



MINISTERUL MUNCII  
ȘI PROTEȚIEI SOCIALE  
AL REPUBLICII MOLDOVA



**EXPRESSION OF INTEREST INVITATION**  
**for the selection of Applicants/Collaborative Group of Companies that will participate in the Innovation Challenge Scheme 7 for selecting innovative digital ideas focused on developing and enhancing the labour and social protection sector digital platforms, with impact on Sustainable Development Goals (SDGs) and Digital Transformation in Public and Private Sectors.**

December 2022

## **ACRONYMS**

<b>CGC</b>	Collaborative Group of Companies
<b>MOU</b>	Memorandum of Understanding
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>UNDP</b>	United Nations Development Programme
<b>eGov</b>	E-Governance Agency

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## General context

Since early March 2020, the Republic of Moldova is confronting a complex health and socio-economic crisis induced by the COVID-19 pandemic. As summarized in the SEIA, the crisis is underscoring the importance of LNOB challenges in Moldova, due to shrinking incomes and expenditures, limited access to health and education, and challenges for local businesses due to supply disruptions and plummeting demand at home and abroad. According to recent IMF projections, Moldova's GDP decreased during 2020-2021 by about 3%; and as of October 29, 2021, only 14% of the population had received at least one COVID-19 vaccinations.

During the second half of 2021, these developments played out against a backdrop of the European gas crisis, when gas prices spiked above \$1000/cubic meter (5-10 times 2020 levels). Moldova's gas import contract with Russia's Gazprom expired in October 2021; and with a new negotiated contract, Gazprom will supply Moldova gas at a price of about \$450-500/1000 cubic meters. Gas tariffs for most users are expected to double or triple—at a time when the country is experiencing the fourth wave of the COVID-19 pandemic, and when heating needs are ratcheting up in the face of the on-coming winter.

Moldova is therefore facing exorbitant prices for those supplies it can obtain. For a country in which nearly two thirds of the population was living on less than \$10/day before the pandemic began, in which spending on food and energy absorb the vast majority of vulnerable household incomes, and which generates the lion's share of its electricity from gas, this price shock can have significant crisis implications. Combined with the country's on-going macroeconomic and epidemiological distress, the gas shock also poses major risks to the government's reform program, which seeks to strengthen Moldova's alignment with European and global good governance practices and is central to Moldova's hopes for achieving the SDGs.

In response to this unfolding crisis, **the Moldovan Government introduced a State of Emergency on October 22, 2021 and has requested UNDP assistance.** It is seeking to procure additional gas supplies from alternative suppliers, to switch (where possible) from gas-fired boilers to other heating sources, and to strengthen the social protection system's ability to respond to energy poverty. But following two years of pandemic-induced extraordinary budget expenditures, Moldova's fiscal space is extremely limited, and the resources required to support vulnerable population groups have to be sourced from external partners. Moreover, in addition to its socio-economic impact, the gas price shock can deplete Moldova's natural capital and worsen health conditions, as many vulnerable households are likely to rely more on coal, firewood, and other biofuels, worsening problems of deforestation and air pollution. At same time, better targeting of vulnerable households through appropriate social protection responses can limit the impact of the gas price shock on vulnerable households.

UNDP provided assistance to the Government to create a new energy subsidy system, including the creation of a new IT platform to support this effort starting with 2022/2023 heating season.

*The Energy Vulnerability Fund (EVF) of the Ministry of Labour was designed to respond to energy crisis Moldova is facing by making the energy subsidy system operational.*

To ensure the efficient activity of the EVF, the developed with UNDP support IT solution was designed to ensure the applicability of the energy subsidy system to energy poor citizens of Moldova, as well as would provide possibilities to set up and adjust methodological and legal changes to assist the Ministry of Labour in this effort.

As a result of successful partnership of UNDP with the Ministry of Labour and Social Protection, additional support was asked in the following areas related to digital innovation challenges:

1. Development of new digital components and tools for labour and social protection sector, in line with the announced National Digital Transformation Strategy;
2. Enhancement and improvement of current information systems in the labour and social protection sector (energy vulnerability system, day labourers' voucher system, social assistance system, ANOFM system, IŞM system, etc.) etc;

For this purpose, the UNDP Moldova Digital Transformation Programme is planning to provide financing for developing and implementing the areas mentioned above through an Innovation Challenge by inviting the private sector, especially ICT, to play an active role in it.

UNDP sees digital transformation is as an enabler towards human development and as a cross-dimensional process, cutting through a range of sectors. In Moldova, digital transformation is viewed as a systemic transformation of the entire Moldovan society through both Digitalization and Digitization processes to build an efficient, secure, and transparent ecosystem.

UNDP's strong local digital portfolio in Moldova serves as an asset for the successful implementation of digital projects. UNDP Moldova already established data collaborative with private and public sector partners like the European Space Agency, which can be leveraged for the successful implementation or development of open-source solutions in use by governments and civil society organisations in the region. UNDP Moldova also has a close partnership with the Government of the Republic of Moldova in the sector of digitalisation, in particular with the Office of the Deputy Prime Minister for Digitalisation, with which UNDP signed a Memorandum of Understanding focusing on several critical areas of engagement, including the use of open-source technologies for local solutions. Additionally, UNDP, as mentioned above, established a very good partnership with the Ministry of Labour and Social Protection. UNDP Moldova has established and trusted partnerships with the very vibrant ICT community that will be leveraged for this project; thus, UNDP Moldova will be able to work in close collaboration with the private sector, leveraging already existing platforms of cooperation, including for example Tekwill, Moldova IT Park, and the well-connectedness of Moldova's local ICT sector with neighbouring countries.

The current competition is being administered by UNDP Moldova and this innovation challenge procurement process will be done according to UNDP POPP, including the award agreement and evaluation team.

UNDP Moldova partners in these challenge with Ministry of Labor and Social Protection and the Moldova Electronic Governance Agency (eGov) and other Institutions of the Government of Moldova, as well as other donor institutions.

**Main objectives and areas of support** of the Innovation Challenge are:

- Development of new digital components and tools for labour and social protection sector, in line with the announced National Digital Transformation Strategy;
- Enhancement and improvement of current information systems in the labour and social protection sector (energy vulnerability system, day labourers' voucher system, social assistance system, ANOFM system, IŞM system, etc.) etc;

## **Types of innovation projects supported**

The preferred projects applying to challenge are **innovative solutions** aligned to the objectives stated above. Projects should satisfy all the below criteria:

- A developed idea of the innovative services/products/solutions ready for prototyping and testing; or a prototype ready for testing and/or scale up. For the prototype solution, the applicant will provide evidence that it is technologically and economically feasible;
- Innovative, including new on the market, or possibly a solution that is significantly improved, having a digital component in it;
- Scalable and replicable, i.e. could be easily used and replicated by the public sector agencies/institutions in delivering better services to people, businesses, or inter-agency services, or, if solution is developed for private sector needs, it is sectorial and could be replicated within a short period of time on same market/country, or exportable (depending on the solution).
- Feasible, i.e. the solution does not require changes in the current legislation and could be anchored within the existing legal framework;
- With measurable impact on Moldova digitalization and SDGs. A preliminary estimate of SDG impact will be done by the applicant, which will further be detailed with support from UNDP BCCTA's and Impact Lab toolkits.

Additional criteria applicable to collaborative projects:

In case of collaborative projects, it is required that the CGC involves partners that represent at least 2 different public or economic sectors, academia or other research institutions, public authorities, with the main applicant from ICT sector, i.e., ICT and Health, ICT and Transport, ICT and Education, ICT and Financial services, other.

## **Amount of awards**

A single award will cover maximum 40,000 USD (co-funded by UNDP) or maximum fifty percent (50%) of the total project amount (what is lower) for innovation pilots, be it new or improved products, services, processes, or business solutions. In case of the CGC, such contribution normally will be equally divided between the companies in CGC or depending on the specific requirements of the specific collaborative project. Same is valid for the case of the matching contribution, which shall be decided internally in the CGC, and distribution presented to UNDP Moldova.

Co-financing of at least fifty percent (50%) of the total project budget is to be secured by the applicant from their own investments or from other sources, in financial contribution or in kind. Acceptable co-financing includes companies' own investment, private investors, loan financing, public financing or co-financing, other financial contribution. The total amount of Awards cannot be increased during the Project. Any re-allocation during project implementation shall be agreed in advance with the management of the Innovation Challenge.

## **Duration of the project**

The project and the project budget must be designed so to be completed within 10 months (not exceeding December 31, 2023). However, the project may be extended for maximum of additional six (6) months under exceptional circumstances, upon prior notification and approval from UNDP Moldova.

## **Eligible applicants**

Eligible applicants to the Innovation Challenge Scheme are:

- **The main Applicants** are legal private sector entities from ICT sector of Moldova (or mixed groups).  
Moldovan companies shall be registered (or be in process to be registered) under the applicable Moldovan Entrepreneurship Law:
  - Moldovan privately owned IT companies, registered and operating in Moldova;
  - Start-ups and groups of initiative in the process to register the IT company under Moldovan legislation (registration shall take place before contract signature).
- In case the application is submitted by CGC:
  - The main applicant is a Moldovan privately owned IT company;
  - Co-applicants from private sector are operating in any industry sector in both countries except: catering services providing only alcoholic beverages; casinos, gambling and similar activities; construction/purchase of residential and commercial space for housing/sales; gas stations; production and distribution of tobacco products; sales and service of cars;
  - Co-applicants can also be an Association, Governmental Agency, LPA, school, hospital, University or other research institution, other institutions representing public, private and/or associative sectors from Moldova;
  - The entities forming the CGC have no shared economic and financial interest; one company/institution is not owning shares or other interest in the other company/institution in the same CGC and this applies for the entire CGC independently from the number of participating companies/institutions.
- The Applicants (and co-applicants) must not possess outstanding debts in terms of public contributions.
- The Applicants (and co-applicants) must not have accumulated losses above the equity value.
- The Applicants and individual owners have not been convicted for crimes connected to business operations.
- Priority will be given to proposals that are based on using Digital Public Goods.

## **Instructions to the application process**

Interested companies/start-ups/groups of initiative can apply through the open call published on <https://sc.undp.md/viewtenders2/>.

Only those applications that were positively evaluated might be invited for a Pitch of the Application.

While preparing the Application, the following rules apply:

- Only one Application per applicant is allowed;
- Re-submission of modified and improved Applications after the deadline is not allowed;
- Only Applications submitted to [digitalnow.md@undp.org](mailto:digitalnow.md@undp.org) dedicated e-mail address will be considered;
- In the evaluation process, only complete Applications will be accepted. Documents required by hard copies must not be sent by mail to the UNDP or other development partners, before such requested, if the Award is offered to the Applicant.

## **Project Application Documentation**

The MICS Awarding will be conducted through an open selection procedure in one stage (Full Application).

### **Application Form and Project budget**

**The applicants should submit the Full Application and Project budget (Annex A and B).** Companies should also present a standard cash-flow and investment plan with ROI calculations.

The Application form should contain the detailed elaboration of the innovative concept, analysis of the existing market, model sustainability. The Project should be tackling cross-cutting constraints for innovation and proposing specific collaborative technical and conceptual innovative solutions to ICT challenges.

The Project budget has to be submitted predicting all project expenses during implementation phase, including both the award contribution as well as the Applicant's matching funds.

The Application form should encompass the following:

- Clear evidence of so far achieved initial results or insights to be considered as collaborative innovative foundation for the Project.
- Justification of the potential of the proposed innovation, as detailed as possible.
- Justification that there is an existing market for the proposed collaborative innovation and that the strategy for the exploitation of the innovation is compliant with the actual market sector,
- Realistic plan of the Project activities so they can be implemented considering technological, financial, time and market constraints, possibilities, and opportunities.
- Assurance that the project includes all activities necessary for the innovation to be ready for commercial activities on potential markets or to be scaled up.
- Evidence that the team has relevant experience in the industry sector and necessary knowledge and skills to implement the planned activities in the development of the innovative product/process/service and successful preparation for commercialization or scale-up.
- Assessment of internal gaps in terms of resources, skills and knowledge needed to ensure full implementation of the project and its sustainability.

### **Corporate and other documentation**

Additional supporting corporate documentation shall be submitted individually by applicants who have passed complete evaluation of the application and are offered the award agreement. In case the necessary documentation is not submitted within the required deadline, the Applicant will not be financed.

The documentation includes obligatory and non-obligatory items:

- Business Registration Certificate issued by Authority (start-ups and groups of initiative will provide this before contract signature);
- Certificate of proof of lack of tax debt issued by Authority (in case of start-ups or groups of initiative, this is relevant for individual team members);
- Proof of matching funds: company financial contribution (e.g. financial revenue acquired through current business operations), investment contract (e.g. capital contributions), credit agreements with the banks or financial institutions, financial inflows expected from the ongoing and future business operations and similar sources;



- For the CGC, a commitment letter stating co-applicants support and involvement during the whole project;
- Bank statement from the dedicated bank account number;
- All agreements with third parties directly related to the project, e.g. subcontracts (prior to signing of the Award Agreement, if applicable).

### **Eligible and non-eligible expenses**

On a competitive basis, the award should be used by the Applicant for innovation development activities in following group of expenses, independently of the weight:

- Gross salaries of development staff directly involved in the project, on the proportion of time allocated to the project;
- Small equipment and supplies with a proven intent to support the prototype/implementation process or other (no day to day equipment usage will be accepted);
- Technology, design, business, development and other consultancy services like quality certifications, copyright and patent application and fees strictly linked to the innovation and its deployment;
- Costs of tailored training of the staff specifically required under the projects;
- Training of end beneficiaries;
- Other costs including travelling connected to implementation of innovation project (subject to Covid-19 imposed restrictions);
- For the solution designed for public sector, costs can also cover expenses linked to deploying the prototype within the partner institution, and within the admissible categories, except salaries and fees for the employees of the public institution;
- Visibility materials, agreed in advance with UNDP, eGov and other development partners, only in case they refer to raising public awareness about the improved access to public services.

The expenses shown above should be predicted to reflect the Project goals and should be clearly justified in accordance with Project objectives. Only expenditures accrued during the project in accordance with the Project Budget and completed by the end of the project are eligible for financing. All agreements with subcontractors or third parties must be submitted with the Application and must contain provision that the Applicant retains ownership of all new intellectual property and know-how that may be created during the implementation of the project.

Expenses that will not be considered for financing by the Innovation Challenge Scheme include but are not limited to:

- Interest or debt owed to any third party;
- Expenditures and provisions for possible future losses or debts;
- Items already financed through another similar scheme, program or institution, financial awards;
- Bank and currency exchange expenses, losses, fees and penalties;
- Marketing, sales and distribution costs for promoting the technology, product or service;
- Purchase or rent of land or buildings, including any renovation;
- Cash payments from the project account.

## Project evaluation and selection criteria

During the selection of the innovation projects, the following principles should be respected to the maximum possible extent when assessing innovation projects:

- Open and transparent competitive process, based on UNDP practices and rules.
- Promotion of key human rights. In particular, the right for work and the right to have access to the developments in science and technology will be promoted.
- Promotion of equal opportunities, inclusion of vulnerable people, and access of women and men and minorities to get relevant knowledge and experience in promotion of innovations applied to real business environments. All Applicants and Project proposals are equally and justly evaluated, and objectively and independently assessed. Women led companies are encouraged to apply.
- Promotion of environmental sustainability aspects in all daily undertakings and specific activities, so that to showcase those innovations benefit to a more sustainable environment.
- Excellence – recognizes and supports business, technological and managerial excellence at the highest level.
- Transparency – all activities, decision-making and financing are fully transparent and public.
- Measurability - impact and results of the financed projects must be measurable at least at the capacity adequate for evaluation.
- Avoiding conflicts of interest – all operations and decisions made avoid direct or indirect conflict of interest of all persons involved in procedures.
- Ethical and other good practice in business - The ethical and other good business practice in the sense of the UNDP corporate values will be supported.
- Scalability.

The proposals/applications will be evaluated according to the following evaluation criteria:

<i>Criteria</i>	<i>Explanation</i>	<i>Points</i>
<b>INNOVATIVENESS CRITERIA</b>		
Degree of innovation	a) The innovation is built on the completely new and fully collaborative idea and/or latest technological developments, is radically new and is superior to similar solutions. It will lead to new product, process and service on the market.	7 – 10
	b) The innovation should result in a product, process or service that is better than similar solutions and it brings evident development to existing industry or introduces some new niches.	4 – 6
	c) The innovation is unlikely to lead to a new or significantly improved product, process, or service.	0 – 3
Geographical impact of innovation	a) A global or at least regional impact could be expected from the results of the project.	9 – 10
	b) The proposed innovative product, process or service is new in some features but could be deployed only in the domestic market, but there could have an important impact.	6 – 8

	c) The proposed product, process or service could hardly exhibit any impact on even local market.	0 – 5
Degree of innovation risk	a) The innovation represents a potential breakthrough in an emerging technology or non-technological sector with potential high impact. The technological and market risks are high, but the CGC has a considerable expertise in this industry sector.	9 – 10
	b) The market and technological risks are moderate, or the non-technological innovation is of moderate impact. The CGC has a solid experience within the industry sectors.	6 – 8
	c) The proposed innovation represents already known idea with no or very small impact on the industry. The technological risk is minor and innovative idea is of low impact.	0 – 5
<b>MARKET AND SUSTAINABILITY CRITERIA</b>		
Market size	a) The collaborative innovative product, process or service has a potentially very large and growing market with only limited competition.	9 – 10
	b) The collaborative innovative product, process or service has moderate market prospects, but the market will not grow or is open to competition.	5 – 8
	c) It is unlikely that a profitable market for the developed products, processes or services exists.	0 – 4
Market access and risk	a) The CGC and its members are already present on the relevant market or are qualified to commercialize innovation. The market obstacles for access are clearly identified and specific measures to reduce risk proposed.	9 – 10
	b) The CGC is only capable of accessing the market at some extent. Several barriers to the market have been identified and some specific measures to reduce risk have been proposed.	5 – 8
	c) Competitors may launch a related product on the market at the same time, or market is already completely saturated or too small, and the prospects of CGC to access the market are very limited.	0 – 4
Alignment to specific SDGs	a) The collaborative innovative product, service or solution has very high potential to impact on the people's wellbeing, either objective or subjective wellbeing.	9 – 10
	b) The collaborative innovative product, process or service has moderate impact prospects	5 – 8
	c) It is unlikely that the products or services will bring any measurable impact.	0 – 4

<b>PROJECT QUALITY CRITERIA</b>		
Project contribution to the company	a) The results of the project will lead an CGC to a long lasting, competitive position in his business sector. The project results will support competitiveness of existing key products/services or new related products/services of the company	9 – 10
	b) The achievements of the collaborative project should lead to an increase in competitiveness in strategic business areas for the participating companies, ideally in an equal manner. The project results could support the existing portfolio of the participating companies. The project will create new opportunities in the value chain for CGC.	5 – 8
	c) The results of the project will have little impact on the future competitive position of the participating companies.	0 – 4
Project Team	a) Project team possesses key, complementary qualifications and has strong strategic or commercial interest to implement the project and to achieve the results.	7 – 10
	b) The project team possesses reasonable qualifications to reach project targets, but completeness of the team can be improved.	4 – 6
	c) The project team has no sufficient expertise overall to implement the project.  Note: In case of equal scorings between two proposals, the team with more gender parity would be prioritized. This is to support gender equality promoted by the organizing institutions.	0 – 3
Project Plan: Methodology and planning approach	a) The methodology is precisely formulated and all key aspects of the project planning have been taken into account of.	7 – 10
	b) A suitable methodology has been proposed, but not all aspects have been thoroughly detailed. Project breakdown of cost and resources to activity level, market analysis as well as assumptions and risks are part of the planning but not at fully satisfactory.	4 – 6
	c) The methodology is incoherent or unrealistic or incomplete.	0 – 3
Project Plan: Deliverables	a) The relevant deliverables are clearly identified and realistic and quantitative indicators will be available to fully assess progress of the project.	7 – 10
	b) Deliverables and time schedule are included but some aspects are not realistic or clear.	4 – 6
	c) The proposal lacks clear deliverables or these are unachievable within the duration or with the team of the project.	0 – 3
<b>FINANCIAL EVALUATION CRITERIA</b>		
<b>Each criteria should have at least 4 point in order to get positive evaluation</b>		

Project cost feasibility	<p>a) Types of expenses and their amounts fully meet the needs of the project implementation. The total development costs are realistic given the duration. The distribution of costs within CGC is close to equal.</p> <p>b) Expenses and their amounts do not correspond fully to the needs of the project implementation. It is necessary to correct and add or remove some types of expenses. But the total cost is within acceptable level of the realistic budget.</p> <p>c) Expenses and their amounts do not correspond to the needs of the project implementation. The total cost of development is not within acceptable percentage of the realistic budget and it is too low (or too high). The implementation is not feasible within the proposed timeframe.</p>	<p>7 – 10</p> <p>4 – 6</p> <p>0 – 3</p>
Project costs explanation	<p>a) Costs are fully coherent with list of eligible &amp; non eligible costs from this Operational Procedures. Costs are arranged in categories according to the guidance. A clear breakdown of the budget is provided and evidence of own and external funding is clearly demonstrated.</p> <p>b) Costs are not fully coherent with list of eligible &amp; non eligible costs from this this Operational Procedures. Costs are not arranged in categories according to the guidance There is no clear breakdown of the budget provided and evidence of own and external funding is not clearly demonstrated. It should be fixed.</p> <p>c) No satisfactory breakdown of the project budget and financing has been provided.</p>	<p>7 – 10</p> <p>4 – 6</p> <p>0 – 3</p>
Financial capacity of the CGC and matching funds provision	<p>a) The CGC has demonstrated its own financial capacity to participate. Participating companies have their own resources and necessary liquidity to ensure financial contribution, ideally close to or equal contribution, to the Project or satisfactory investor.</p> <p>b) The CGC is in the near term expected to have the financial capacity to implement in the project, with clear demonstration that it will ensure necessary liquidity (letters of intent by the bank or investor, or private funds</p> <p>c) The CGC has to provide another proof to be able to finance its participation.</p>	<p>8 – 10</p> <p>4 – 7</p> <p>0 – 3</p>

More information is provided in the Operational Manual. Should you require further clarifications, kindly address them to the following email address: [digitalnow.md@undp.org](mailto:digitalnow.md@undp.org)

**Applications should be submitted electronically (no later than the deadline indicated in the announcement) to the following e-mail: [digitalnow.md@undp.org](mailto:digitalnow.md@undp.org)**

**Please indicate in the subject line of the message “Digital Transformation Innovative Challenge 2022, [name of the applicant]”.** Application submitted after the deadline will not be considered.

All the applications will be received through the above-mentioned email. UNDP will not assume any responsibility for any failure regarding transmission and/or receipt of emails. UNDP will not accept any liability and/or cannot be kept liable for not receiving email submissions that are rejected by its servers due to the excessive size of the email (i.e. larger than 10 MB), viruses, spam etc.

UNDP reserves the right to cancel the application, evaluation and/or the award process and reject all applications at any time prior to award of an agreement without incurring any liability to the affected applicants.

Only shortlisted applicants will be contacted.