INCENTIVE FUND

PNGAus Partnership

Grant Application Guidelines

February 2025

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Section 1. Introduction

What is the Incentive Fund?

The Incentive Fund is an Australian Government competitive grants program that seeks to improve social and economic development outcomes that benefit Papua New Guinean communities.

Funding is available for organisations seeking to implement high-quality, social and economic infrastructure and other projects. Projects should be designed to improve the provision of essential services and/or strengthen local economies, and be inclusive of all Papua New Guineans, including women, girls, and people with disabilities.

Since 2000, the Incentive Fund has awarded more than PGK 700 million to partners in health, education, agriculture, economic development, and water and sanitation.

Now in its 5th phase, the Incentive Fund is working to ensure:

- Partner organisations (or grantees) successfully access, deliver and manage high-quality, appropriate, accessible and sustainable infrastructure that would otherwise not have been constructed.
- Partner organisations have strengthened their engagement with key stakeholders, including women, people with disabilities and marginalised groups, to improve the impact and sustainability of projects.

Strategic leadership and direction, including funding decisions, are made by the Incentive Fund Board.

The Board meets 4 times a year and is made up of one standing member respectively from the Government of Papua New Guinea (PNG) Department of National Planning and Monitoring and the Australian High Commission, and 5 independent Papua New Guinean members.

For more detail on the Incentive Fund visit www.incentivefund.org or download the Incentive Fund fact sheet here.

About these guidelines

These Incentive Fund Grant Application Guidelines provide information on the following:

- The types of projects the Incentive Fund can support (Section 2. Eligible Projects - page 2).
- The organisations that are eligible for funding (Section 3. Eligible Organisations - page 4).
- The funding amounts that are available (Section 4. Grant Amounts - page 5).
- Details on the application process (Section 5. How to Apply - page 6).
- Detailed guidance on the Expression of Interest (EOI) process and EOI form (Expression of Interest Form - page 8).

If considering submitting an EOI, the Incentive Fund encourages potential applicants to contact the office in Port Moresby to discuss their project ideas and suitability for funding (See page 7 for contact details). Further information can also be obtained from the Incentive Fund office.

Section 2. Eligible Projects

For an organisation to successfully apply for an Incentive Fund grant, there are 6 project elements that will be assessed. Four of these will be assessed as required core elements (see Table 1) and 2 assessed as recommended elements (see Table 2) at the EOI stage.

If a grant application proceeds beyond the EOI stage, all 6 project elements must then be met at later stages of the application process.

Core project elements

When completing an EOI, all applicants must show how their proposed project addresses the 4 core requirements.

Table 1 Core project requirement - EOI

1. Thematic focus	1. Access to essential public service such as:	• Water and sanitation. • Health. • Education, including primary school, secondary school or higher education, including vocational education.	• Law and justice. • Governance and public administration. • Training and skills development, including tertiary or vocational skills.
	2. Access to economic opportunities, such as:	• Agriculture and rural development (including markets and critical infrastructure). • Renewable energy. • Private sector projects that have community benefits.	
	3. Women and girls' empowerment:	• Women and girls have improved access to resources and services. • Women and girls have leadership and decision-making opportunities.	• Measures to address gender-based violence. • Women's economic empowerment.
2. Geographic focus	The proposed project can be based in any PNG province, but locations outside of the National Capital District are preferred.		
3. Government and community endorsement	The proposed project must be consistent with relevant Government of PNG policies, such as a specific sector policy or the Medium Term Development Plan (MTDP) IV Strategic Priority Areas and targets (download here). The applicant may provide recent letters of support from relevant government departments, other service providers and the community. Any letters of support should be less than one year old, specific to the project and include a commitment to recurrent funding if relevant.		
4. Sustainability	The proposed project must deliver long-term, sustainable outcomes for communities. To deliver these benefits, projects must have plans for how the services or economic opportunities will continue to be delivered beyond the initial grant funding and infrastructure construction stage. For example, clearly outline the plans for ongoing service resourcing and management, staff training, infrastructure maintenance, and local community and other stakeholder engagement. The below figure demonstrates how a project could achieve sustainable outcomes. 		

Recommended project elements

When completing an EOI, all applicants are encouraged to show how the proposed project will address the following recommended project elements. If the EOI is successful, these project elements will be elevated to core requirements that must be addressed in later stages of the Incentive Fund grants process.

Table 2 Recommended project elements

Gender equality, disability and Social Inclusion

Regardless of the sector/thematic focus above, all projects at the EOI stage must show strong potential to promote and mainstream GEDSI. If the EOI is progressed to stage 2 (Investment Case), the Incentive Fund will support organisations to fully integrate GEDSI into their projects.

The Incentive Fund is committed to GEDSI as a human right that, when upheld, contributes to strong, safe and inclusive societies. Women, girls, people with disability and other groups faced with challenges use and benefit from public services (such as schools and hospitals) and other economic opportunities (such as markets or livelihoods activities) in different ways. The Incentive Fund is committed to ensuring that the infrastructure and other activities that support these services and opportunities are designed and managed to address these differences and meet the various needs of these groups. Download the Incentive Fund GEDSI fact sheet here.

Climate change and disaster risk reduction

Regardless of the sector/thematic focus identified above, all projects at the EOI stage must show strong potential to incorporate climate change and disaster risk measures. In stage 2 (Investment Case), the Incentive Fund will support organisations to fully integrate CCDR into their projects, with plans for effectively responding to risks from changing climate conditions and natural disasters.

PNG's high risk to natural disasters and hazards is being exacerbated by climate change as demonstrated by the frequency and intensity of events such as extreme temperatures, excessive rainfall and associated flooding, droughts and storms. The Incentive Fund is committed to the development of climate resilient services and associated infrastructure that increase asset life, ensure service reliability, reduce repair and maintenance costs, and support climate change mitigation (such as biodiversity conservation and reduced emissions). Download the Incentive Fund CCDR fact sheet here.

Section 3. Eligible organisations

The Incentive Fund encourages a diverse range of organisations to apply for an Incentive Fund grant. To be eligible, an organisation must meet 4 core organisational requirements (refer to Table 3) with the option to demonstrate additional organisational requirement (see below).

Core organisational requirements

To be eligible for funding, applicants must demonstrate their organisations meet the following core organisational requirements.

Table 3 Core organisational requirements

1. Be legally registered in PNG	The organisation must be registered with the Investment Promotion Authority or under PNG legislation. The following types of organisations are eligible: • Provincial and local-level governments and their trading organisations (noting that national government departments are ineligible). • Statutory government authorities such as research organisations, universities, schools and hospitals. • Private sector organisations and foundations. • Landowner groups and community-based organisations. • Faith-based organisations. • NGOs, including women's organisations, and the local offices of international NGOs. If an applicant is unclear on their organisational category, the Incentive Fund team can be contacted for advice (see Section 5. How to Apply).
2. Be financially sound	An organisation must be able to demonstrate their financial probity through: 1. Use of a computerised financial management system. 2. Independently-audited financial statements: • In 2 or more years out of the last 4 years, without significant qualifications pertaining to PNG operations. • Audited by an independent, PNG-registered auditor (for private companies and NGOs) or the PNG Auditor General (for eligible government organisations). Government agencies can also use independent auditors if the Auditor General is unable to prioritise their audits.
3. Have clear land title	For any projects involving infrastructure activities, organisations must have the following: • Evidence of security to land title. • A lease (accepted as a traditional 99-year lease where land ownership reverts to the Government of PNG; generally, sub-leases are not acceptable) or a legally-registered land use agreement (for customary land). • Land-use agreements for projects involving light infrastructure (for example water supplies or minor upgrades).

Additional organisational requirements

Organisations must have sufficient organisational capacity to manage a project of the size that is being proposed and/or demonstrate readiness to develop this capacity with appropriate capacity development support.

In the EOI, applicants are asked to outline:

a) Their history of successfully completing projects of a similar size and nature to the one proposed.

b) An appropriate management structure and personnel with the skills and capacity required to deliver the project.

Applicants are also encouraged to enter into partnerships with organisations that complement their own skills and experience, and whose support will assist in the implementation of the project. Evidence of these partnerships, such as Letters of Support, may be attached to the EOI.

Section 4. Grant Amounts

Total project amount

The Incentive Fund will finance total project amounts of between PGK 3 million and PGK 15 million. The Incentive Fund will not consider EOIs for projects outside of these amounts.

Grant funding available for different organisations

Different organisations are eligible for different funding amounts per project, as follows:

- Government and NGOs:* The Incentive Fund will consider providing these organisations with grants worth 100% of a project amount.

*Note: This organisational category includes statutory authorities, landowner groups, community-based organisations and faith-based organisations.

- Private sector organisations and foundations: The Incentive Fund requires these organisations to make a counterpart contribution in one of the following ways:
    - A cash contribution as a proportion of the total project value (minimum 10%).
    - Equivalent in-kind contribution of project management arrangements.
    - Demonstration of other complementary investments in direct support of the project.

Activities and costs eligible for grant funding

Applicants need to provide a high-level budget in the EOI that justifies their total project amount. In constructing project budgets, applicants should be aware that grant funding can only be used to cover costs directly related to project activities.

The following activities and costs are not eligible for grant funding, although applicants can make a case for special consideration:

- Loans and micro-finance.
- Sport.
- General running of the organisation (such as core or recurrent costs).
- New infrastructure or equipment (including houses and vehicles) not integrally linked to a project's service delivery or economic development objective.
- New services distinct from existing core business or the relocation of services.
- Religious activities, including the construction and/or maintenance of churches or places of worship.
- Land purchases.
- All compensation payments.
- Research for commercial purpose.
- International fellowships, scholarships, study tours and conferences.
- For private sector projects, business investments or other costs that could reduce competition in the market.
- Private sector projects with minimal direct development benefits to the community.
- Any costs after the completion of a project.

Section 5. How to Apply

The Incentive Fund has a 3-stage grant application process. Details of each stage and relevant application instructions are provided in Table 5.

Table 4 Incentive Fund grant application process

STAGE 1: Expression of Interest (EOI)	• Applicants complete the EOI form and submit to the Incentive Fund office (there is no due date, EOIs can be submitted at any time). • The Incentive Fund reviews submitted EOIs 3 times per year. • The EOI is first screened to confirm that the applicant is an eligible organisation and meets the criteria in Section 3. • The proposed project idea and budget is then technically assessed against the requirements in the EOI (see section C of the EOI). • The Incentive Fund provides the results of the EOI review to the Board. • The Board considers the Incentive Fund's EOI review and decides on the applicant's suitability to proceed to the next step of the selection process. • The Incentive Fund notifies the applicant of the Board's decision. • All applicants, successful and unsuccessful, are provided with feedback.
STAGE 2: Investment Case **(Concept Proposal and Organisational Assessment**	The Incentive Fund provides feedback to the applicant on their EOI and explains the Investment Case stage, which consists of 2 concurrent processes: Concept Proposal development and Organisational Assessment. These processes then inform the Incentive Fund's investment case for funding the proposed project. **Concept Proposal** With Incentive Fund support, an applicant develops its EOI into a detailed Concept Proposal through the following steps: • Applicant develops a DRAFT Concept Proposal. • Incentive Fund team reviews the applicant's Concept Proposal, verifies information and provides feedback. • Applicant completes and submits the final Concept Proposal to the Incentive Fund. **Organisational assessment:** • The Incentive Fund assesses an applicant's organisational capacity to successfully manage and deliver the proposed project. • Incentive Fund visits the applicant's office and/or proposed site location to meet with key personnel and review systems. • Incentive Fund conducts an Organisational Assessment following the Incentive Fund template. • Incentive Fund provides the applicant with a of the Organisational Assessment findings for fact checking. • Incentive Fund finalises the Organisational Assessment. **Investment Case** • The Incentive Fund documents the case for investing in the proposed project (or not). • Incentive Fund prepares an Investment Case by drawing on the findings of both the Concept Proposal review and the Organisational Assessment. • The Operational Management Group reviews the Investment Case and

	makes a recommendation to the Incentive Fund Board regarding suitability for funding. • The Board considers the Investment Case and Operational Management Group recommendation and decides whether to fund the proposal. • Incentive Fund informs the applicant of the Board's decision.
STAGE 3: Incentive Fund Agreement (IFA) **(Detailed Proposal and Implementation)**	• Incentive Fund and the applicant become 'partners.' Each partner signs an Incentive Fund Agreement (IFA). • The partner organisation develops the Detailed Proposal, working closely with the assigned Incentive Fund project manager. • Incentive Fund assesses the proposal and prepares an initial recommendation for the Operational Management Group's review and subsequently for Board review and 'no objection'. • Once the Board endorses the Detailed Proposal, an updated IFA is prepared and signed. • The partner organisation commences project implementation. • Incentive Fund provides support and oversight throughout implementation. • Incentive Fund assesses whether project outcomes have been achieved, as expected, and generates learning for future projects.

Submission instructions and contacts

Applications can be submitted:

1. By mail: PO Box 166, Port Moresby Papua New Guinea
2. By email: info@incentivefund.org
3. In person: Level 9, Harbourside South, Champion Parade, Port Moresby

All forms, guidelines and further information can be obtained:

1. In person at the above address
2. By email: info@incentivefund.org
3. By phone: (675) 7411 2160 Ext:101
4. From the Incentive Fund website: www.incentivefund.org

INCENTIVE FUND EXPRESSION OF INTEREST

Any Papua New Guinean organisation seeking to apply for an Incentive Fund grant is required to complete this Incentive Fund Expression of Interest (EOI) Form.

Please ensure all sections of the form are completed. If an applicant is unclear on how to complete this form, please review the Incentive Fund Grant Application Guidelines (available on the Incentive Fund website).

For further information, interested applicants are invited to contact the Incentive Fund to obtain more information via telephone (675) 7411 2160) or email: info@incentivefund.org

This EOI form comprises 4 sections. All sections must be completed before the EOI will be assessed.

Section A: Applicant's Details

Section B: Organisational Eligibility

Section C: Project Description

Section D: Supporting Documentation

Section A: Applicant's Details

Organisational Details	
Organisation's Full Name:	
Physical Address:	
Mailing Address:	[Or put 'as above' if physical and mailing address are the same]
Telephone:	
Email:	
Confirm Organisation type:	☐ Government, or statutory authority ☐ Private sector organisation/foundations ☐ Landowner group/ Community-based organisation ☐ Faith-based organisation ☐ Non-government organisation ☐ Other; give brief details ....

Key Organisational contacts for project:		
	Primary Contact	**Secondary Contact**
Name:		
Position:		
Email:		
Mobile:		
Applicant's Project Details:		
Project Title		
Est. Project Duration:	Months/years	

Project site Location:	Address		E.g. Province, district, LLG, town (or state "same as organisation's physical address above")
	Site connections		List utilities/services already connected to the site location (for example, power, water, sewage, stormwater drainage, roads or jetties)
Partners:	List the names of partner organisations and the role they will play in the project (for example, partner roles could include funding or other support/services)		
Budget (PGK) A minimum cash contribution of 10% is required from private sector organisations or foundations. Other organisations are encouraged to make a cash contribution, but this is not required.	Total		**Amount**: [the total budget must be between PGK3-15million]
	Applicant's contribution	Cash:	**Amount (% of total):**
		In-kind	**Please describe:** For example, staff management time (number of staff, time commitment) and/or complementary investments that directly support the project.
	Other partner funding contributions:	Name:	[Name of partner organisation]
		Cash:	**Amount (% of total):**
		In-kind:	**Please describe:** For example, staff management time (number of staff and time commitment) and/or complementary investments that directly support the project.
	Grant requested:	**Amount** (If you are not a private sector organisation/foundation, the grant requested amount could be the same as the project total above).	
Past Applicants	Has your organisation applied for an Incentive Fund grant before?		[ ] Yes [ ] No
	If yes, what was the title and budget of the project you proposed?		
	Was your grant application successful?		[ ] Yes [ ] No

Section B: Organisational Eligibility

To be eligible for an Incentive Fund grant, the applicant must confirm that their organisation meets all 3 mandatory requirements below and provide relevant supporting documentation as attachments (Section D).

Requirement	Description
1. Organisation's legal status	**All non-government applicant organisations must be registered with the PNG Investment Promotion Authority (IPA).** Please provide your IPA registration number: …… (or write 'not applicable, if you are a government organisation)……
2. Organisation's financial management systems	**2.1 All applicant organisations must have computerised financial management systems.** Please name your computerised financial management system: …… ……
	2.2 All applicant organisations must have 2 years of independently audited financial statements (out of the last 4 years).

	Does your organisation have 2 years of independently audited financial statements from the last 4 year.	[ ] Yes [ ] No
	What is the name of your independent auditor (the auditor must be registered in PNG but can include the Auditor General, if the applicant is a Government of PNG organisation).	
	Have you attached copies of your audited financial statements to this EOI (at Annex D)?	[ ] Yes [ ] No
3. Organisation's land title	**All applicant organisations MUST have the title to land proposed for the site location (for the construction of infrastructure) or an appropriate long-term lease or legal authority.**	
	Does your organisation have land title, a long-term lease or other legal authority for land proposed for the site location?	[ ] Yes [ ] No
	Have you attached copies of your land title, long-term lease or other legal authority to this EOI (at Annex D)?	[ ] Yes [ ] No

Section C: Project Description

The Incentive Fund supports projects that are led by PNG organisations and provide a broad range of benefits to the communities those organisations represent. Supported projects involve the construction of infrastructure for improving:

- The delivery of essential services to communities, including health, education, water and sanitation.
- Economic development and/or livelihood opportunities.
- Empowerment of women and girls.

As represented in the figure below, Incentive Fund projects must deliver long-term sustainable benefits for Papua New Guinean communities. To deliver these benefits, partner organisations are required to undertake broader activities such as project management, asset maintenance, community engagement and training (see requirement 3 below). The Incentive Fund will provide support to partner organisations to develop and implement sustainability plans.

Figure: Representation of how a grant project could achieve long-term and sustainable outcomes

To assess an EOI, the Incentive Fund requires details on the proposed project. Applicants are requested to provide information under each of the 5 categories below.

Please answer the question in the left column. The right column provides further explanation of the question being asked.

Questions	Guiding questions and notes	
1. Context and Rationale:		
1.1 What are the development issues your organisation wants to tackle?	In a few points, briefly summarise the social and economic development issues and/or opportunities that this project will contribute to addressing and/or improving. Describe the relevant current service delivery levels (e.g. in Health, Education, Agriculture, etc.) in your district/locality or service delivery area, the people who are affected, the constraints in your organisation's and/or other service delivery capacity, and opportunities for improvement that the proposed project will address.	
1.2 Why does your organisation want to tackle these issues?	Explain why you think it is important for your organisation to tackle the issues identified in question 1.1. As part of your response, explain how addressing these issues: • Fits with your organisation's mission/vision, (long-term plans and strategies). • Aligns with government priorities (such as MTPDP strategies and targets, Provincial and District development plans etc. Also, explain why your organisation is well-placed to successfully tackle these issues through the proposed project.	
2. Project Results and Benefits:		
2.1 What change/s do you want to achieve?	Summarise the desired change/s you want to see at the end of 3 to 5 years as a result of your proposed project. We suggest you develop 'outcome' statements such as the below examples, and recommend you be as specific as possible as to why this change will occur. • Example: At the end of 3 years, the community will have improved access to good quality health services due to a well-designed, equipped and staffed health facility. • Example: At the end of 3 years, poor farmers will have improved livelihoods through better access to local markets.	
2.2 Who will benefit from the project changes?	**Define:** Describe the primary beneficiaries disaggregated by gender where appropriate (for example, school-aged children under 12 years, pregnant mothers, farming households, or women and child survivors of domestic violence).	
	Total number: The total number of primary beneficiaries (individuals) expected to benefit on an annual basis once the project is completed (explain how you calculated the number).	
	Expected benefits: Describe how each of the groups identified above will benefit from the project. Where possible, number should also be used to explain the extent of the benefit (for example, a 25% increase in enrollment numbers among female and male high school students in years 11 and 12. Farmers' access to market improves household incomes in targeted communities by 20%).	

3. Project Activities:	
3.1 What project activities will you implement to achieve and sustain the desired change?	Outline the main activities that will be implemented under the project, including: • Construction and/or refurbishment of any infrastructure. Please provide concise but detailed descriptions of: ○ any buildings or other infrastructure that will be constructed, refurbished and/or demolished with Incentive Fund support (e.g. construction of a single story 4-in one classroom block, including ICT laboratory; new male and female ablution blocks; refurbishment and extension of school administration building to incorporate 2 new offices spaces and a conference room; demolition and removal of existing classroom buildings), ○ relevant equipment, fit out and furnishing for which funding is being sought (e.g. desks and chairs for 120 students, 30x desktop computers, upgraded IT system including installation of Wi-FI; rooftop solar power system etc.) ○ any civil works associated with construction (e.g. site excavation and leveling, installation of improved drainage; refurbishment of a seawall etc.)Please attach concept drawings or detailed designs of the proposed infrastructure and civil works if these are available. • Other activities necessary to support and maintain the appropriate use of the infrastructure to achieve the desired change over the long term, such as: ○ Plans to establish improved or expanded services (e.g. design and implementation of revised ICT curriculum, recruitment and/or training of relevant staff etc.). ○ Management and decision-making processes needed to operate and maintain the infrastructure and services after construction has been completed. ○ Engagement with the community, government, and other stakeholders. ○ Plans to ensure sufficient financial and human resources with appropriate capacity to support delivery into the future.
4. Organisational capacity	
4.1 What is your organisation's capacity to implement the project?	• Experience: Has your organisation managed similar projects? Please provide details (describe project, budget, when it was implemented, outcomes of project). • Management processes: ○ What processes do you have in place and/or will you put in place to manage this project during infrastructure construction and afterwards? ○ Who are the key personnel within your organisation who will be responsible for managing and sustaining this project? What are their relevant skills and experience • Risk ○ What are the main risks that might affect the outcomes of this project? (including political and stakeholder risks, construction risk, and/or natural hazards and disaster risks such as earthquakes, tsunamis, floods, droughts, storms or volcanic activity).

	○ How will you manage these risks? Finally, please indicate if any buildings/structures proposed for refurbishment or demolition contain or are likely to have asbestos products.

5. Budget

Please provide an estimated budget for the Incentive Fund's contribution to your project. In the table below, list the main items (infrastructure and non-infrastructure-related) you are seeking funding for, and provide a cost estimate for each, and an estimated total budget. **Please briefly explain how you arrived at these estimates** (i.e. what information sources did you use.)

Item	Item cost (PGK)	Basis for cost estimate
e.g. 4x school classrooms		
e.g. 50- bed Female dormitory		
e.g. Male/Female ablution block		
e.g. equipment		
e.g. other human and financial resources (please itemise)		
add rows as required		
TOTAL estimated budget:		

Section D: Supporting documents

Please attach and submit the following with your EOI:

1. Copy of 2 annual organisational financial audits (from within the last 4 years).
2. Copy of your organisation's land title, long-term lease or other legal authority.
3. Option to include letters of support from government and other stakeholders.
4. Option to include architectural concept drawing and/or functional specifications for the proposed infrastructure, if these have been prepared.

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