	no	EZ	yes	no	5)
Rwanda	€ 825,000	60%	€ 495,000	no	a,b,e,k	no	OS	no	yes	3)
Senegal	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	
Serbia (incl. Kosovo)	€ 1,500,000	50%	€ 750,000	no	no	no	EZ	yes	no	
Sierra Leone	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	5)
South Africa	€ 1,500,000	50%	€ 750,000	no	a,b,c	V	OS	no	no	
Sri Lanka	€ 1,500,000	50%	€ 750,000	no	a,d,e,m,n	no	OS	no	no	
Sudan	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	

Country	Maximum Project budget	Grant Percentage (fixed)	Maximum PSOM grant	Parallel investment of same size required	Preferred sector 1)	Preferred region or group 1)	PSOM-EZ or PSOM-OS	Substantial Economic activities Dutch Applicant 2)	Open to non-Dutch companies 3)	Additional remarks
Surinam	€ 1,500,000	50%	€ 750,000	no	a,c,e,q	no	OS	no	no	
Tanzania	€ 825,000	60%	€ 495,000	no	no	no	OS	no	no	
Thailand	€ 1,500,000	50%	€ 750,000	no	no	no	OS	no	no	
Turkey	€ 1,500,000	50%	€ 750,000	no	no	no	EZ	yes	no	
Uganda	€ 825,000	60%	€ 495,000	no	no	no	OS	no	yes 3)	
Ukraine	€ 750,000	100%	€ 750,000	yes	no	no	EZ	yes	no	
Vietnam	€ 1,500,000	50%	€ 750,000	no	a,e,r	no	OS	no	no	6)
Yemen	€ 825,000	60%	€ 495,000	no	a,e,f	no	OS	no	no	
Zambia	€ 825,000	60%	€ 495,000	no	no	no	OS	no	yes 3)	

Preferred sectors

- a. Agriculture and agro business
- b. Environment and energy
- c. Transport and logistics
- d. Infrastructure
- e. Tourism
- f. Fishery and fish products
- g. Water
- h. Agro-industry
- i. Air and maritime transport
- j. Pharmaceuticals
- k. Rural infrastructure
- l. Strengthening export industry, export promotion
- m. Textile industry (including garments and apparel)
- n. Information technology
- o. Dairy industry, non-metallic mineral industry and chemical industry
- p. Forestry
- q. Mining sector and SME's in this sector, among which companies in building materials and in processing of luxury natural stones into semi-

- r. finished products and end-products
- s. Hi-tech production and manufacturing industries, consumer goods production
- t. Industry
- u. Services
- v. Research and innovations

Preferred regions or groups

- I. (Egypt) Non-urban areas
- II. (China) Only proposals in the following geographic areas will be taken into consideration: Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Guangxi, Hubei, Hunan, Jiangxi, Anhui, Hebei, Henan, Shanxi, Heilongjiang, Jilin and Liaoning. Projects in the following regions will explicitly **not** be taken into consideration: Beijing, Tianjin, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong and Hainan.
- III. (Mali) Regions: Segou, Koulikoro, Sikasso. District: Bamako.
- IV. (Philippines) Provinces : Abra, Apayao, Ifugao, Kalinga, Mt. Province, Quirino, Nueva Vizcaya, Aurora, Marinduque, Guimaras, Siquijor, Biliran, Eastern Samar, Southern Leyte, Basilan, Maguindanao, Sulu, Tawi-Tawi
- V. (South Africa) Preference will be given to projects that benefit previously disadvantaged groups/areas (black people, coloured people and Indians). Black Economic Empowerment (BEE) entails three core elements: direct empowerment through ownership and control of enterprises and assets, human resource development and employment equity, indirect empowerment through preferential procurement and enterprise development. Examples of BEE are black shareholders, black partners, management training, the use of black suppliers and providing good education for black children.
- VI. (Brazil) North and Northeast

Footnotes

- 1) Also proposals from other sectors or regions are welcome. Proposals in the preferred sectors and regions get however extra points.
- 2) For PSOM-EZ the Applicant must have substantial economic activity in The Netherlands in terms of turnover and /or employment. The economic impact for the Applicant in the Netherlands must be clear!
- 3) Also open to non-Dutch companies means that the Applicant can be a Dutch company or a company that is registered in a developing country listed in OECD's DAC-list.
- 4) - Recipient company has to be 100% Chinese (no daughter company as Recipient allowed);
- The EVD needs the approval of the Ministry of Commerce of the P.R. of China (MOFCOM) for all PSOM China Projects.
- 5) On the date of publication the MoU for this country had not been signed yet
- 6) For Vietnam and China the Recipient may be a company with more than 25% of the shares owned by a governmental organisation(s).

Annex 3: Guidelines for Parallel Investments in the Russian Federation and Ukraine

1. Parallel investments - What does it mean?

In accordance with OECD guidelines, PSOM finances 100% of project costs up to a maximum of EUR 750,000 in Ukraine and the Russian Federation. In order to ensure commitment of Consortium to the PSOM projects Applicants of the PSOM proposal are requested to propose parallel investments. The size of the parallel investments has to be at least equal to the submitted PSOM proposal. In section 2 of this annex an example of such a combination of a PSOM project and a parallel investment is given.

For these parallel investments the following guidelines are applicable:

1. The parallel investment has to be related to the PSOM project, but the PSOM project should be feasible independently of the parallel investment;
2. Parallel investments may be composed of different components, but all these components have to comply with the guidelines in this annex;
3. The Dutch Applicant of the parallel investment does not have to be the same as the Dutch Applicant of the PSOM proposal. The Dutch Applicant of the parallel investment does however have to demonstrate substantial economical activities in The Netherlands;
4. The beneficiary of the parallel investments does not have to be the same as the proposed beneficiary in the PSOM proposal;
5. There has to be a reasonable balance between the size and capabilities of the Partners, in particular between the Applicant and the Recipient;
6. Parallel investments will take place in the Recipient country of the PSOM project. In exceptional cases the parallel investment may take place in a country neighbouring to the Recipient country;
7. The Dutch Applicant for the PSOM proposal will be appointed by the EVD as the contact point for the parallel investment. This relationship between the PSOM project and the parallel investment is also reflected in the payment conditions for the PSOM project (see below, point 9);
8. Financing (share capital, loans, in kind, etc.) of the parallel investment:
 - A maximum of 30% by other strategic investors (like for example local government, multilateral financial institutions like the EBRD or IFC);
 - There has to be a reasonable balance in the division of the financing between the Dutch and the local Partners.
9. The payment conditions of the PSOM project depend on the realised progress in the parallel investment. The moment the requested advance payments for the PSOM project exceed 50% of the total PSOM project budget, the EVD will formally check the realised progress in the parallel investment. Based on specified results in the parallel investments (as agreed between the EVD and Applicant in the PSOM project agreement) the EVD will decide on further payments to be made. Such specified results (*a point of no return*) could be down payments made for equipment, (building) permissions obtained, building activities started, etc.;
10. For (non-)eligibility of costs for the parallel project the same guidelines apply as to the project that is financed by PSOM. These guidelines are listed in Annex 1, par. 2.7.;
11. After finalisation of the parallel investment, the Dutch Applicant will send a short report to the EVD. This report must at least contain the amount of investments made (including specification of the specific investor) and the expected turnover (if applicable);
12. After finalisation of the PSOM project the Applicant will provide the EVD with an audited account concerning the parallel investment, indicating the amount of investments made, specified per investor. If the realised investment or share of the Dutch Partner in the investments is lower than originally proposed, then the EVD retains the right to lower the final payment with a comparable amount;
13. Parallel investments cannot take place before the start or after the finalisation of the corresponding PSOM project.

2. Parallel investments - An example

PSOM project:

The Dutch Applicant proposes to assemble and (ultimately) produce agricultural machines together with a local machine building company. The Partners will create a Joint Venture, the local Partner will renovate and make available a building, an assembly line and a repair-shop will be installed, and finally production will be started and a revised business plan will be prepared. Total costs (hardware and technical assistance) for the project EUR 660,000. The duration of the project is 19 months, during which the following planning will be followed:

1. Creation of Joint Venture: 1 month; EUR 10,000 (1.5%);
2. Reconstruction: 3 months; EUR 125,000 (19%);
3. Installation of assembly line and repair-shop: 6 months; EUR 515,000 (78%);
4. Production phase en revised business plan: 9 months; EUR 10,000 (1.5%).

Parallel investment

After assembly and production the agricultural machines have to be spray painted. During the starting period the Joint Venture can hire capacity at a company with spray paint line in an adjacent village. But in order to secure optimal quality and timely delivery, the Joint Venture wants to own its own paint line in due course. The Dutch Applicant therefore proposes such a paint line as a parallel investment. The line will be in accordance with the high environmental demands, have a slightly larger capacity than needed in the first three years of production, all technical assistance in relation to the paint line will be delivered and erecting a new building is included. The paint line will be owned by the Joint Venture. The all in costs for this investment will be EUR 760,000, to be financed by the two Partners on a 50/50 basis. The duration of the parallel investment will be 15 months, will be started 3 months after the start of the PSOM project, and is planned as follows:

1. Drawings, building permits, etcetera: 4 months; EUR 45,000;
2. Preparing the building site, erecting the prefab building: 6 months; EUR 115,000 (*agreed point of no return*);
3. Purchase and installation of spray paint line and water treatment installation: 4 months; EUR 570,000;
4. Training: 1 month; EUR 30,000.

Some consequences of the above described example

In view of the guidelines, mentioned in the first section of this annex, the following issues should be kept in mind:

- During the contract negotiations between the EVD and the Applicant for the PSOM project, the *point of no-return* in the parallel investment (section 1, point 7) will be agreed to the finalisation of phase 2. The Applicant will receive up to a maximum of EUR 330,000 in advance until the actual finalisation of phase 2 in the parallel investment is confirmed. This means that for a period of at least three month the Applicant will have to pre-finance EUR 195,000 of phase 3 in the PSOM project.
- In case the parallel investment has not started, the EVD can decide not to make any further payments. And at the finalisation of the PSOM project the final budget for the project could be fixed at 50% of the original awarded contract.

3. Parallel investments – What has to be submitted?

Simultaneous with the submission of the PSOM proposal a proposal for the parallel investment(s) has to be submitted. The outline for the proposal for the parallel investment(s) is comparable to the outline of the PSOM proposal but considerably more concise. The proposal should be structured in the following way.

NB: If more than one different parallel investment is proposed, then for every investment a separate proposal has to be drafted and submitted!

Description of parallel investments

1. Key data of Consortium Members

Note: only fill in if Consortium Members are different than in PSOM project.

1.1 Applicant

Company name and legal structure (BV, VOF, Ltd. etc)	
Address	
Postal code and town/city	
P.O. Box	
City code and city	
Name of contact person	
Position	
Telephone number	
Fax number	
E-mail address	
Registration no. Chamber of Commerce including date and city of registration	
Main economic activity	
Ownership and company structure	<i>Please explain company structure, type, nationality, percentage of shares of each shareholder and parent companies.</i>
Corporate Social Responsibility	<i>Is the Applicant familiar with the OECD guidelines for multinational corporations and will they make an effort to apply them, to the best of their ability, in their companies? (see www.evd.nl/psom, under 'Links')</i> <input type="checkbox"/> Yes <input type="checkbox"/> No
International Labour Organisation Principles	<i>The Applicant will follow the ILO principles and rights. (see www.evd.nl/psom, under 'Links')</i> <input type="checkbox"/> Yes <input type="checkbox"/> No
The complete project proposal may be presented by the EVD to the FMO to assess the possible eligibility of the proposal under FOM (Fund for Emerging Markets)	<input type="checkbox"/> No, [company name] objects to presentation of this proposal to FMO. <input type="checkbox"/> Yes, [company name] approves presentation of this proposal to FMO.

1.2 Recipient

Company name and legal structure (local equivalent of BV, VOF, Ltd. etc)	
Address	
Postal code and town/city; country	
P.O. Box	
City code and city	
Address of the potential Parallel investment (location: postal code + address/city + country)	
Name of contact person	
Position	
Telephone number	
Fax number	
E-mail address	
Registration number Chamber of Commerce	Give registration number, name and address of the Chamber of Commerce or other designated Registration Authority plus date of registration
Main economic activity	
Ownership and company structure	Please explain company structure, type, nationality, percentage of shares of each shareholder and parent companies.
Corporate Social Responsibility	Is the Recipient familiar with the OECD guidelines for multinational corporations and will they make an effort to apply them, to the best of their ability, in their companies? (see www.evd.nl/psom , under 'Links') <input type="checkbox"/> Yes <input type="checkbox"/> No
International Labour Organisation Principles	The Recipient will follow the ILO principles and rights. (see www.evd.nl/psom , under 'Links') <input type="checkbox"/> Yes <input type="checkbox"/> No
The complete project proposal may be presented by the EVD to the FMO to assess the possible eligibility of the proposal under FOM (Fund for Emerging Markets)	<input type="checkbox"/> No, [company name] objects to presentation of this proposal to FMO. <input type="checkbox"/> Yes, [company name] approves presentation of this proposal to FMO.

1.3 Project Partners (other Members of Consortium besides Applicant or Recipient; third financing partners; etc.)

Company name and legal structure (BV, Ltd. etc)	
Address	
Postal code and town/city; country	
P.O. Box	
City code and city	
Name of contact person	
Position	
Telephone number	
Fax number	
E-mail address	

Registration number Chamber of Commerce	Give registration number, name and address of the Chamber of Commerce or other designated Registration Authority and date or registration
Main economic activity	
The complete project proposal may be presented by the EVD to the FMO to assess the possible eligibility of the proposal under FOM (Fund for Emerging Markets)	<input type="checkbox"/> No, [company name] objects to presentation of this proposal to FMO. <input type="checkbox"/> Yes, [company name] approves presentation of this proposal to FMO.

2. Parallel investment

2.1 *Project title and location (city, province, country):*

2.2 *Investment starting and finishing date*

Give a starting and finishing date for the investment. The parallel project should not start earlier and/or end later than the proposed PSOM project.

2.3 *Relation with PSOM project*

The Applicant should elaborate on the relation between the parallel and the PSOM project. The two projects must be related, however cannot be interdependent.

2.4 *Investment size*

- Give the size of the full investment budget;
- Specify the size of the contribution of the different Partners;

Division of costs for parallel investment and means of finance

	Share in costs parallel investment (in EUR)	How will this share be financed? *
Applicant		
Recipient		
Partner 1		
Partner 2		
Total		

* Proof of the capability to finance the proposed investments must be included.

- Specify the hardware share in the investment. The EVD retains the right to request an independent valuation of the proposed hardware;
- Specify how the investments will be financed.

2.5 *Abstract*

The abstract should be no more than one page including the most important features of the project such as:

- Description of problem and/or business opportunity;
- Description of the relation between this investment and the PSOM project;
- Objective of the proposed project and concrete results to be achieved;
- Brief description of equipment and training;
- Rough indication of the size of the spin-off to be achieved by this project in terms of: follow-up investments, increase in turnover, additional employment.

2.6 *Consortium*

- The history of the relationship between the Project Partners and the main reason to participate in the project;
- Brief description of future cooperation. (Will a Joint Venture be formed? Will Applicant participate financially in the Recipient company?);

- Description of technical, managerial and other capabilities of the Project Partners;
- References to previous projects demonstrating the technical capacities of the Project Partners.

2.7 Description of Project Results

The results should be formulated according to the following principles:

- Results should be described as concrete and achievable outputs, with start and end date for each result;
- Give an estimate of the costs per result;
- Each result should be described in such a way that it can be verified by the EVD or by an independent auditor/evaluator;
- Last result must include a short report to the EVD, describing the realised investments (per investee) and expected turnover (if applicable).

2.8 Risk analysis

Describe risks which may affect and even hamper the implementation of this parallel investment. Describe proposed measures to manage these risks.

2.9 Letter of Interest

All parties involved in the parallel investment are to stipulate in a Letter of Interest their strategic interest in the PSOM project in relation to the parallel investment.

Annex 4: Cash flow analysis

PSOM project without follow-up investments

	year 1	year 2	year 3	year 4	year 5	year 6	year 7
1 Turnover:	-	-	-	-	-	-	-
- quantity							
- price							
2 Cost of sales							
3 Gross margin (1-2)	-	-	-	-	-	-	-
4 Operational costs ¹							
- of which labour costs:							
5 EBITDA (3-4)	-	-	-	-	-	-	-
6 Depreciation							
7 Interest costs							
8 Result before taxes (5-6-7)	-	-	-	-	-	-	-
9 Tax							
10 Result after taxes (8-9)	-	-	-	-	-	-	-

¹⁾ Excluding depreciation and interest costs

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
A Investments in fixed assets							
B Depreciation	-	-	-	-	-	-	-
C Result after taxes	-	-	-	-	-	-	-
Cash flow (B+C-A)	-	-	-	-	-	-	-
Cumulative cash flow	-	-	-	-	-	-	-

Please state in an annex the basis of the price and quantity.

Clarification:

1) Turnover:

Enter quantity and price in the fields below. Turnover is quantity x price. In case you handle several products, it will be enough to enter the total turnover in this field. Detailed turnover data can be shown in a separate table/form.

Quantity: Quantity of units produced.

Price: Price of the single product.

2) Cost of sales:

The cost of purchasing raw materials and manufacturing finished products (also called Cost Of Goods Sold (COGS)).

4) Operational costs:

Operational costs should include Technical Assistance costs of the total project, Sales and Marketing costs, R&D costs and General and Administrative costs (including the labour costs of persons working in the recipient company).

Please note that the operational costs should not include depreciation- and interest costs

6) Depreciation:

The annual costs for depreciation of fixed assets.

7) Interest costs:

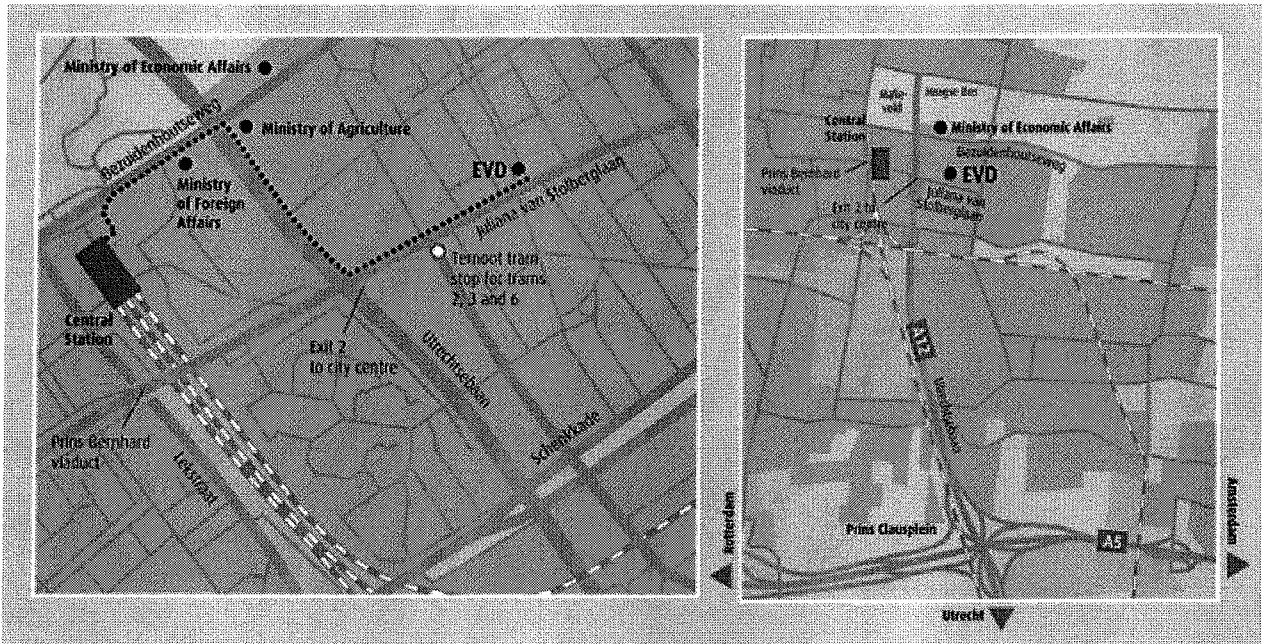
External interest costs (related to loan for financing own contribution and working capital)

A) Investments in fixed assets:

Investments in fixed assets (excluding follow up investments).

Annex 5: Route description to the EVD

- Juliana van Stolberglaan 148
NL-2595 CL The Hague



DIRECTIONS

By public transport

From Central Station in The Hague ("Den Haag CS")

Buses and trams between the station and the EVD:

- tram 2 (to Leidsenhage), Ternoot stop
- tram 6 (to Leidschendam), Ternoot stop
- bus 4 (to Leidschendam), Koningin Mariaalaan stop
- bus 22 (to Leidschendam Leidsenhage), Juliana van Stolberglaan stop
- bus 45, Juliana van Stolberglaan stop
- bus 132, Juliana van Stolberglaan stop

It takes approximately 8 minutes to walk from the station to the EVD.

For additional public transportation travel information:

- www.9292ov.nl (public transportation travel advice, in Dutch only)
- www.ns.nl (Dutch Rail travel information)

By car

From Amsterdam on the A4: follow signs for "Den Haag" (A12)

From Rotterdam on the A13: follow signs for "Den Haag" (A12)

From Utrecht on the A12: continue following signs for "Den Haag"

- take exit 2 ("afrit 2") for the city centre ("Den Haag Centrum");
- turn right at the end of the exit. You are already on Juliana van Stolberglaan;
- at the first set of traffic lights where permissible (at Laan van Nieuw Oost-Indië), make a left turn of 180 degrees so that you drive back in the direction you have come from. This will put you on the other side of the tram tracks;
- at the first set of traffic lights (pedestrian crossing), you will see number 148 on your right-hand side.

From Wassenaar / Leiden on the N44

- stay on the N44 (Rijksstraatweg). In The Hague, this becomes Benoordenhoutseweg;
- at the traffic lights in Willem Witsenplein, turn left to Voorburg / Leidschendam;
- at the third set of traffic lights, turn right. This is Juliana van Stolberglaan;
- at the first set of traffic lights (pedestrian crossing), you will see number 148 on your right-hand side.

You can print out directions using www.routenet.nl