

2010 Call for Research Proposals

Investment Climate & Business Environment (ICBE) Research Fund

Eligible Candidates: African Researchers and Institutions
Information: www.trustafrica.org – icbe@trustafrica.org
Tel: +221.33.869.46.86 – Fax: +221.33.824.15.67

Second Phase

TrustAfrica and the International Development Research Centre (IDRC) are pleased to announce the second phase of funding for research on the investment climate and business environment in Africa. We have allocated more than US\$2 million in grants for private-sector development research and other related projects by African universities, business schools, private and public institutions, and independent research institutions.

About the ICBE Research Fund

The ICBE Research Fund is a multi-million-dollar research facility established in 2006 by TrustAfrica and IDRC. It was inspired by the 2004 United Nations Commission Conference on private-sector development, which emphasized the central role that entrepreneurs can play in self-reliant development—thereby encouraging the pursuit of a vibrant and independent private sector in the developing world.

The purpose of the ICBE Research Fund is to promote practical research on ways to improve the investment climate and business environment all over Africa and strengthen the performance of the private sector, which in turn will help create jobs, alleviate poverty, and contribute to the economic growth and self-reliance of the continent. The Fund offers three sizes of grants to African private-sector development (PSD) researchers: small, intermediate and large. Grants are awarded following an open, competitive process involving African peer reviewers and the final deliberations of a pan-African jury.

Defining ICBE

The investment climate and business environment are contemporary terms with many definitions. The World Bank¹ and its affiliates define investment climate as the set of location-specific factors shaping the opportunities and incentives for firms to invest productively, create jobs, and expand. These include: stability and security, regulation and taxation, finance and infrastructure, and workers and labor markets. This definition is further developed in the World Bank and International Finance Corporation's "Doing Business" annual series². The Organization for Economic Cooperation and Development (OECD), in its Policy Framework for Investment³, identifies ten policy domains that affect investment directly: investment policy; investment promotion and facilitation; trade policy; competition policy; tax policy; corporate governance; policies for promoting responsible business conduct; human resource development; infrastructure and financial sector development; and public governance. The OECD policy framework recognizes that issues pertaining to the natural environment, energy, rural development, innovation, women entrepreneurship, and gender balance bear on the business environment as well.

Taking these meanings into consideration, we propose two working definitions: (i) the investment climate is the set of key macroeconomic factors that determine the attractiveness of a given country, region, or continent to entrepreneurs; and (ii) the business environment is the set of microeconomic factors that affect the operation of existing firms and entrepreneurs' quality of business life. Within this broad framework, this call for proposals focuses on:

- Applied research — targeted at improving investment policy and development processes in Africa.
- Innovation — we are interested in original research.

¹ The World Bank development report 2005 <http://go.worldbank.org/WVDAOSZJ20>

² www.doingbusiness.org

³ www.oecd.org/daf/investment/pfi

Background and Context

The ICBE Research Fund's 2010 competition aims to increase and deepen knowledge and literature that can be used by decision makers to strengthen policies and programs relating the investment climate and business environment. This emphasis on actionable research heightens the importance of identifying the target audience, including key decision makers, and the level of public or government involvement, particularly in utilizing research outputs and improving outcomes.

In its first phase, from 2007 to 2009, the Fund held two rounds of funding, awarding research grants to 53 research teams (comprising more than 150 researchers) at 33 institutions in 16 African countries. Some explored issues of entrepreneurship, fiscal policy, human resource development and labor markets, land tenure, housing and urban development, investment and corporate governance, and commercial justice. Others analyzed marketing and corporate social responsibility, information and communication technologies, financial and capital markets, environmental management, public-private partnerships, regulation and reform in procurement, supply chains and the informal sector, capital markets and foreign direct investments, energy and poverty in rural areas, and the creation and growth of youth and women enterprises.

Over the next three years, TrustAfrica seeks to continue the work of the Fund and begin building a base for its long-term sustainability. Significantly, the focus will be broadened to incorporate the framework known as "making markets work for the poor" (MMW4P). Research will be especially welcome where it examines private-sector development in Africa that is both 'sustainable' and local—i.e., contributes to long-term economic development and livelihood creation in ways that enhance social, human or ecological capital. This emphasis recognizes the need to mainstream sustainable values in the production and consumption of goods and services, so that enterprises can maximize their profits without exhausting the natural resources.

During the three years, one issue that will warrant closer analysis concerns the quality of infrastructure in a given country. In Africa, it is well known that inter- and intra-regional trade is hampered by lack of adequate basic infrastructure, including railways, road networks, port facilities, storage facilities, water, and power/electricity. Yet external investment is often limited to the exploitation of natural resources. A second area that merits attention is assessing the strength of financial systems and financial market regulations in African countries. Rules and regulations that are efficient, accessible, and simple to implement are thought to be critical in expanding and intensifying economic activities. But does better regulation truly spur solid economic results? What is the relation between registering private property and construction of public infrastructure, for example? A third area with great research potential is the exponential expansion of information, communications, and computer technologies—especially digital technologies, which are changing the way we behave and do business and generating new opportunities for increasing productivity and growth. Yet the rapid growth of technology is expanding the inter- and intra-country technology gaps. How can it better serve those at the lower economic tier of society?

This time around the Fund will consciously prioritize pro-poor outcomes, using the "making markets work for the poor" framework. This approach builds on the twin pillars of improving the investment climate to accelerate growth and empowering poor people to contribute to and benefit from growth. It requires the engagement of governments, the private sector, researchers, policy advocates, civil society, and educational institutions to strengthen the developmental impact of markets; encourage established markets and businesses to find new markets and deepen existing ones by engaging with investors, consumers, and customers in poorer communities; transform malfunctioning markets and mitigate the causes of market failure; and enhance the capacity of the poor to beneficially participate in markets. In recent years, many African economies grew at a rapid pace, and investors began to see the promise of even higher returns in the stock exchanges and capital markets on the continent.

The work of leading organizations on global investments and economic performance consistently demonstrates a strong correlation between the investment climate and business environment on one hand, and economic growth on the other. This apparent link was a critical premise for the first phase of the ICBE Research Fund, but higher and faster growth has not reduced inequality or accelerated poverty reduction, and the poor often face difficulty accessing and operating in markets. Experiences from other regions of the world, notably the East Asian countries in the 1970s and 1980s, show that it is possible to achieve high economic growth while reducing inequality and accelerating poverty reduction. Why then have growth and equitable development been so elusive in Africa? Could it be that policies on investment and business development have ignored the participation of the poor majority? Can there be a pro-poor growth framework that bridges the gap between faster growth and reduced inequality? How can investment climate and business development policies and initiatives adequately empower and protect the poor and move them out of poverty? Can they garner a strong human development impact? These are some of the important questions the Fund hopes to address during its second phase.

Including these important research areas:

1) Energy/electricity in socio-economic development of Africa: The critical importance of energy/electricity in socio-economic, technological development of Africa; achieving MDGs with energy; energy supply, demand and management within policies, regulatory, legislative and institutional framework related to investment and business activities (a sort of comprehensive situation analysis); challenges with obstacles and strategies; how does energy including inputs like electricity create/generate employment? Need for sufficient energy supply in Africa; impact of power failure or shortages on investment and business activities power/electricity shortage and failure in Africa and the way out or concrete feasible solutions.

2) Investments and businesses with high employment activities: Investments and businesses that generate economic activities and employment, protect and empower the poor and reduce societal inequality especially at the bottom of the economic pyramid. Business and community linkages associated with foreign and domestic investments, including local, municipal, regional, national and sub-regional supply chains, supply chain processes and SMEs. SME, chambers of Commerce/Business Chambers and employment creation Investment with business activities, job creation and natural and mineral/exhaustive resources in Africa, Boosting productivity and skills and Exporting high-value-added products from the production chain

3) Infrastructural development:

- **Financial Markets in Africa:** Financial systems, markets, capital markets and commercial banking, and the investment climate and business environment in Africa.
- **African transportation systems:** Transportation systems, ports, road networks, and railways, which are essential to investment and business activities.
- **Digital revolution and the shaping of businesses in Africa:** Linkages between (a) information, communications, and computer technologies, (b) human capital and skill development within small and medium enterprises (SMEs), and (c) societal development. The digital revolution and how it is shaping businesses in Africa.

4) Challenges in developing the private sector in Africa, and potential solutions:

- Obstacles and opportunities for entrepreneurship, investment and business activities in Africa.
- Contribution of public-private partnerships to social development, including the reduction of societal inequalities (pro-poor development).
- Literature review on African investment climate and business environment research
- Priorities for investment climate and business environment reform in each of the Regional Economic Communities
- Impact of investment climate and business environment reform in Africa on SMEs – or the informal economy – or foreign direct investment.

These areas are not exhaustive, and research proposals may explore other themes in accordance with generally accepted definitions of investment climate and business environment and in line with the Fund's objectives.

Proposal Merging

When multiple proposals involve themes or activities that are closely aligned, the ICBE secretariat will encourage applicants to merge their proposals into a single collaborative project. This has the advantage of avoiding duplication, improving cost effectiveness, and creating active collaborations between research teams. Residual funding will be reallocated to additional research projects.

Eligibility

Eligible candidates must be researchers on private-sector development (PSD) who are affiliated with an African public- or private-sector institution. Eligible institutions or organizations are African universities, business schools, public- or private-sector research centers, investment- and export-promotion agencies, African members of international chambers of commerce, manufacturers associations, employers or trade associations, business membership organizations, and other private-sector actors. In order to be eligible, researchers must provide the following:

- Letter of institutional endorsement certifying that the institution will serve as an intermediary for grant disbursement as well as a signatory for verification of expenditures and the quality of research.
- List of the members, affiliations, and contact details of the Board of Trustees or Directors.
- Organizational registration certificates (universities must send their articles of incorporation).

- Reports of the institution's audited accounts for the last two years (2008–2009).

Co-funding

Grants from the ICBE Research Fund can be used to co-fund proposals for larger projects. In such cases, the proposal should clearly identify the additional sources of funding. Applicants must provide a detailed budget of total project expenses and describe which activities will be covered by ICBE funding. Applicants must also provide a reference who can be easily contacted to confirm the available co-funding.

Selection Criteria

Strong emphasis is placed on applied, innovative, and practical research that can have a demonstrable impact on the investment climate and business environment in Africa. Strong proposals will provide (i) a clearly defined problem statement that directly relates to the objectives of the ICBE Research Fund, (ii) a concise justification or rationale for the study, (iii) a coherent presentation of the objectives, (iv) rigorous methodology, and (v) a detailed explanation of expected impacts and outcomes.

The Fund is interested in supporting collaborations with larger organizations in order to contribute to existing research on relevant themes. We are particularly interested in research proposals that directly involve the private sector or institutions linked to policy making, such as relevant government agencies or departments. These joint ventures are what we refer to as "partners" in the selection criteria below.

Our goal is to generate actionable research results that can be implemented through partnership with decision makers and private-sector practitioners. Research will be especially welcome where it examines private-sector development in Africa, presents a plan to implement research recommendations, and demonstrates a contribution to long-term economic development and improved livelihoods while enhancing social, human, or ecological capital.

The selection criteria are:

Methodology	10%
Research problem	20%
Relevance to ICBE Research Fund objectives	15%
Appropriateness of budget with Timetable and duration	15%
Qualifications of research team	10%
Policy relevance and Dissemination	20%
Partners	10%

How to Apply

Forms and Information

All documents and information pertaining to the application process can be downloaded from the ICBE Research Fund page on the TrustAfrica website: www.trustafrica.org/icbe. These documents include:

- Call for Proposals
- Application forms
- Application instructions
- Research proposal guidelines

It is essential that you consult the application instructions prior to submitting your application. These instructions contain critical information and advice regarding application procedures. Proposals that do not follow the instructions provided will be disqualified. Incomplete applications will not be considered.

Do not hesitate to contact the ICBE secretariat for further information at:

icbe@trustafrica.org
Tel.: +221.33.869.46.86
Fax: +221.33.824.15.67

Submission Deadline

Proposals must be submitted to the ICBE secretariat by email (icbe@trustafrica.org). The deadlines for submission of proposals (for the small and intermediate grants) and concept notes (for the large grants) are:

Small Grants:	June 30th, 2010 (17:00 GMT)
Intermediate Grants:	July 15th, 2010 (17:00 GMT)
Large Grants:	August 1st, 2010 (17:00 GMT)

Researchers are strongly advised to submit proposals well before the deadline. This will allow ICBE staff to review your proposal and, time allowing, notify you of any omissions. Late submissions will not be considered.

Procedures and Instructions

Complete proposals comprise (i) the Application Form and (ii) Supporting Material.

Application Form

All proposals must be completed using the **ICBE application** forms. Applications not in this format will not be considered. Each type of grant (small, intermediate, large) has a different application form and a corresponding deadline. All sections of the application form must be filled in for the proposal to be eligible. Application forms should be kept in their original Microsoft Word or OpenOffice Writer format. Please refer to the application instructions for directions on how to complete the application form.

Supporting Material

All pages of supporting documents must state: the type of document (narrative, CV, cover letter, etc.), name of the principal investigator, and title of the proposal. Supporting documents may be submitted in the following formats: Microsoft Word, OpenOffice Writer, Rich Text Format (.rtf), or Adobe "pdf". Scanned documents submitted as images must be in "jpg" or "gif" format. However, it is advised that these scans be included in a Microsoft Word, OpenOffice Writer, or "pdf" file. Please refer to the application instructions for further information about supporting material.

Document Format

All documents should be sent as **file attachments**. Any information sent in the body of an email will not be part of the proposal and will not be considered during adjudication. All files submitted must be virus checked. Files containing a virus will not be accepted. All documents, including the application form, should be written using 11-point font and 2 cm. margins.

Proposal language

Proposals may be submitted in French or English, using the corresponding application form. If possible, please provide a summary of the proposal in the alternative language. These translations will be useful to the adjudication panel.

Further Information

What happens next

An acknowledgement of receipt will be sent to the e-mail address of the principal investigator. The ICBE staff will then check that your proposal meets the eligibility requirements. Eligible proposals will be evaluated by independent experts according to the adjudication process. The pan-African jury of experts will meet in July 2010 for the final selection of proposals. Only successful candidates will be contacted. Winners will be officially announced in mid July 2010.

Reporting

Successful applicants will be required to report on project progress and to evaluate results against agreed project milestones and outputs. Disbursement of grant funds will be conditional on the receipt of approved project deliverables.

Additional clauses

Ethical principles

The ICBE Research Fund adheres to generally accepted ethical norms and standards regarding research activities. The Fund reserves the right to make final judgments concerning the ethics of research proposals submitted for funding. Research supported by the Fund is to be conducted with integrity in a manner consistent with the highest standards of research and scholarship. Where appropriate, research projects should support the inclusion of marginalized groups, fight discrimination in any form, respect the social fabric, and must not contribute to the deterioration of the natural environment, globally or locally.

Confidentiality Policy

The ICBE undertakes to keep confidential all information supplied in applications.

Original Research and Double Funding

Applicants to the ICBE Research Fund will be required to declare on their honor that the research work they submit is original. In the event that the research project is successfully funded by other sources, the winning candidates must notify the ICBE secretariat. The ICBE secretariat will conduct a routine check of research proposals with other funding organizations and will review research reports with anti-plagiarism software.

Intellectual Property

The ICBE-RF reserves the right to reproduce and publish research results and requires that all printed and audio materials acknowledge support from the ICBE Research Fund with the following statement: "This project was made possible by funding from TrustAfrica's Investment Climate & Business Environment Research Fund".

Tips and advice

When communicating with the ICBE secretariat, be sure to provide adequate information to facilitate the processing of your proposal.

- Email subject — please use an email subject that clearly identifies the name of the principal investigator and the purpose of your message. For example: "Your name – ICBE-RF proposal submission" or "Your name – ICBE-RF information request"
- Email message — please indicate clearly the proposal title and your name. If you are writing on behalf of the principal investigator, please indicate the name of the principal investigator submitting the proposal.
- File naming convention — please respect the file naming convention described in the application instructions.

Make sure you double-check your proposal for correct formatting, spelling mistakes and typos. If the track changes function has been used during the drafting of the proposal, make sure you accept all changes and disable the track changes function before submitting your proposal.

It is in your interest to keep your text concise and to the point, since long documents are rarely viewed in a positive light by the evaluating experts or readers.

Funders

TrustAfrica

www.trustafrica.org



TrustAfrica is an African grant-making foundation that strives to secure the conditions for democratic governance and equitable development throughout the continent. TrustAfrica seeks to sustain African initiatives and solutions by contributing to the larger purpose of providing Africa's leading thinkers and institutions with opportunities to set and pursue an African agenda for development. TrustAfrica began as an initiative of the Ford Foundation in 2001 and became an independent entity in 2006.

International Development Research Centre

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Canada's International Development Research Centre (IDRC) is one of the world's leading institutions in the generation and application of new knowledge to meet the challenges of international development. For 40 years, IDRC has worked in close collaboration with researchers from the developing world in their search for the means to build healthier, more equitable, and more prosperous societies.