**Eligibility Criteria and Guidelines for Accessing the**

**Micro, Small and Medium Enterprises (MSME) Sub-Fund**

**Background**

Canada’s proposal to establish a dedicated MSME Sub-Fund was presented at all the relevant working groups and committees in 2015. At the APEC Economic Leaders' Meeting held on 18–19 November 2015 in Pasay, Philippines, Canadian Prime Minister Justin Trudeau announced that Canada would contribute C$2.0 million towards an APEC MSME Sub-Fund as part of a broader C$4.74 million Canada-APEC Growing Businesses Partnership initiative.

**Administration of the MSME Sub-Fund**

The APEC Secretariat will administer the MSME Sub-Fund according to the APEC project cycle, as outlined in the latest edition of the *Guidebook on APEC Projects*.

**MSME Sub-Fund Eligibility Criteria**

Drawing on the direction established by the [Boracay Action Agenda to Globalize MSMEs](http://www.apec.org/Meeting-Papers/Ministerial-Statements/Trade/2015_trade/2015_mrt_standalone.aspx), [the APEC Iloilo Initiative: Growing Global MSMEs for Inclusive Development](http://www.apec.org/Meeting-Papers/Sectoral-Ministerial-Meetings/Small-and-Medium-Enterprise/2015_sme/Annex%20A.aspx), the [SMEWG Strategic Plan 2013-2016](http://mddb.apec.org/documents/2012/SMEWG/SMEWG2/12_smewg35_035.pdf) and the [PPWE Strategic Plan 2014-2017](http://hrd.apec.org/images/2/21/PPWE.pdf), the proposed MSME Sub-Fund criteria are intended to directly involve developing APEC MSMEs in project activities, to integrate key elements of the SMEWG and PPWE Strategic Plans and to support the building of inclusive economies through MSME-led poverty reduction.

To be considered for the MSME Sub-Fund, Concept Notes must clearly demonstrate how developing APEC MSMEs will directly participate in, and benefit from, the proposal from a poverty reduction perspective.

**No single Concept Note/Project Proposal shall request in excess of USD 125,000 from the Sub-Fund**.

In addition to the above criteria, all Concept Notes made under the MSME Sub-Fund must meet the following criteria:

* Find support from more than one APEC economy;
* Support MSME-related capacity building activities in one or more APEC developing economies[[1]](#footnote-1) that are tailored to meet the beneficiary economies’ specific needs;
* Support the development of human capital and/or entrepreneurial capacity among MSMEs in developing APEC economies;
* Address the unique challenges faced by women-led MSMEs, especially related to finance, market access, technological innovation and human capital, by integrating gender responsive policies and programs into project activities;
* Leverage the widest range of partners, including private sector, civil society, as well as academic and financial institutions;
* Target MSMEs in low- or lower-middle-income APEC economies;[[2]](#footnote-2)
* Support MSME-friendly facilitative measures to reduce red tape, cost and time associated with international trade.

**Guidelines for Accessing the MSME Sub-Fund**

Any interested economy from any APEC group may submit Concept Notes which fall within the scope of the MSME Sub-Fund and the ambit of the APEC Support Fund. Concept Notes will need to be endorsed by the submitting group as part of the normal APEC project session processes before their eligibility for the Sub-Fund can be considered.

Submission of Concept Notes and full project proposals are expected to follow the timelines of the APEC project approval sessions, which take place on a bi-annual basis. Please refer to <http://www.apec.org/Projects/Applying-for-Funds.aspx>.

The step-by-step process for applying for the MSME Sub-Fund is as follows:

**Stage 1 – Development and Submission of Concept Note**

1. Submit your Concept Note to the Program Director for your group by the Internal Submission Deadline that is advertised on the “Applying for Funds” page of the APEC website. Your Concept Note should indicate that you are applying for the MSME Sub-Fund at the relevant place in the template. Your Concept Note must address the eligibility criteria for the Sub-Fund, listed above in this document. Your Program Director will help to facilitate endorsement of your Concept Note by your group, and ensure that the Concept Note meets APEC requirements.
2. If your Concept Note touches on issues related to women-led MSMEs or women’s economic empowerment more generally, you should consult with the Policy Partnership on Women and the Economy (PPWE), which coordinates gender activities across other APEC working groups. PPWE can advise on how to ensure that the unique challenges faced by women-led MSMEs are adequately addressed in Concept Notes.

**Stage 2 – Assessment of Concept Note Eligibility and Concept Note Scoring**

1. Once your Concept Note has been endorsed, and you have secured a minimum of two co-sponsors (or more, depending on the co-sponsorship requirements of your group), your Concept Note must be submitted to the Secretariat by the Final Submission Deadline, as advertised on the APEC website. Your Concept Note will then be provided to APEC's Small and Medium Enterprises Working Group (SMEWG), which will consider your Concept Note against the eligibility criteria for the Sub-Fund and decide whether it is eligible to access it.
2. Concept Notes will be considered eligible for the Sub-Fund unless there is a dissenting view raised by one or more SMEWG members. If there is a dissenting view, the Concept Note will be considered ineligible for the Sub-Fund. Following the rules that apply to all APEC Concept Notes, if a Concept Note is found to be ineligible, the Concept Note may not proceed any further in the APEC Project Session in question, either under the MSME Sub-Fund, or any other APEC project fund (including the ASF General fund).
3. SMEWG members who have a dissenting view are encouraged to provide their reasoning. Any responses from members that are provided late will not be included in the process. Any reasoning that is provided on why your Concept Note is ineligible will be shared with the proposing economy. Members will not be identified individually with the decisions they make on eligibility.
4. Concept Notes that have been considered eligible for the MSME Sub-Fund will then be scored using the APEC Scoring Template. Eligibility does not guarantee funding. The Secretariat will calculate which Concept Notes can be funded based on order of scores (highest to lowest), and in consideration of the total amount that is available under the MSME Sub-fund, for the APEC Project Session in question.
5. The Secretariat will then make a funding recommendation to the APEC’s Budget and Management Committee (BMC). While BMC may provide in-principle funding approval for a Concept Note, final approval is subject to the full Project Proposal receiving a “satisfactory” quality assessment from the Secretariat during the Project Proposal Stage.

**Stage 3 – Full Project Development**

1. After Concept Notes receive in-principle approval, full Project Proposals are to be completed using the standard APEC template. Project Proposals should incorporate collaboration with the SMEWG during project implementation and sharing of project outcomes, as appropriate.
2. Before proposals are endorsed by the originating forum, draft Project Proposals should be submitted to the SMEWG through the SMEWG Program Director for comments/feedback to ensure consistency with MSME Sub-Fund eligibility criteria.

1. Projects for funding under the APEC Support Fund (including its sub-funds and in this case the MSME Sub-Fund) are, in principle, open for participation by all APEC member economies, but funding will be available only for capacity building projects that primarily benefit developing member economies. This does not preclude other economies from applying for funding. If it furthers the interests of APEC, one or more non-APEC developing economies may be additional beneficiaries of an APEC Support Fund proposal. This will be determined on a case-by-case basis in accordance with normal procedures on non-member participation in APEC activities. [↑](#footnote-ref-1)
2. Please refer to the World Bank’s latest Income Classifications. [↑](#footnote-ref-2)