SDG Impact Finance Initiative – 3rd Call for Proposals

Frequently Asked Questions (FAQ)
06 MARCH 2024

1. **What is the difference between the three different stages of the grant?**

In the feasibility study stage, a good rule of thumb is you're about 36 months away from implementing your solution, which means you are in the initial design and market testing stage of your vehicle, but you have a hypothesis of what the structure should look like and who are the key stakeholders. Meanwhile, for the proof of concept, you are further along, 12 to 18 months away from financial close or launching your solution. At this point, you're using the grant to finalize the structure, reach a close on any fundraising leads, and market the vehicle. Finally, for expansion, this is when your vehicle is ready and up and running in the market, but you are looking for scaling support for your solution.

2. **Could you explain how to apply as a consortium?**

If you are applying as a consortium, there can only be one lead applicant who will be the grant recipient and the contracting party in the grant agreement. That being said, there could be partner institutions that will work with you on the project that are also applying. It should be noted that we do not allow public institutions (DFI, MDB, a UN agency, or a government agency) to play the lead applicant role, and they cannot be the recipients of the grant proceeds. However, they could be part of a broader consortium supporting a private sector partner as the lead applicant in that case.

3. **Can the lead applicant be a national NGO?**

Yes. If you are an NGO based in a developing country or any kind of non-public institution, you can certainly apply as a lead applicant, provided that the solution being proposed is a financial vehicle. We highly encourage locally based institutions to apply.

The only caveat here is that if you are a public institution, such as a development finance institution, a UN agency, a government agency, or a multilateral development bank, you cannot apply as a lead applicant or benefit from the funding in any way. In this case, you can apply as a consortium to support a private sector partner, for instance.

4. **Could you explain what you mean by a conditionally repayable grant in this context?**

A conditionally repayable grant is determined, based on the economics and maturity stage of the model/solution that is being proposed. It is determined on a case-by-case basis for proof of concept and expansion grants and is typically negotiated with the grantee in terms of the schedule and the trigger events for repayment. It is meant to be flexible where, if the vehicle does not achieve success and launch in the market or raise capital, it would not be required to be repaid. However, if it's successful, and it meets certain trigger events for repayment, then it is required to be repaid according to the defined schedule.

5. **Could you explain the 25 million minimum target size?**

The USD 25 million target size is defined in terms of the capitalization of the financial vehicle for the proposed solution. We would like to see the vehicle reaching this target size in terms of capital raise over the medium to long term, which can generally be anywhere between 2 and 5 years.

6. **Under the scale of private capital mobilization, how do you define direct and indirect capital mobilization?**

Direct capital mobilization is the capital that you will be able to raise within the financial vehicle as part of the proposed solution. In terms of indirect capital mobilization, this can, for instance, be the capital mobilized by your underlying investees or beneficiaries.

This can be defined through an example. If you have let's say, a private equity fund that takes majority stakes in companies, that would be a direct investment, and that would be direct capital mobilization. Indirect could be, for instance, a fund-of-funds strategy, under which we know that the capital is being mobilized but there is an intermediary vehicle that is unlocking private capital for other vehicles.

7. **Can you elaborate on the matching 50% contribution requirement and where that can come from?**

The 50% contribution can be in the form of 'in kind' or financial contribution. It does not necessarily need to come from the lead applicant or consortium partners. It could also come from another donor or another funder to support the project. Let's say you know the overall cost for the project is a million dollars, and you're awarded a USD 500,000 grant from the SDG Impact Finance Initiative. The other USD 500,000 would have to come from another source, and that could be in-kind, which is typically labour and time spent on the project, which is very common with consulting arrangements, or it could be another grant from another funder that is supporting the solution.

8. **Do contributions from a consortium organization's resources like legal, accounting, technical, scientific, etc., and services count as in-kind contributions under the budget and 'skin in the game' requirement?**

Yes, this can be counted as the skin in the game contribution, provided that it is supported by a budget and the resources are fully directed to the development of the proposed solution.

9. **Is it mandatory for the proposed solutions to demonstrate benefits to children and adolescents?**

Demonstration of benefits to children and adolescents is not a requirement to apply under this window. It is a 'nice to have' or desirable feature, however, it is not an eligibility criterion for applying under this window.

10. Is there a specific timeframe within which the grant awarded should be utilized?

The time frame is based on the budget in the proposal that will be submitted to us. The general timeframe is commonly between 12 to 36 months. We would design and structure the grant disbursements within that time frame upon the grantee meeting certain milestones.

11. Who can I contact if I have additional questions?

Please contact design.funding@convergence.finance for any inquiries.