



MINISTERUL MUNCII  
ȘI PROTECȚIEI SOCIALE  
AL REPUBLICII MOLDOVA



# Innovation Challenge Scheme Operational Manual for innovation projects with impact on Digital Transformation of Labour and Social protection sector in line with Sustainable Development Goals (SDGs)

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## Glossary

The main applicant	An IT company, a start-up or a group of initiative in the ICT sector, submitting a proposal for an innovative digital solution in one of the areas of the current competition mentioned at p. 2.1.
Collaborative group of companies (CGC)	A group of at least 2 companies/institutions, each coming from diverse fields, where the main applicant is an ICT industry company/start-up/group of initiative, and the co-applicant: a company from a different field or traditional industry, a Business Association, a public institution (local public authority, a Governmental Agency, school, hospital, other), academia or research institution.  The group should jointly apply to the initiative of UNDP Moldova.
Application	The innovation project proposal submitted to UNDP Moldova through UNDP Digital Transformation Project.
Beneficiary(ies)	The company(ies) which has been awarded and which signed Award Agreement with the UNDP funding body.
Target group	Primary: users of digital solutions  Secondary: Moldovan women and men who will eventually benefit from the implementation of the project
Concept Note	The form completed by Applicant/CGC to describe the general project idea.
Award Agreement	The Agreement between the awarded company(ies) and UNDP, governing the financial award and responsibilities of the Beneficiary during the implementation of the Project.
Award	The amount of award received by the Beneficiary without returning obligations in order to perform the pilot.
Intellectual Property (IP)	Intangible property related to the innovative idea, technology, design or concept which can be legally treated and protected.
Investment Committee	The Committee in charge for selecting and monitoring the projects, composed of UNDP.
Management Team	The project management team in charge for implementation of the challenge.

Monitoring and Evaluation support	Support provided by UNDP Moldova for the monitoring and evaluation of innovative project implementation.
Impact measurement	Support provided by UNDP, through the Business Call to Action (BCtA) and Impact Lab facility, in measuring the impact of the products/services of solutions on specific Sustainable Development Goals (SDGs).
Project	The innovation project implemented by the Beneficiary companies according to the proposed Application and financed by UNDP Digital Transformation Project. This could be a new product, service or market solution.
Project Budget	<p>The total project budget of the innovation project, comprising the maximum 50% award and minimum 30% own contribution and/or matching funds from other sources, submitted on the pre-defined form, as part of the full application.</p> <p>The award bodies may evaluate a lower contribution based on individual evaluation.</p>
Project Plan	Detailed description of the innovation Project on the pre-defined form, as part of the full application.

## Background

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.

**The roles of each of the partner institutions are shortly described below:**

**UNDP:** With **Accelerating Digital Transformation in Public Sector Project**, UNDP Moldova aims to improve access to and quality of public services and business conditions through accelerated digital

transformation of government processes and business model(s) and promote innovation, as well as collaborative experimentation within the Government, in the private sector, internally in UNDP Moldova, and in collaboration with external partners.

UNDP Moldova, through this Project, is strategically positioned as an integrator of programmatic solutions with innovative mindset, including bringing forward digital components in supporting accelerated delivery of the SDGs.

**The Ministry of Labor and Social Protection** is the central specialized body of public administration that ensures the implementation of governmental policies in the fields of labor, social protection and demography. In its activity, the Ministry is governed by the Constitution of the Republic of Moldova, by Law no. 136/2017 on the Government and other normative acts, the decrees of the President of the Republic of Moldova, by orders and decisions of the Government.

The mission of the Ministry is to elaborate, promote and implement the state policies in the field of labor, family, equal opportunities and social protection, in order to ensure a quality and equitable social system, accessible to all the citizens of the Republic of Moldova.

**eGov:** The Vision of the eGov Moldova is to ensure a good and efficient governance, responsive to the citizens' needs, achieved through smart investments in information technology and its extensive use. The eGov Mission is to bring leading technologies into the Government, rethink processes, improve public services and make them work for the benefit of the citizens. EGov is partnering with UNDP to involve the IT sector of Moldova in the process of Digital Transformation of the country.



# 1 Basic concept and characteristics of the Innovation Challenge for SDGs and Digital Transformation in Public and Private Sectors

## 1.1 Innovation Challenge objectives

Main goal of the Challenges is to provide support to and engage with private sector companies in accelerated support to the MLSP in the following areas:

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, İŞM system, etc.) etc;

The support is seen to be made mainly through direct and matching cash and knowledge support to companies for the testing and up-scaling of innovative products, services, or solutions.

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

- A. Engage with private sector for assisting the MLSP in the areas mentioned above, including testing and up-scaling of innovative products, services or solutions aligned to SDGs, aiming to support digitization in public and private sectors, and with measurable and positive impact on the inclusion of vulnerable people and overall wellbeing of people.
- B. The challenge will support solutions underpinned by ICT sector in the areas mentioned above. Solutions for the following industry sectors will not be considered: 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.
- C. Measure and make visible the impact of such innovative products, services or solutions on specific nationalized SDGs, inclusion of vulnerable people, and on the objective and subjective well-being of the population. Such measurement will be possible through the BCTA and Impact Lab facilities of UNDP Istanbul, to which the beneficiaries will be connected.

## 1.2 Types of innovation projects supported

The preferred projects applying to challenge are **innovative solutions** aligned to the objectives stated above. Projects should satisfy all of 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 BCtTA's and Impact Lab toolkits;
- Additional criteria applicable to collaborative projects;
- In case of collaborative projects, it is required that the CGC involve 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.

### **1.3 Amount of awards**

**A single award will cover maximum 40,000 USD (co-funded by the 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 course of the Project. Any re-allocation during project implementation shall be agreed in advance with the management of the Innovation Challenge.

The procurement process will be done according to UNDP Programme and Operations Policies and Procedures (POPP), including the award agreement and evaluation team.

### **1.4 Duration of the project**

**The project and the project budget must be designed so to be completed within 6 to 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.

### **1.5 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 or Ukraine;
  - 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.

## 2 Application process

### 2.1 Description of application process

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

**The selection process is designed according to the principles of merit, transparency, equality and rational use of funds.** Innovation projects are submitted exclusively through UNDP Moldova electronically to the address indicated below. The innovation projects are selected against the clear eligibility and selection criteria, of which latter are assessed by the experienced and independent evaluators. The applications which fulfill all eligibility criteria and which satisfy the selection criteria at most will be proposed for financing. They are in final phase assessed and ranked by the Investment

Committee and, subject to the availability of funds. The best ranked applications that can fulfill legal requirements are offered to sign Award Agreement.

## 2.2 Instructions to the application process

Interested companies/start-ups/groups of initiative apply through the open call published on <https://sc.undp.md/viewtenders2/> and/or on the UNDP, Ministry of Social Protection and eGov websites.

The application should contain the **full Projects Plan** as per details presented in point 2.3 below.

While preparing the Application, the following rules apply:

- A. Only one Application per applicant is allowed;
- B. Re-submission of modified and improved Applications submitted after the closing date is not allowed;
- C. Only Applications submitted to the [digitalnow.md@undpp.org](mailto:digitalnow.md@undpp.org) e-mail address will be considered;
- D. Deadlines of both application stages are to be strictly respected;
- E. In the evaluation process, only complete Applications will be accepted. Documents required by hard copies must not be sent by mail to UNDP before so requested, if the Award is offered to the Applicant.

## 2.3 Project Application Documentation

### 2.3.1 Project plan with Project budget

The Applicants should also, as part of the Full Application, submit the **Project Plan, Financial plan and the Curriculum Vitae** of the key persons involved. The Full Application have to be submitted on pre-defined forms (attached, Annex B) filled out completely and sent via email to [digitalnow.md@undp.org](mailto:digitalnow.md@undp.org) until the stated deadline. A template for the Financial Plan is provided as Annex C, which can be optionally used by the applicants. Companies should also present a standard cash-flow and investment plan with ROI calculations. There is no standard form for the CVs.

The Project Plan (full project proposal) should contain the detailed elaboration of the innovative concept, analysis of the existing and future market, prediction of the commercialization potential, revenue models ensuring sustainability. Envisaged development activities can include: staff engagement, necessary material means and needed advisory services and trainings. The Projects should be tackling cross-cutting constraints for innovation and proposing specific (collaborative) technical and conceptual innovative solutions to such constraint. Under the public services stream, these solutions must show their potential to ultimately become a public good that would further inform policy makers about the most feasible solutions to overcome such barriers. Under the economic growth stream, the solutions must show their potential to reach a critical mass of users.

For the collaborative innovative solution, this is the one that is jointly developed, proposed and ready to be co-financed in the implementation phase by the CGC.

Also, the detailed Project budget has to be submitted predicting all project expenses during implementation phase of 6 months, including both the award contribution as well as the Applicant's matching funds.

The Project Plan in Full Application should encompass following:

- Clear evidence of so far achieved initial results or insights to be considered as collaborative innovative foundation for the Project;
- Justification of the commercial 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 commercial 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.

Together with the Project Plan, Financial plan with detailed and reasonable project expenses that are intended exclusively for project purposes, and CV's of the members of the team should be submitted via the online platform.

### **2.3.2 Corporate and other documentation**

The Application supporting corporate documentation, are submitted individually 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 of Moldova (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).

## 2.4 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 incl. 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, 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 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.

## **2.5 IP and know-how requirements**

If applicable to the Project, the applicant is required to show the proof of intellectual property rights and know-how rights, including but not limited to licensing agreements, in-kind contribution agreements, options, or commitments, if any, and other agreements confirming that the Applicant owns or has rights to the technology being developed.

Any new intellectual property and know-how, which may be created in course of the implementation of the project, remain with UNDP, who will issue appropriate licenses to the developer of the idea. Further, the Applicant will need to secure these IP- and know-how- rights in agreements concluded with any third party.

## **3 Project evaluation and selection decision**

### **3.1 Evaluation and selection procedure principles**

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 POPP, including the award agreement and evaluation team;
- 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;
- Promotion of environmental sustainability aspects in all daily undertakings and specific activities, so that to showcase that 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 and SDC Code of Conduct will be supported;
- Scalability.

## **3.2 Management and the Investment Committee**

The Investment Committee in charge for selecting and monitoring the projects. It will consist of independent international experts from UNDP and eGov or delegated representatives.

## **3.3 Evaluation and selection procedure**

### **3.3.1 Phase I: The Eligibility Review**

After the deadline for submission, Concept Notes are reviewed against the Innovation Challenge objectives stated in the Section 1.1. above and the eligibility criteria and completeness, stated in the Section 1.5. above.

### **3.3.2 Phase II: Technological and business evaluation of innovation projects**

Resulting from the eligibility review of the concept notes, the selected companies will be invited to submit a Full application. The detailed evaluation of the Applicants' business and technology innovation projects will be performed via detailed insight into Full Application documentation, following the evaluation grid in Annex D.

The pre-selected Applicants will be given a separate deadline to submit Full Applications. The evaluation is carried out by the Investment Committee.

General evaluation criteria for the Applications have to consider the fact that the Challenge is for innovative projects in pre-commercial stage in development of innovation from idea to market, or in scale-up stage. Selection criteria are:

- A. Assessment of degree of innovation (level of novelty: new to the global industry or only to local market, or simple adoption of new technology) with consideration of technological risks;
- B. Assessment of market potential of innovation and impact on SDGs (local market, global market, competitiveness);
- C. Assessment of project quality, including planned activities and milestones;
- D. Assessment of experience and motivation of management and development team.

### **3.3.3 Phase III: Financial evaluation of innovation projects**

The financial criteria of the Application are assessed by the Investment Committee.

In general, following items should be assessed:

- A. Project costs and budget – their feasibility for the implementation of project and how realistic is their breakdown;
- B. Project cost explanation, their coherency with the list of eligible and ineligible costs described here;
- C. Availability of the matching funds for development – the Applicants must prove a sufficient level of financial capability for the Project implementation, including total financial capacity of the companies.



### **3.3.4 Phase IV: Ranking and threshold**

Based on the results of both technological and financial evaluation of all received applications, the ranking of the applications is created according to the number of points received, and threshold is defined by taking into account the available funds and amount the applications. By the end of this Phase, the shortlisted Applicants who are ranked above the threshold are invited to oral presentation before the Investment Committee, as the final phase of the evaluation.

### **3.3.5 Phase V: Presentations of Applicants to the Investment Committee**

As a formal next step in the application process, the selected Applicants with the ranking over the threshold will be invited to present their innovation projects before the Investment Committee. Materials submitted in the Application will be discussed during the presentation, including but not limited to the content of the Project. Both applicant and evaluators should be present on the Committee meetings, in order to answer questions and justify their decisions. Following the presentation, the Investment Committee will complete the evaluation grid for each applicant for innovativeness, market potential and project quality criteria, as a third, decision-taking mark, which will be used for formation of the final ranking list.

### **3.3.6 Awarding decision**

The final decision for awarding is made according to the final ranking list. Only the Projects which received the total number of points above the threshold defined by the Investment Committee can be proposed for awarding.

The awarding decision of the Applicants with evaluation score over the threshold is guided by the principles of impartiality, transparency, rational use of funds.

Following the decision to award the prizes, the Applicants will be offered to sign the Award Agreement.

## **3.4 Award Agreement**

After finished evaluation the Applicants are offered the Award Agreement. The Agreements financed by UNDP Moldova shall be signed in USD, on the template of UNDP.

The Award Agreement contains the final Project Budget that is not necessarily the same as the one the Applicant submitted, resulting from negotiations with Applicant.

Before signing of the Award Agreement, the Applicant sends by mail original corporate documentation as stipulated in Section 3.3.3. This documentation, together with Project Plan and the final Project Budget, is the constituent part of the Award Agreement.

Awarding is done under the general provisions of the Award Agreement, and the payment is done based on UNDP rules. In the Award Agreement the provisions of the Applicant's matching funds are also regulated. The actual disbursement of funds starts after the signing of the Agreement. Costs incurred before the date of signing of the Agreement will not be included in the cost of the project.

### **3.5 Evaluators' selection**

#### **3.5.1 Avoiding the conflict of interest:**

Evaluators that have been or are involved in the preparation of specific project applications that will apply to the Challenge or are in business, private or any other relation with the Applicant or Project partner, cannot be taken into consideration for evaluation of the same project applications. At the beginning of the evaluation procedure experts will sign a Declaration of Confidentiality and Impartiality, whereby they confirm that there is no conflict of interest regarding the received applications.

## **4 Implementation and monitoring of the Projects**

### **4.1 Implementation of the Projects**

The Beneficiaries of the awards have to carry out the Projects carefully and efficiently in accordance with the Project Plan and Project Budget, respecting provisions of the Award Agreement. The CGC shall use the financial award in accordance with the Project Budget and provisions of Award Agreement and shall prepare financial statements in accordance with consistently applied accounting standards.

The beneficiaries are required to implement the projects in accordance with the Project Proposal. Any significant deviation from the Project Proposal (e.g. changes of timetables as defined in the Project Proposal or proposed milestones are not achieved) requires prior written consent of the UNDP Moldova.

### **4.2 Disbursement**

The Beneficiary will open a dedicated project bank account where funds are transferred from UNDP. The disbursement amount will cover up to fifty percent (50%) of the Project Budget. However, prior to the disbursement, the Beneficiary must submit a bank account statement showing that the Beneficiary has deposited in the dedicated account a minimum of thirty percent (30%) of the total amount of funds requested for the particular installment (quarterly).

The award will be disbursed in 2 or more installments, based on the planned work plan, and agreed with each beneficiary. The upfront installment will not exceed 30% of the total amount of the award. At least 10% of the award will be disbursed upon acceptance of the final project report, which will also include the financial report.

Beneficiary is allowed up to ten percent (10%) expenses variations from the total planned Project Budget within any of major budget categories. Should the expenses variations related to any major budget category be expected to exceed ten percent, a written request for funds reallocation must be submitted for the UNDP Moldova approval.

In the case that the Beneficiary fails to perform any of its obligations under the Award Agreement, the UNDP Moldova shall be under no obligation to issue any further payment upon termination of this Award Agreement, and may, at its sole discretion, require that all or any part of the payments made by UNDP Moldova to the Beneficiary be repaid to UNDP Moldova.

### **4.3 Monitoring of the Projects**

The purpose of the monitoring is: (i) to assess the progress of the successful project implementation in terms of activities envisaged and the project goal achievements, and (ii) to assure that financial expenditures are in accordance with the Project Budget for the given period. Methods of monitoring include review of submitted progress reports and on-site monitoring visits. The monitoring will also ensure that key information is regularly collected and tracked so the progress can be measured towards the objectives. Baseline information from the applicant(s) will be collected through the impact evaluation questionnaire accompanying Full Application in order to generate information for measuring the results.

### **4.4 Monitoring procedures**

Progress- and financial- reports should be accompanied with copies of invoices and bank account statement relevant for previous period. Bank account statements should show all relevant transactions related to submitted invoices. Any changes to the project (e.g. regarding project implementation, timelines, project budget, deliverables, project staff, etc.) should be communicated to the MICS Management Team in writing as they require the written consent.

## **5 Impact Evaluation**

### **5.1 Evaluation of pilots**

The impact of the innovative solutions will be jointly measured by UNDP and the 'anchor' company. In partnering with UNDP, the company will get free-of-charge access to the resources of the UNDP's Impact Lab of the Business Call to Action initiative. The impact is measured and reported by the company directly to UNDP Moldova and larger audiences. UNDP offers technical assistance and knowledge support. In parallel, UNDP could support the 'anchor' company in gathering and analyzing 'thick' data on perceptions of end-clients of the new solution and their satisfaction with the results it brings. Such data collection will be supported by the UNDP's Center of Excellence in Complexity of the UNDP's Istanbul Regional Hub and/or UNDP Global Center in Singapore.

## **6 Annex A: Concept Note**

Attached as a separate document.

## **7 Annex B: Full Application**

Attached as a separate document.

## **8 Annex C: Project Budget**

Attached as a separate document.

## **9 Annex D: Full Proposal Evaluation Grid**

Attached as a separate document.