



Co-Investment Grants Program

Frequently Asked Questions

What is the IPSD II?

The Innovative Private Sector Development IPSD II Project is a US\$14.5 million project funded by the World Bank and the European Union (EU) and implemented by DAI for the benefit of the Ministry of National Economy.

The IPSD II project aims to improve economic opportunities for tech-enabled startups and innovative small and medium-sized enterprises (SMEs), and individuals in the digital economy in the West Bank and Gaza (WB&G). For the purposes of this project, economic opportunities include access to the following resources: (i) early-stage finance, (ii) market access activities, (iii) mentorship, (iv) skills enhancement training, (v) employment matchmaking, and (vi) streamlined formal business registration.

What is the Co-Investment Grant Program?

The Co-Investment Grants Program aims to help stimulate private investment by early-stage private investors, including syndication between investors and encouraging first-time angel investors.

Co-Investment Grants will provide supplementary funding to firms that are able to raise investment from approved early-stage private investors.

The grants will help lower the risk perception of investors by better capitalizing the enterprises, thereby providing a longer 'runway' to achieve business development milestones that lead to stronger businesses. In addition, CI funding could encourage investors to spread capital across more investments (portfolio strategy), thereby leading to more firms receiving the benefits of angel and other investors as partners. Eligible firms may receive financial assistance of up to \$350,000 in Co-Investment Grants.

More information about the Co-Investment Grants program can be found in [Co-Investment Grant Overview](#).

Who can apply for the program?

IPSD II aims to support high potential tech and tech-enabled startups and innovative SMEs that meet the following criteria:

- Be a company operating in the West Bank and Gaza, that is legally registered or in the process of legal registration or committed to register with the Ministry of National Economy before grant agreement signature.
- Be operational for at least 6 months prior to applying to the program.
- Firm's activities shall have moderate to low or minimal environmental impacts.
- The beneficiary firm must commit to spending at least 70% of CI grant funds in West Bank and Gaza and any funds spent outside West Bank and Gaza must be spent on expenses directly related to driving the company's growth.

What constitutes an innovative firm?

Co-Investment Grants are available to startups and innovative SMEs. The selection criteria to be fulfilled are the following:

- (i) Applicant firm has secured a term sheet for an investment by one or more eligible private investors.
- (ii) Investor submitted the due diligence report and/or investment memorandum.
- (iii) Applicant firm is a startup, or an innovative SME as evidenced by the firm demonstrating one or more of the following types of innovation:

Product innovation: the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics. Product innovation can utilize new knowledge or technologies or can be based on new uses or combinations of existing knowledge or technologies.

- **Process innovation:** the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software. Process innovation can be intended to decrease unit costs of production or delivery, to increase quality, or to produce or deliver new or significantly improved products.
- **Marketing innovation:** is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing. Marketing innovations are aimed at

better addressing customer needs, opening up new markets, or newly positioning a firm's product on the market, with the objective of increasing firm's sales.

- **Organizational innovation:** the implementation of a new organizational method in the firm's business practices, workplace, organization or external relations. Organizational innovations can be intended to increase a firm's performance by reducing administrative costs or transaction costs, improving workplace satisfaction (and thus labor productivity), gaining access to non-tradeable assets (such as codified external knowledge) or reducing costs of supplies.

Which investors qualify for the Co-Investment Grant Program?

To qualify for receipt of Co-Investment Grant funding, firms must secure funding from IPSD eligible investors as per the below:

1. Angel Groups
2. Institutional Investors (VCs, funds, family offices etc.)
3. Individual Angels or Syndicate of Solo Investors

It is the responsibility of the firm and investor to disclose any family relationships with the Applicant firm founders or key employees. Co-Investment Grants will not match investment rounds that are led by family members, though with discretion may match investments where family members are not leading (providing due diligence report, negotiating terms, etc.) and are participating as minority investors.

Is there a deadline for applications?

No, eligible applications will be assessed on rolling basis subject to funds availability.

How will applications be processed, and companies approved for funding?

Applications that are deemed eligible will undergo an initial evaluation to identify the Environmental and Social risks to ensure that proposed activities have minimal or no adverse environmental impacts and set the appropriate mitigation measures If needed.

To know more about the procedures and mechanisms implemented by the project to assess, manage, and monitor anticipated environmental and social impacts of IPSD II investments, please check IPSD II Environmental and Social Management Manual [ESMM](#).

Applications that are determined to be eligible will be assessed by the Co-Investment Grant Committee. This assessment will cover reviewing the submitted firm and investor documents, the investor due diligence process and outputs, submitted budget and milestones, and meetings with the applicant firm and investors will be conducted, if needed. In addition, the Applicant will “pitch”/present the business to the Co-Investment Grant Committee in a meeting to include Q&A. Based on that assessment, the Committee will approve or reject the application. The Co-Investment Grants Committee, where applicable, may redirect and recommend the Firm to participate in other programs offered by IPSD II.

You can find more details on the grant process in [Co-Investment Grant Overview](#).

How do I know if I have been selected?

Upon the Co-Investment Grants Committee decision, applicants will be formally notified by IPSD II team as per the main contact person referenced in the application form. No additional action is needed by you unless we contact you directly.

What is the expected duration of the assessment and approval process?

It is anticipated that four to six weeks will be required to perform an initial application screening, assess completed applications or ask for clarifications and receive additional documentation, review, and approve an application, with an additional four to nine weeks for contract preparation and grant processing.

Please note: While these timelines provide an estimated timeframe, actual processing times may vary. Depending on the complexity of the application and the volume of submissions, the process may take shorter or longer than anticipated.

What are the selection criteria?

Co-Investment Grants are available to high potential startups and innovative SMEs and the primary factor in selection and approving the grant will be that the firm is eligible and able to secure an investment by an eligible private investor(s).

More details about the selection criteria can be found in the [Co-Investment Grants Overview](#).

What are eligible uses of funds for CI Grant funds?

Funds should be used for those purposes identified in the proposed budget and plan provided by the Applicant and agreed on with the investor(s) making the investment. Grant funds can be used to cover working capital needs such as salaries, business development, sales & marketing, product development, IP protection, etc. A full list of eligible expenses can be found in the [Co-Investment Grant Overview](#).

What is the total amount for financial support?

CI grants will provide (i) up to 50% of a financing round up to \$300K (investment capital and grants) as a match to private investment, with CI grants up to \$100K, and (ii) up to 33% of financing rounds exceeding \$300K, with CI grants up to \$350K.

Co-Investment Matching Grants: (a financing round includes both grant and investment capital)

Total Financing Round Amount^	CI Grant % of Financing Round	Co-investment Grant Ceiling	Private Investment Amount
Up to \$300K	Up to 50%	\$100K	Up to \$200K
Above \$300K	Up to 33%	\$350K	Above \$200K

Can the Co-Investment Grants program match previous investments?

No, the program matches only new investments, so any investment made into the firm before the application date cannot be matched; however, IPSD II will consider applications from companies that raised rounds between March 2023 and December 2024, when CI Grants were unavailable, if the investment and investor meet eligibility and selection requirements and a strong co-investment case is presented.

We are in discussion with an interested investor, can we apply?

One of the eligibility requirements of this program is proof of investor intent to invest in your firm, so we encourage you to continue the discussion and apply once you have a term sheet from the investor.

Will there be non-financial support?

This program does not include non-financial support. However, IPSD II may offer non-financial support through other programs. For more information, please visit the IPSD II website: www.ipSD.ps.

Can I still apply if I am a recipient of other IPSD grants and/or other support programs?

Yes, being a recipient of other grants and/or support programs does not disqualify your firm from receiving a Co-Investment grant. Please apply and describe in detail other support you are receiving in the "**Other Support**" section of the application.

Is a firm eligible for a CI grant under IPSD II if it has already received a CI grant under IPSD I?

Yes, a firm is eligible for a CI grant under IPSD II even if it has received a CI grant under IPSD I. However, the total grant amount across IPSD I and II cannot exceed the cumulative maximum of \$350,000. If the firm has already received a portion of this amount under IPSD I, only the remaining balance will be available under IPSD II.

Who can apply on behalf of my Startup, Early-stage Enterprise, or SME?

A representative who can certify the authenticity of the information provided and is legally authorized to sign on behalf of the applicant firm. That said, it is expected that Founders/CEOs will be leading the process.

Can I submit more than one application?

There can only be one application per investment deal submitted.

How can I apply?

IPSD II only accepts online applications. You can access the application forms through the following links:

- Firms: [Apply here.](#)
- Investors: [Apply here.](#)

Where can I find more information and help in filling the application form?

A detailed description of the Co-Investment Grants program can be found in the [Co-Investment Grant Overview.](#)

If your question or concern is not answered in FAQs above or the reference overview, please contact us by email at: info_ipsd@dai.com

Can I apply more than once if I raise a second round of funding?

Yes, firms may apply for a subsequent round of funding provided there is a new lead investor who has done due diligence, has negotiated the terms and will be the largest investor in the round. Private investment in follow-on rounds may be matched up to 33% up to a total grant ceiling of \$350K across both grants. This amount is cumulative for IPSD and IPSD II.

What if I have multiple investors in the round?

The lead investor should provide the supporting materials, such as the evidence of due diligence and should be a signatory to the term sheet. The CI Grant will match all capital

raised in a round, provided all investors register with IPSD II and investment documents are signed by all investors.

The Investor application is available [here](#).

When are CI grant funds disbursed?

CI Grant funds are disbursed only after investors have closed their investments, meaning that investment agreements are signed, and the capital has been deployed into the firm. Additionally, before receiving the grant, the firm must fulfill certain conditions, which include:

- Submission of a signed investment agreement.
- Provision of proof of investors fund transfers.
- Meeting the compliance requirement with environmental and social management measures (ESMM) requirements.

Additional Investor FAQs

So, investors can have multiple portfolio companies benefit from CI Grants? Is there a limit?

Yes, this is one of the project's aims! Currently there is not a limit on the number of an investor's portfolio companies that could receive CI Grants, though the firm limit (\$350K) will apply. This limit is cumulative for IPSD and IPSD II.

Will you match an investor's follow-on investment?

Follow-on investments will only be matched if a new lead investor is leading the round, which includes providing the due diligence summary, term sheet and there is a preference that the new investor is the largest investor in the round. CI Grants will cover up to 33% of a follow-on round up to a total \$350K ceiling across the grants.

What qualifies as an angel investment?

IPSD II defines an angel investor as an individual investing in their personal capacity (potentially with other angel investors) in ventures, primarily at an early stage, in which they have no familial relationship.

It is the responsibility of the firm and investor to disclose any family relationships with the Applicant firm founders or key employees. Co-Investment Grants will not match investment rounds that are led by family members, though with discretion may match investments where family members are not leading and are participating only as minority investors.

Can a firm apply with the same lead investor in a subsequent round?

Yes, a firm may apply with the same lead investor for a subsequent round if the lead investor has not previously invested more than \$50,000 in the firm. However, there must be a compelling justification for this arrangement. Each case will be assessed individually to ensure it aligns with program objectives and funding principles.