Fund Utilization Guidelines

All Grant funds provided under the Pakistan Startup Fund (PSF) must be utilized responsibly, transparently, and in alignment with the application process. Startups are expected to adhere to the highest standards of responsibility to ensure that public funds are used for advancing innovation and achieving Startup objectives.

i. All expenditures should aim to support the specific goals, Milestones, and activities outlined in the Grant Agreement. The Startups may deviate 25% deviation from the budget categories; however, any greater deviation or any expenditure not expressly listed as "Permitted Expenditure" must be explained in writing and reported to the PMU prior to incurring such expenditure. The PMU, at its sole discretion, may allow such expenditure if it is reasonably linked to the Startup's objectives. Any expenditure not so informed or deemed outside the permissible scope shall be treated as a prohibited use of funds and may result in corrective measures, including suspension of further Grant allocations.
ii. Costs incurred must be reasonable and necessary for the execution of the funded Startup activities. Startups are expected expenditures that reflect fair market value and are essential for achieving project outcomes.
iii. Accurate and complete documentation should be maintained by the selected Startups and submitted through bank statement, income statements, grant utilization updates etc. and vetted as part of the quarterly / bi-annually / annual QCR audited reports by the Startup.

Permitted Expenditures: Grant funds may be utilized for specific categories of expenditure that are central to the Startup's product development, technical execution, market validation, and early-stage commercialization. These categories include, but are not limited to:

i. Purchase or lease of office and IT equipment, specialized equipment, and software essential for product development, testing, or research under the Project;
ii. Salaries/stipends for technical and Project-related staff;
iii. Procurement of raw materials, consumables, and software licenses for development;
iv. Engagement of third-party experts or firms for specialized services (e.g., testing, certification, algorithm design, or regulatory compliance, etc), with clearly defined terms of reference;
v. Costs associated with the protection of intellectual property developed under the Grant (e.g., patent searches, drafting, filing fees, and trademark registration);
vi. Lease or rent office space and related operational expenditures (including standard utilities, maintenance, and fit-out), provided such costs are reasonable, proportionate, and clearly attributable to the execution of the Project;
vii. Cost for market entry, product launch, launch and marketing campaigns and events, including mandatory certifications, early-stage user acquisition, technical documentation, and minimal launch marketing materials;
viii. Limited contingency expenditures, provided such funds are not applied toward prohibited purposes and are used only with prior written approval of the Grantor;
ix. Contingency expenditures, subject to prior written approval of the Grantor;
x. Market expansion-related costs, such as incorporating an entity in another country or opening a foreign bank account; and
xi. Any other reasonable and justifiable Project-related expense approved during the Application process or in writing by the Grantor.

Prohibited Expenditure: The use of PSF Grant funds for the following purposes is strictly prohibited:

a) Repayments of debts, interest charges, financing costs, or bank charges beyond the minor standard transaction fee;

b) Any form of equity distribution, including dividends, profit-sharing, or stock buybacks;
c) Payment of fines, legal penalties or legal fees related to litigation or regulatory violations;
d) Donations, lobbying, or political contributions of any kind;
e) Misuse of contingency funds, including use for budget overruns or unauthorized expenses

Failure to comply with these guidelines may lead to corrective actions, including suspension of any further Grant allocations, and/or eligibility for future support under the Pakistan Startup Fund. Startups are encouraged to consult with the PMU before incurring any expense where eligibility or compliance is uncertain.

In the event that Grant funds are misused or applied toward any of the prohibited purposes outlined herein or in the Grant Agreement, the Startup shall indemnify IGNITE against any third-party claims arising therefrom and may be liable for liquidated damages, subject to demonstrable loss. This provision, which complements the remedies and obligations set out in the Grant Agreement, is intended to safeguard IGNITE's interests without imposing an undue burden on the Startup and ensures that funds are deployed responsibly and lawfully.