

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 project inflow. To address this, we must focus on enhancing the initial 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. All efforts are aligned with OVO's overarching objective of preparing African SMEs for investment and facilitating their growth.

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. Throughout the whole life cycle of a company within the OVO pipeline the Compliance Document List is used as a guideline. Before the coaching phase, projects already have gone through a selection process for which documentation is collected. The collected documentation is processed internally by OVO. Once the coaching phase begins, both Business Coaches and Entrepreneurs collaborate to further work with the Compliance Document List, ensuring that the company meets all necessary documentation and preparations to become investment-ready.

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 annual reports and proof of tax payments which all have to be corresponding with the data of the financial plan.
3. **Legal Compliance:** Ensures adherence to all necessary legal documentation, including deed of incorporation, statutes & licenses.
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 prepared before the BoostCamp, such as the Entrepreneurship Assessment, and during the coaching process.
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 (possibly including compliance officers if specific expertise is required) selects the projects that meet the selection criteria to take part in the BoostCamp. The team of experts is responsible for checking whether all Compliance Documents indicated on the Compliance Document List are fulfilled.

One-on-One Coaching Phase

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. 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. OVO supports Business Coaches by providing essential guidelines through personalized compliance document lists and a structured database of project information collected in earlier phases. Additionally, train-the-trainer sessions will be organized to familiarize Business Coaches with OVO templates.

Throughout the One-on-One Coaching Phase, the Compliance Document List serves as a guiding framework for projects and coaches, ensuring that all crucial aspects are considered, and necessary documentation is in place to facilitate further growth. This is part of the learning process a project has to go through to professionalize and be investment ready. Business Coaches can seek assistance from Onboarding Facilitators, North-based Country Coordinators, or Compliance Officers (as needed) for support in various areas, including financial planning, business plan development, 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>).
 - a. North-based Country Coordinator aid in ensuring the completeness of documentation. The Team Lead of Team Monitoring and Evaluation appoints a team of Compliance Officers for each project.
- 2) Compliance Officers assess the submitted documentation:
 - a. Approval: Proceed to the next step.
 - b. Denial (supported by a Compliance Report):
 - i. Small adaptations: Project has to make minor adjustments.
 - ii. Major adaptations: Project must resubmit for the next Investment Committee.
- 3) Final documentation approved by the Compliance Cell will be submitted by the Compliance Cell for the Investment Committee 10 days before the scheduled meeting.
 - a. The documentation will include the Compliance Report and applicable answers from the Business Coach & Entrepreneur
- 4) 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.