

Endorsement process: Compliance procedures

Why?

We note that the repayment rate of several African companies for which OVO has facilitated a loan is inadequate. One of the causes identified is the insufficient quality of inflows. To improve this, we have to look at the first stages of the OVO-pipeline. The better the quality of the inflow, the better the future investees will perform. In that process, the Compliance Cell of OVO will play a vital role.

The Compliance Cell is tasked with facilitating informed decision-making through comprehensive investigations to verify the facts and details accompanying a potential investment opportunity or a developing issue or risk within an existing investment. Cell Compliance hosts a pool of (volunteering) Compliance Officers who safeguard legal, financial, ethical and risk aspects of projects throughout the entire life cycle of an entrepreneurial investment project.

OVO Compliance Document List

A dedicated working group has prepared a list of compliance documents to streamline the compliance process under the SusTech4Africa program. This list outlines all necessary compliance documents required at each stage.

The Compliance Document List is crucial for the selected African companies and their business coaches. It does not have to be looked at as a mandatory checklist but as a guidebook to use throughout the entire endorsement process.

The document is segmented as follows:

1. **Project Description:** Contains general project information and the OVO Business Coach Report
2. **Financial Documentation:** Essential components include proof of tax payments (required before the Boostcamp), and an annual report, which must be filed with the commercial register within forty-two days after the annual General Assembly.
3. **Legal Compliance:** Ensures adherence to all necessary legal documentation, including licenses, especially relevant in sectors like food where meeting standard requirements is crucial.
4. **Intellectual Property:** Addresses patents for unique technologies, as well as other intellectual property aspects like web domain names, trademarks, copyrights, and design patents.
5. **Societal & Environmental:** Addresses the SDG Assessment measuring project support for SDGs,
6. **Human Resources and Other:** Includes documents worked on during the coaching phase, such as the Entrepreneurship Assessment.
7. **Insurance Policies:** Emphasizes compliance with insurance policies protecting both the business and employees, such as occupational accident insurance.

Compliance procedure in endorsement process

Pre-Assessment Phase

The endorsement process starts with the Identification of Companies. Once the pre-assessments have been carried out by the local teams, the team of experts (including compliance officers) selects the projects that meet the selection criteria to take part in Boostcamp. The compliance officers are responsible for checking whether all Compliance Documents indicated on the Compliance Document List are fulfilled.

One-on-One Coaching Phase

After the Boostcamp, the collaboration continues in a hybrid format, incorporating online interactions coach and experts, as well as in-person sessions with local experts. During the One-on-One Coaching Phase, the Compliance Document List has to be used as a guideline for the projects and coaches to make sure they are compliant with all the necessary documentation. This is part of the learning process a project has to go through to professionalize and be investment ready. Compliance plays a crucial role throughout the one-on-one coaching process, ensuring that entrepreneurs adhere to legal, financial, and ethical standards while developing their projects. Business Coaches can called upon Compliance Officers to ask for support in various aspects, including preparing financial plans, business plans, and SDG Assessments.

At the end of the One-on-One Coaching Phase, an entrepreneurial investment project can be submitted to the Investment Committee (IC). Before it reaches the IC, the project will pass by the Compliance Cell to check whether it fulfills all the final conditions (given in the Compliance Document List).

Investment & Implementation Phase

If a project is accepted, the necessary funds are collected and the contractual administration is completed, the Investment & Implementation Phase starts. In this phase, there are ad hoc interventions by Compliance Officers when there is a rescheduling or modification of the original project.

Procedure to submit a project for the Investment Committee

- 1) All documentation must be submitted through the Jotform platform (<https://form.jotform.com/230373738966064>) .
- 2) The Manager of Team Monitoring and Evaluation appoints a team of Compliance Officers for each project.
- 3) Compliance Officers assess the submitted documentation:
 - a. Approval: Proceed to the next step.
 - b. Denial:
 - i. Small adaptations: Project has to make minor adjustments.
 - ii. Major adaptations: Project must resubmit for the next Investment Committee.
- 4) Final documentation approved by the Compliance Cell will be submitted by the Compliance Cell for the Investment Committee 10 days before the scheduled meeting.
- 5) Investment Committee Meeting:
 - a. OVO Certified Label awarded : Move to the Investment & Implementation phase.
 - b. Denial:
 - i. No 'OVO Certified' label awarded, and thus the project will not be presented to OVO's network as an investment opportunity.
 - ii. Additional conditions must be fulfilled before the next Investment Committee meeting.

[OBJ]