OT4D PPP Co-Financing Facility

The Organic Trade for Development Program (OT4D) is a mandate of the Swiss State Secretariat for Economic Affairs (SECO) within the framework of its economic development cooperation. The ‘OT4D PPP Co-Financing Facility’ is aimed at companies which sustainably invest in organic export business and want to expand their local operations. The facility supports Private-Public-Partnerships (PPP) Projects in Albania, Serbia and Ukraine in activities that go beyond usual business activities and contribute to the achievement of the Sustainable Development Goals of the United Nations (SDG).

OT4D’s support to the Public Private Partnership (PPP) Projects allows to carry out actions such as:

- Development of people's competencies, by provision of specialized technical advice, assistance, or information.
- Organizational/institutional strengthening and development and capacity building about the organic export supply chain.
- Facilitation of inter-institutional coordination between public and private actors.
- Knowledge and data management.
- Communications.
Requirements to access OT4D support

Support by the OT4D PPP Co-Financing Facility requires that the long-term business objectives meet sustainable development benefits for the people in the target country, in particular those engaged in the organic sector.

To be considered for co-funding under OT4D, PPP Projects must

— enable export business partnerships that contribute to **Value addition** and/or develop **new suppliers** from Ukraine, Albania and Serbia.
— improve economic prospects, especially in rural areas by **creating new jobs and enhancing the capacities, in particular for the youth, woman and ethnic minorities** and **mobilizing investments** of strategic relevance.
— foster **capacity development** of the organic sector actors to become more competitive in the export market
— have a coherent project design, set realistic targets, and meet certain minimum criteria regarding relevance, impact and efficiency, cross-company cooperation, sustainability and scalability of the export business proposed.
— create **Public Goods** that benefit the entire organic sector. A public good created by a PPP Project could be:
  - the anchorage of organic practice in a rural advisory systems, agricultural schools or business associations
  - the improved general access to organic inputs (e.g. organic seeds)
  - the overall strengthening of capacities of local Business Support Organizations including research and development institutions.
  - Increase organic production and thus the surface of arable land under organic production.
— Demonstrate the importance of the OT4D financial support complementing own investments regarding project objectives that can be reached (Additionality, see box).

**Additionality**

The OT4D Co-financing Facility supports activities in the export business of organic supply chains with a clear development objective that goes beyond pure business goals. Therefore, no investments of individual companies are financially supported, which only benefits one company. Any investment supported must directly lead to a wider common benefit for other actors in the organic business sector and thus justify the investment of public funds.
Results of this additionality could be for instance:

- certain project milestones can be accomplished earlier OR
- more beneficiaries can be included in the project OR
- the project creates a public good for the benefit of the organic sector in the implementing country.

**Co-financing modalities**

OT4D's financially contributes to PPP projects up to 50% of the total project budget. The applicant's own contribution must be at least 50%, with a maximum in-kind\(^1\) contribution by project partners up to 30% of the total project budget (i.e. financial contribution of at least 20% of total project costs is required).

The application budget must present all co-financing transparently, justify the use of funds and include in the budget, funds for capacity building activities, monitoring and evaluation.

**What expenditures are eligible for co-financing?**

The following expenditure items may be co-financed, provided they are closely linked to the actions and objectives pursued by the PPP Project and are duly substantiated:

- Technical and administrative team.
- Consulting, specialized advice and training services.
- Third party services linked to the activities.
- Materials and supplies for the project.
- Equipment required to realize the PPP Project (up to maximum 50% share\(^2\))
- Baseline, evaluations, systematizations.
- Development of innovations.
- Communications expenses.

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1 In-kind contributions are non-monetary contributions to project implementation such as expert time or office space that is valued monetarily but not accounted for

2 OT4D only supports the procurement of equipment in case of the PPP Project partners contribute to at least 50% financially to all equipment purchases, and where the equipment directly leads to a more widely shared benefit (access to the facilities, capacity building based on the equipment, etc.).
What expenditures are NOT eligible for co-financing?

The Program reserves the right to reject the type of expenditure proposed and the budget foreseen by the proposing entity for co-financing. The following is a non-exhaustive list of ineligible expenses:

- Working capital, capital for productive assets or for movable and immovable assets that generate purely private benefits and/or those physical resources that can be obtained through financial institutions. It could only finance those goods and/or services that generate public benefits for the organic sector of the corresponding country e.g. other actors of the same position within the organic value chain.
- Expenses for permanent administrative staff of the proposing entity (except for the person in charge of the administration of the project).
- Financial expenses (current account maintenance and other financial expenses) of other accounts managed by the organization other than the single account assigned to the project.
- Acquisition and/or rental of equipment, durable goods and inputs not related to the nature and execution of the PPP project; or above the budgeted lump sum or percentage (50%).
- Acquisition of real estate.
- Debt financing.
- Purchase of shares.
- Purchase of technologies and equipment that have a negative impact on the environment.
- Lease of premises for administrative offices and rental of office equipment.
- Purchase of technologies and equipment and their resale within the project duration.
- Initiatives related to weapons, gambling and illegal or prohibited activities.
- Expenditures which cannot be proven with invoices.
What kind of costs can be credited as co-financing?

Only costs that are directly related to the project can be credited as co-financing. These must be clearly defined and accurately calculated.

Eligible costs include:

✓ Personnel costs
✓ Travel expenses
✓ Material and capital goods
✓ Training and further education of the target group
✓ Operating, administrative or transport costs

Non eligible costs are, among others:

X Costs for your core business
X Business tax

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