

Innovative Ventures for Technology Development (INVENT) Programme

Objective

Technology Development Board (TDB), Government of India in partnership with and DFID India is seeking proposals from Incubators/ organisations to implement the incubation support component of 'Innovative Ventures for Technology Development (Invent)' programme as a lead incubator/implementing agency. The incubation support is aimed at creating a viable pipeline for impact investments in the 8 low income states of India (UP, MP, Bihar, Chhattisgarh, Jharkhand, Rajasthan, Orissa and West Bengal).

Scope of work

The main purpose of this consultancy will be to implement the incubation support component of the programme as a lead incubator/implementing agency to support shortlisted incubators to hand hold Innovative business ideas or seed/early stage enterprises that have the potential to benefit the poor in the low income states of India while being commercially successful.

The lead incubator will focus on two components:

1. Mentoring support: provide skills, training, and information needed to facilitate enterprise development and help them develop sound, viable projects that can attain both social impact and commercial performance.
2. Business development support: technical assistance that is designed to help prospective entrepreneurs or enterprises achieve their specific goals. This can include a variety of forms of operational support, such as investment readiness support and technical assistance like Business validation, Peer learning, on-ground support and alliances to help the entrepreneur address the challenges of commercialising a business model.

The 'Incubation support' would include the following three stages.

Stage 1: Crowd sourcing

1. Scouting :Leads/deals identified through several channels that would qualify for this Incubation facility
 - Referrals: Through current/ past incubatees, incubators, academic institutions, Angel investment networks, academic institutions
 - Events/competitions: Identifying winners of existing competitions like Sankalp, Power of Ideas etc.
 - Leads generated through existing eco system players (GIZ, USAID, other donors)
2. Screening/Business validation : Multiple stage screening process
3. Selection: Idea/entrepreneur/enterprise identified for Incubation

Stage 2: Incubation activities

Non-financial assistance that is designed to help prospective entrepreneurs or enterprises with limited track record achieves their specific goals. This can include a variety of forms of operational support, such as

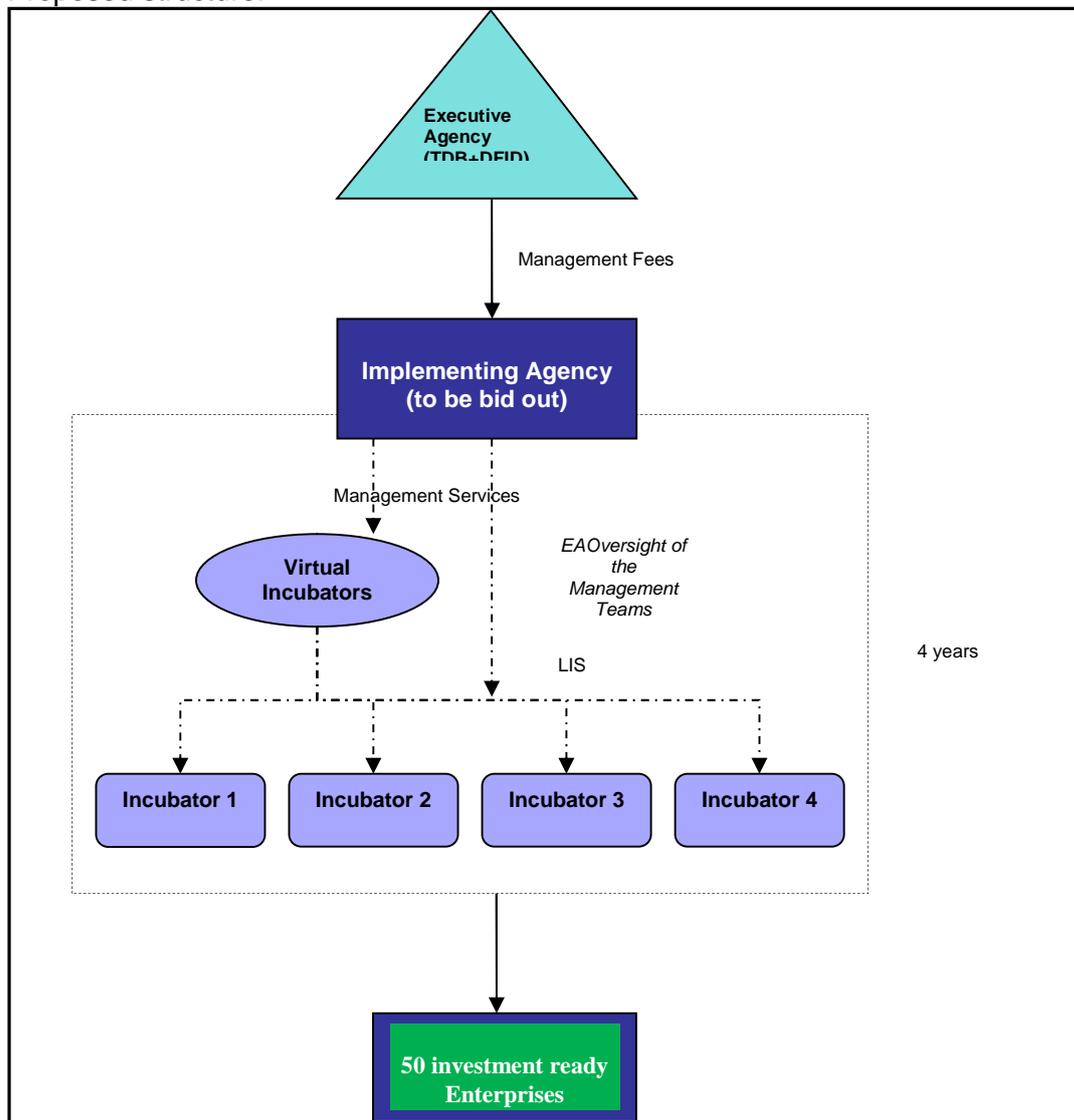
- Investment readiness support to determine the capital needs of an entrepreneur, and

- Technical assistance like mentoring, Business validation, Peer learning, on-ground support and alliances to help the entrepreneur address the challenges of commercialising a business model.
- Piloting and proof of concept

Stage 3: Exits

- Targets established at inception are met or surpassed, and incubatee is ready for a new stage of growth, or when external impact investment funds (including DFID supported funds) are interested to invest their capital to accelerate expansion
- The business model is changed by the incubatee in a way that no longer aligns with Incubator's larger mission of impact to the poor

Proposed structure:



The main tasks of the implementing agency will include the following:

1. **Strategy and planning:** (i) identify key approaches that will enable delivery of promised results along with other incubators.
(ii) Adopt strategies to make the programme more visible in order to attract aspiring entrepreneurs in Low Income States (LIS).

(iii) Create a workable plan to roll out Hub & Spoke model of Incubation where established incubators can act as the Hub and new Incubators as Spokes.

(iv) Assist in corporate partnership leveraging CSR financial resources and mentoring opportunities

2. **Programme management:** This will be based on action and yearly work-plan agreed with TDB and DFID. Deliverables/results of the programme would be achieved through other incubators and/or other external agencies. Project management will include :

- ◆ Broker Institutional partnership centrally (Common MoUs) with expert hubs and specialist organisations that benefits Incubators in the LIS (e.g. NID for design or Incubators association).
- ◆ Mechanism of working with other incubators along with expected results , approval, appraisal and monitoring mechanisms
- ◆ Focal point for tracking milestones, coordinate delivery for each agreed indicators
- ◆ Projecting the amounts to be spent
- ◆ Identifying connecting and managing mentors/networks
- ◆ Establishment of mechanism for agreeing and awarding funding for mentoring support including monitoring and accountability
- ◆ Manage the virtual incubators and social media.
- ◆ Setting up and ensuring adherence to procedures for management reporting and operational systems
- ◆ Establishment of systems to monitor and measure programme outputs.
- ◆ Assisting Incubators adopt best practise.
- ◆ Building complementarities amongst incubators.

Outputs and Deliverables

- . Through this 'Incubation support' program, TDB in partnership with DFID aims to
- Crowd source up to 250 potential innovative business ideas or enterprises (with the success rate of 1:5) that serves the needs of the poor either as customers, suppliers, distributors or suppliers.
 - Out of this, generate up to 50 'investment ready'ⁱ social enterprises in sectors such as agri-food, health, energy and education that will deliver greater development and poverty benefits and that can be scaled in the Low income states of India.

The agency will deliver against the results as above. A detailed work plan for the first year along with deliverables to be provided along with the bid. Subsequent annual plans to be agreed in first three months of each year of implementation.

Competence and experience

- Ability to identify/source seed stage social enterprises or business ideas that have the potential to be
 - Concrete and demonstrable
 - Measureable
 - Sustainable (Developmental & Financial)
 - Scalable
- Exceptional local team with mutually complementary and collectively exhaustive skills and experience,

- track record in Incubation activities such as
 - o Nurture deals + knowledge management system
 - o Familiarity and (or) experience with social enterprises and Impact investments
 - o Experienced team to select and manage investees
 - o Stellar network of mentors and advisors -Network of interest-aligned mentors and advisors with sector experience
 - o Ability to execute flawlessly on thoughtful plan; excellent networks to make investees succeed
 - o Creative solution to vexing problem in seed stage enterprises
 - o Ability to drive deal flow of exceptional social enterprises
 - o Strategic alliances to ensure exits

Duration

The proposed duration of the Agreement will be till 31st March 2017 subject to satisfactory performance post an annual review at the end of every financial year. The contract may be extended by 24 months.

Management and DFID Reporting

Mr Niraj Kela, Director, Government of India will be the TDB contact person for management of the contract.

Evaluation Criteria – EoI stage

Selection Criteria: The following questions will be used for assessing PQQs (in addition to standard questions):

- i. Please provide details of your organisation's experience (including contract value) of scoping and undertaking large scale technical assistance programmes preferably commissioned by large donor institutions such as DFID, Asian Development Bank, World Bank, etc. Provide up to four examples (at least two from lead firm) highlighting key achievements as a result of your intervention.
- ii. Please provide details of your organisation's experience (including contract value) of scoping out and implementing programmes on social ventures incubators or social enterprise (for profit) development. Provide up to four examples (at least two from lead firm) highlighting achievements as a result of your interventions.
- iii. Please provide details of your organisation's experience (including contract values) in identifying deals, exits for impact investments/funds. Provide up to five examples highlighting key achievements as a result of your intervention.

Evaluation Criteria – RFP stage

Evaluation criteria for the RFP stage will be shared after completion of the EOI stage.

Background

DFID is leading the UK government's development partnership program with 35 low income countries to help tens of millions in the low income countries come out of poverty.

India is a key strategic partner to the UK .Over the next 3 years DFID India will

- ❖ Focus on the poorest people in 8 low income states (UP, MP, Bihar, Chhattisgarh, Jharkhand, Rajasthan, Orissa and West Bengal).
- ❖ Put women and girls at the heart of our work.
- ❖ Unlock the private sector's potential to combat poverty.
- ❖ Develop a stronger partnership on global issues

'Innovative ventures and technologies for development (INVENT)' is a key program in DFID India's private sector development strategies.

About Inclusive Innovations Program

The INVENT will address challenges and barriers across the inclusive innovation lifecycle, for the benefit of up to 1m poor people at the bottom of the economic pyramiding the low income states of India and in low income countries.

Impact: Improved quality of life and economic opportunities at BoP in the low income states of India and low income countries.

Outcome: To support technological and entrepreneurial innovative solutions to benefit up to 1m people at the BoP as producers, consumers, employees and suppliers in India's poorest states and in LICs.

Additional results:

- At least £25m investment leveraged for BoP focused social enterprises
- Over 7,500 new jobs created in small and medium enterprises
- Over £30m increased taxes for government
- Business growth in beneficiary firms of over £15m

Output 1:	<ul style="list-style-type: none"> • Pilot and test at least 5 new solutions (approaches or technologies), to tackle global problems in key sectors • Up to 50 viable business ideas/enterprises identified and supported for incubation
Output 2:	<ul style="list-style-type: none"> • At least 30 innovative business ideas/enterprises supported for scale up into LIS through patient risk capital investments • At least 12 BoP investee enterprises receiving business development services (BDS) and technical assistance.
Output 3:	<ul style="list-style-type: none"> • Network of potential investors and investees from India and other LICs developed and strengthened; • Replication, adaptation and adoption of up to 5 inclusive innovations in up to 3 LICs in the health and agri-food sectors; • At least 3 inclusive innovation impact assessments undertaken.

This programme intends to achieve these results through three broad components as detailed below. This document is requesting expressions of interest for the 1a component only. The components are summarised below:

1. Identify, pilot and nurture inclusive innovations in order to:

- a. Build a pipeline for future impact investing and scale-up in India by supporting 'social enterprise incubators' in sectors including agri-food, health, energy and education in the low income states of India. (£5m)
- b. Leverage Indian expertise to help generate new solutions to tackle entrenched global challenges by developing an India-specific window on

existing donor-led 'Grand Challenges' Funds in the agri-food and health sectors. (£4m)

2. **Support the scale-up of innovative commercial BoP enterprises in the low income states (£2m)** through:
 - a. Direct investments ;
 - b. Providing financing to a Fund of Impact investment Funds;
 - c. Creating and mobilising an angel investment network; and
 - d. Providing business development services and technical assistance to investee companies to address the challenges of scaling up.

3. **Support knowledge-sharing on inclusive innovations between India and low income countries (£5m)** through:
 - a. Supporting a network of potential investors and investees from India in other LICs;
 - b. Technical support for replication, adaptation and adoption of inclusive innovations developed for up to 3 LICs in the health and agri-food sectors; and
 - c. Inclusive innovation impact assessments undertaken to strengthen global evidence base on processes for successful replication of innovation models.

About the 'Incubation support' component

DFID had decided to support the Incubation pre-seed stage social enterprises because of the following reasons:

- Significant market opportunity exists to develop sustainable solutions to social and economic difficulties facing low-income communities at the bottom of the pyramid (BoP). Yet, providing relevant products and services to BoP markets is often complex and high risk.
 - There is a serious shortage of social venture incubators to provide the capacity-building and incubation support needed at idea/pilot/test stage, both in India as a whole and particularly in the low income states.
 - Grant financing is most needed at this stage, rather than equity or debt financing, because of the lower costs involved and the higher risks associated: investors are likely to incur significant transaction costs and are unlikely to identify appropriate exit strategies. The current dearth of grant financing limits the available pipeline for impact investing in India.
 - The lack of such investment also limits India's role as a global innovation hub. If more investment were available to test new ideas generated by India's entrepreneurs, India would be well placed to develop solutions to entrenched global development challenges, of relevance not only to India, but also to low income countries.
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