

Pacific Innovation Hub

Application Guide for the Ideas Lab and Viability Gap Fund

ROUND TWO

The Pacific Innovation Hub is a MFAT International Development Cooperation initiative. It partners with New Zealand and Pacific businesses to support innovative commercial initiatives with Sustainable Development Goal (SDG) outcomes.

The Pacific Innovation Hub will enhance economic resilience in the Pacific by helping to accelerate the development of new types of products, services and markets and improving productivity within existing industries. It will also support the Pacific to connect with innovative New Zealand companies to help deliver SDG outcomes.

OVERVIEW

The Ideas Lab

The Ideas Lab brings together New Zealand and Pacific Stakeholders to explore the feasibility of early-stage innovative initiatives.

Businesses who go through the Ideas Lab will receive:

- A deeper understanding of what matters to their key stakeholders and customers
- Support to test ideas and refine them with key stakeholders and customers.
- A collaborative, action-based plan to guide next steps in implementing the initiative.

MFAT will provide a design thinking consultant¹ who will lead this process. They will also support with outreach to key stakeholders.

The Ideas Lab involves:

The basic steps involved in the Ideas Lab are outlined below, although the specifics of what each step involves will differ between initiatives. Please speak to an [Engagement Manager](#) to understand what the Ideas Lab process may look for your initiative.

Before the Ideas Lab

- Applicant selects a design thinking consultant with their Engagement Manager.
- Applicant works with the consultant to inform the approach.

During the Ideas Lab

- Consultant and MFAT Engagement Manager/MFAT local staff member conduct interviews with key stakeholders, customers and the applicant to understand what your customers and stakeholders need to use or support your product/services.
- Facilitated workshop (in the Pacific Islands), with the applicant and key stakeholders to confirm key challenges and opportunities; test and refine the initiative; and develop an action-based plan outlining next steps. This will inform the final report.

After the Ideas Lab

- Applicant and MFAT Engagement Manager to review final report (this includes the action-based plan) from design thinking consultant.
- Applicant, Engagement Manager and stakeholders receive final report and action-based plan.

Once the Ideas Lab process is complete it is the applicant's responsibility to drive the innovation forward. The Engagement Manager can continue to support with connections and insights as required.

¹ Design thinking: Design Thinking is a human-centred approach to innovation and problem-solving that involves understanding users' needs, challenging assumptions, redefining problems, and creating innovative solutions through iterative experimentation. It encourages creative thinking and collaborative work to arrive at user-centred solutions, making it applicable across various fields such as product design, business strategy, education, and social innovation.

The Viability Gap Fund

The Viability Gap Fund provides co-funding (grants of up to \$100k) for initiatives that have funding gaps which cannot be filled by company resources, loans, investors, or other funders/funds. The co-funding helps to prove concepts, where this is required to unlock the pathway to scaling.

These initiatives must be ready for implementation and already have proven buy-in from Pacific partners and/or the development beneficiaries. If you need help engaging with Pacific partners, or are still determining the feasibility of your idea, you should first consider applying to be part of the Ideas Lab process, or you can speak directly to an [Engagement Manager](#).

What can grants be used for

Grants can be used for expenses directly related to the innovation. This might include, but is not limited to, technical assistance, research, small assets, training. It may not be spent on core business functions (for example wages, energy, rent etc).

Please see [Funding Requirements](#) and [Selection Criteria](#) for more information.

What countries and sectors are supported?

All sectors are eligible for support.

The Pacific Innovation Hub will consider applications from all Pacific Island countries eligible for Official Development Assistance, as well as the Cook Islands and Timor Leste.

- Fiji
- Kiribati
- Marshall Islands
- Micronesia
- Nauru
- Niue
- Palau
- Papua New Guinea
- Samoa
- Solomon Islands
- Tokelau
- Tonga
- Tuvalu
- Vanuatu
- Wallis and Futuna
- Cook Islands
- Timor Leste

Selection Criteria

The below table outlines which selection criteria are required for the Ideas Lab and Viability Gap Fund.

| | Criteria Description | Ideas Lab | Viability Gap Fund |
|---------|--|-----------|--------------------|
| IMPACT | Idea must align with at least one of the Pacific Innovation Hub's outcomes 1) Enhance economic resilience in the Pacific through increasing innovation and diversification in the Pacific Private Sector and by identifying and commercial opportunities with development outcomes. | ✓ | ✓ |
| | 2) Provide a platform to better leverage the New Zealand private sector's willingness and resources to deliver Sustainable Development Goal outcomes in the Pacific | | |
| | Pacific Island Country, in which the initiative will be completed, is eligible. | ✓ | ✓ |
| | The initiative must meet a demonstrable need in the Pacific that is currently not being met. | ✓ | ✓ |
| | The initiative must have the potential to scale over time, so that the benefits continue to impact more people. | ✓ | ✓ |
| | The short-term outcomes from the initiative are credible and align with the Sustainable Development Goals. <i>Value and likelihood of outcomes assessed.</i> | ✓ | ✓ |
| | There are potential medium term and long-term outcomes that align with the Sustainable Development Goals. <i>Value and likelihood of outcomes assessed.</i> | ✓ | ✓ |
| | The initiative must be innovative; for example a new technology/product/service/process/business model/industry/approach to development outcomes. | ✓ | ✓ |
| | <i>The initiative contributes to inclusivity in the Pacific (not compulsory but is beneficial).</i> | ✓ | ✓ |
| FUNDING | Additionality - no other known funding available. Applicant has tried all other known options to secure funding. | | ✓ |
| | Co funding of 50% is available; to match MFAT's support. <i>A case can be made for lower levels of co investment, down to 30% - but this will be noted as higher risk and the initiative must show it has the potential for exceptional and compelling development outcomes.</i> <i>Co-funding can be from one commercial entity or a collective of stakeholders/companies.</i> <i>Co-funding must directly contribute to the successful delivery of the initiative. This can be future investment but not previous investment.</i> | | ✓ |

| | | | |
|---|--|---|---|
| | <p>The applicant must be able to finance their proportion of the co-funding and manage ODA funding appropriately.</p> <p>The Hub decision makers must be satisfied that:</p> <ul style="list-style-type: none"> - providing a grant to the commercial entity would not bring the reputation of the Ministry, the Government, or the IDC programme into disrepute. - funding will be spent on delivering the proposed initiative and agreed outcomes. - that the delivery team has the necessary expertise, partnerships, skills and experience to deliver the outcomes in the proposal. | | ✓ |
| PACIFIC INNOVATION HUB SERVICES ARE THE RIGHT FIT | Ideas Lab or Viability Gap Fund is a good fit for the project – there is a clear ask of the Pacific Innovation Hub, and it is best placed to fill this role. | ✓ | ✓ |
| | Additionality: No other known option e.g., existing programme, NZ Inc agency or other donor better placed to support. | ✓ | |
| | Applicant can commit the time and resource required to be part of the Ideas Lab process. | ✓ | |
| | Key stakeholders are bought into the idea and willing to be part of the Ideas Lab process | ✓ | |
| ABILITY TO DELIVER | Commercial entity and key decision makers are of good character – i.e., their behaviour and values align with IDC and MFAT values and policy requirements. | ✓ | ✓ |
| | Commercial entity is licenced to operate in Pacific Island Countries and New Zealand or has a plan to become so (if necessary). | ✓ | ✓ |
| | The Social Lean canvas is well considered, shows clear understanding of the market, and knowledge of gaps/barriers. | ✓ | ✓ |
| | The business model is, or has the potential to be, commercially sustainable. | | ✓ |
| | Team Quality – Team has sufficient expertise and experience. | ✓ | ✓ |
| | Application notes key risks and has well considered mitigations. | | ✓ |
| OTHER | Applicant is health and safety in work-place compliant. | | ✓ |
| | Safeguarding risks identified and mitigations align with MFAT minimum requirements. | ✓ | ✓ |
| | Supporting this idea won't disadvantage others in the market | | |
| | The Hub won't provide grants, or ideas lab support, to a commercial entity providing similar products/services that another organisation is already providing. | ✓ | ✓ |

Application and Assessment Process

| TYPE | TIMEFRAMES | ELIGIBILITY | ASSESSMENT |
|--------------------------------|--|---|---|
| EXPRESSION OF INTEREST (EOI) | Open always Responses within 15 working days of submission | Open to all commercial entities based in ODA eligible Pacific Island Countries and New Zealand. | <ul style="list-style-type: none"> Meet eligibility criteria First round due diligence <p>Successful applicants will be invited to apply to the Ideas Lab or Viability Gap Fund and advised on information and evidence to provide.</p> <p>Invitations to apply expire after 6 months. Applicants can resubmit an EOI after this date, if necessary, with updated information.</p> <p>If Engagement Managers identify other MFAT partners who could provide support, they will connect the applicant to them.</p> |
| IDEAS LAB Application | Quarterly assessments Decisions made within 8 weeks of round closing. | Those who have received an Invitation to Apply. | <ul style="list-style-type: none"> Engagement Manager assesses application against the selection criteria, conducts due diligence (including speaking with experts) and requests more information as necessary. Those who meet the selection criteria are recommended to an MFAT selection panel. The selection panel picks up to 2 applications. |
| VIABILITY GAP FUND Application | Quarterly assessments Decisions made within 6 weeks of round closing. | <ul style="list-style-type: none"> those who have received an Invitation to Apply. those who have been through the Ideas Lab. | <ul style="list-style-type: none"> Engagement Manager assesses application, completes due diligence (including speaking with experts), and requests more information as necessary. Those who meet the selection criteria are recommended to the selection panel. The selection panel picks up to 3 applications |

Selections are made based on the value and likelihood of the impact, the level of risk involved, as well as ensuring we are taking a portfolio approach across sectors, countries, and the types of outcomes.

The value of impact is assessed based on factors including, the breadth of the short and long-term outcomes, feedback from Pacific partners and beneficiaries, the likelihood that the outcomes would be realised, the degree of innovation. Impact Scores are outlined in the application form.

The level of risk is determined based on what risks exists, how likely they are to occur and the severity of the impact if they do. Risks can include political, reputational, financial, and safeguarding risks. If we become aware of any additional risks while

assessing your application, e.g. through due diligence processes, we will ask for your comment on them before taking them into account within our assessments.

A portfolio approach will be taken, where MFAT will support a variety of applications across various sectors, countries and impact types, as well as varying degrees of risk within the innovations. Information on what has been approved so far is on the Pacific Innovation Hub's website - for more information please contact your Engagement Manager.

Being accepted into the Ideas Lab does not guarantee you will receive viability gap funding.

After the assessment phase the successful applicants will sign a Grant Funding Contract with MFAT and agree to reporting for MERL purposes.

Funding requirements

Co-funding

The commercial entity must co-fund 50 percent of the total cost of the initiative. Exemptions can be made to reduce this to 30 percent in exceptional circumstances. If you need to explore this, please speak with an Engagement Manager. Co-funding can come from third parties involved in the application but cannot include other grants.

In-kind contribution

Applicants can claim in-kind contribution within their co-funding, in line with the following requirements.

- In-kind funding is acceptable within an applicant's co-funding contribution, up to 30 percent. The in-kind funding will equate to no more than 15 percent of the total combined funding from MFAT and the commercial entity.
- In-kind funding must directly contribute to the delivery of the proposed initiative and its development outputs and outcomes.
- In-kind funding must be for services that would otherwise need to be sourced from a competitive market.
- The acceptance of in-kind funding is at the discretion of MFAT.
- In the reporting required to release grant payments, approved applicants may only include the in-kind contributions agreed to in the project and costed workplan, unless previously agreed with MFAT.
- MFAT can disallow claimed, or disapprove proposed, in-kind funding if MFAT determines the risks of allowing such funding are not mitigated to MFAT's satisfaction.

The only in-kind funding allowed is the actual and reasonable cost of skills/labour.

Promoter/principal/director/staff time will be valued at pro-rata direct salary costs, inclusive of leave entitlements and ACC (if any), as long as these reflect reasonable market rates.

It will not include:

- Time spent on the initiative by volunteers.
- Services or goods donated, or funded, by any other government or government-funded agency, NGO, philanthropist or investor.
- Costs or expenses already incurred.

In-kind support can be provided by the primary Pacific and New Zealand partners involved in the application, at the discretion of MFAT.

Payment of Grants

Grants will be paid after expenses have been incurred, in line with an agreed costed work plan. Where necessary, a case can be made to provide the grant in advance. In this case, the funding may be staged and will be paid against milestones and receipts which will be required before the next set of funding can be released.

MFAT's co-funding must be spent at the same time as, or after the applicants' funding has been spent to ensure risk is shared equally.

Engagement Managers

The Hub will allocate an Engagement Manager to support applicants through the Ideas Lab and Viability Gap Fund application process. If we need more information in the application, or if anything is unclear, the Engagement Manager will reach out.

Key Documents

Expression of Interest

- [Expression of Interest](#)

Ideas Lab Application

- Application Form Ideas Lab
- Social Lean Canvas

Viability Gap Fund Application

- Application Form Viability Gap Fund
- Social Lean Canvas
- Risk Plan
- Costed Work Plan
- Contract template

Social Lean Canvas

Applicants who are invited to apply to the Ideas Lab and Viability Gap Fund must submit a Social Lean Canvas which outlines the business plan for the initiative. The template for the Social Lean Canvas (and a guide to completing it) is on the [Pacific Innovation Hub website](#).

The Social Lean Canvas does not need to be fully complete for the Ideas Lab. It needs enough information to show the Pacific Innovation Hub how much the applicant knows about the market and the potential business model and to identify the knowledge gaps that the Hub can help to fill.

The Social Lean Canvas does need to be complete for the Viability Gap Fund.

What is a Social Lean Canvas?

A Social Lean Canvas is a strategic planning tool designed to help social entrepreneurs and impact-driven organisations develop, visualise, refine and communicate their business models. It adapts the traditional Lean Canvas or Business Model Canvas to focus on social impact, integrating both business and social components to ensure that the organisation is viable while also fulfilling its social mission.

Intellectual Property and publishing

All intellectual property held by the applicant remains the property of the applicant.

The Design Thinkers report is fully funded by MFAT and will be made available to the stakeholders involved in the Ideas Lab (except for the applicant's commercially sensitive information).

Advice, research and reports procured with Viability Gap co-funding will be owned by the applicant and MFAT will be able to use them to inform policy, strategy and future development activities; MFAT may also share the findings, as agreed with the applicant (with the exception of commercially sensitive information).

Successful applications will have their initiative name and summary published on the Pacific Innovation Hub website (as noted in the application form).

Case studies from Ideas Lab and Viability Gap Fund will also be published on the website, used in promotional material, and in reporting.

Term Definitions

Commercial Entities: Any entity that makes a commercial return, including but not limited to limited corporations, commercial trusts, partnerships, sole traders, start-ups, social enterprises. It does not include NGOs, charities, Government Agencies or Ministries.

Design thinking: Design Thinking is a human-centred approach to innovation and problem-solving that involves understanding users' needs, challenging assumptions, redefining problems, and creating innovative solutions through iterative experimentation. It encourages creative thinking and collaborative work to arrive at user-centred solutions, making it applicable across various fields such as product design, business strategy, education, and social innovation.

Gender outcomes: The initiative will contribute to gender equality and women's empowerment by ensuring that women have the same rights, opportunities, and access to resources as men. For example, women's health, equal access to jobs and entrepreneurship, access to education, protection from violence and discrimination, access to resources and rights.

Inclusivity: ensuring that all individuals, regardless of their gender, race, ethnicity, disability, sexual orientation, or other characteristics, are able to participate fully and effectively in society.

International Development Cooperation: International development cooperation involves countries, organisations, and other actors working together to support sustainable development, reduce poverty, and promote economic and social well-being in less-developed regions. It encompasses financial aid, technical assistance, and knowledge-sharing to address global challenges like inequality, health, and environmental sustainability.

Invitation to Apply

Applicants will be sent an Invitation to Apply if they meet the criteria in the Expression of Interest. This will be sent in an email from the Pacific Innovation Hub.

Official Development Assistance (ODA): Official Development Assistance is a term used to describe government aid that is provided by developed countries to support the economic development and welfare of developing countries

Sustainable Development Goals: The Sustainable Development Goals (SDGs) are a set of 17 interconnected global objectives established by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development. These goals aim to address a broad range of social, economic, and environmental challenges, with the overarching aim of creating a sustainable and equitable world by 2030. [THE 17 GOALS | Sustainable Development \(un.org\)](#)

Feedback

It is important to our team that the application process is user friendly and based on your feedback we will adjust the service as we go. Please [share your thoughts here](#) and through our monitoring and evaluation process.