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APPLICANT'S GUIDE

GRANT COMPETITION

INNOVATIVE CROSS-RIVER INITIATIVES FOR A RESILIENT BUSINESS ENVIRONMENT

UNDER THE EUROPEAN UNION - CONFIDENCE BUILDING MEASURES PROGRAMME

DEAD-LINE FOR APPLICATIONS: OCTOBER 2ND, 2020

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I. CONTEXT

The EU Confidence-Building Measures Programme V (EU-CBM V Programme), funded by EU and implemented by UNDP, aims to enhance confidence-building measures and cooperation between both banks of the Nistru river by generating new perspectives for the future while supporting common interests of population from both banks, and by answering to their emerging development needs. The EU-CBM V Programme is a framework that involves civil society and business environment from both banks into development interventions, by promoting activities that enhance, regulate and intensify personal interactions, aiming to mainstream them. Through its component Economic Development and Entrepreneurship, the EU-CBM V Programme supports business efforts to create employment opportunities and offer better living conditions to the citizens of both banks of the Nistru river, by stimulating economic activities and enhancing cooperation. This component aims to enhance and consolidate economic relations, being focused on enabling new employment opportunities and improving livelihoods for women and men.

The EU-CBM V programme is built on the achievements of previous interventions, including initiatives related to the economic development of both banks of the Nistru river. Among the soundest business development projects are cross-river business cooperation platforms. In the current phase, EU-CBM is supporting the development of peer Associations and business support organization, on four directions: beekeeping, growing of medical and aromatic herbs with focus on the production of essential oils, cultivation of modern types of stone fruits as flat peaches and integration of local MSMEs from both banks on the European Enterprise Network (EEN) for export promotion opportunities and B2B exchanges. EU-CBM V offers also possibilities for young entrepreneurs, to launch or develop their own business locally, thus producing additional jobs and sources of income for the community, as well as to access educational services and the network of business service providers available on the right bank.

MSMEs are particularly exposed to the COVID-19 pandemic's economic impact because of limited financial resources and borrowing capacity, and because of their disproportionate presence in economic sectors affected by social distancing measures and transport disruptions. MSMEs are also particularly exposed to trade restrictions on agricultural products.

II. PROJECT SCOPE

One of the main implications of COVID-19 is the redistribution of resources from low-tech to hi-tech companies. COVID-19 aggravated the vulnerabilities of the weak and challenged the advantages of the most competitive companies. In particular, the main losers appear to be companies with low technological and capital endowment, with poor capacities to absorb information technologies and communication tools, poorly diversified markets and low integration into larger value chains.¹

In the context of new working realities imposed by the COVID-19 pandemics, careful consideration is given to stabilization activities that contribute to maintaining jobs in economic sectors that are sustainable and future-proof. This grant competition focusses on innovative productive capacities that target a triple win (economic/social (jobs)/climate change mitigation adaptation) to ensure the best possible returns on investment (economically, socially and environmentally).

As localized consumption will become more important, especially with increasing logistics cost for

¹"Impact and Needs Assessment of Target Beneficiary MSMEs under COVID-19 Crisis", Expert-Grup-UNDP Moldova 2020

imported raw materials, online retail solutions for local producers become more important and work around online market tools help local producers to reach customers.

Business association, banks, customs, laboratories, governmental departments, trade support institutions, Chamber of Commerce, all have a vital role to play in the support and for the survival of MSMEs. That is why, this activity follows the objective to tackle complexity through integrating innovative systems or business ecosystems. This being crucial to ensure a better impact for MSMEs survival in the post-COVID era.

Therefore EU-CBM aims to finance common innovative initiatives of business support institutions, with private companies that develop or implement business solutions to address the above mentioned transformation necessities, thus supporting MSMEs on both banks of the Nistru river and building resilience of the business environment and its upgrade, responding to the current needs of the market.

Planned activities will help both banks to address with joint efforts existing challenges that have been intensified by COVID-19 crisis, given that the economic needs and structural deficiencies worsened. Efforts will be continued through this call to reduce the gap in economic growth between both banks and consequences of the COVID-19 crisis, but also – build resilience of the business actors to any potential repetitive disruptions.

In response to the new priority adaptations needed in the context of an accelerated digitalization of the business environment, funds have been reallocated to provide grants for at least 3 cross-river partnership projects. Consortiums formed of at least one NGO and one private entity will be eligible to apply. The lead partner can be only the non-governmental or non-profit organization that will support implementation of a business solution developed/applied with private companies and – insure its scalability and sustainability through the involvement of other stakeholders (i.e. local professional schools, the LPAs, network of youth centers or professional schools, etc.).

III. TIMEFRAME AND PROJECTS SIZE

Applications to be submitted under this call shall include activities to be implemented in a timeframe of 12 months after the grant agreement will be awarded.

Each of 3 (three) successful applications can rely on a grant component not exceeding 40,000 EUR per project. If budgets of first three proposed projects will be significantly below 40,000 EUR one additional application could be awarded, subject of funds availability. Own contributions from the lead partner or the private company involved, are encouraged, being considered an advantage in the selection process.

IV. TERMS AND CONDITIONS

[A] General

All projects should strive to solve an existing problem for the target group of actors in the business community on both banks of the river Nistru. Under this competition organizations will be able to submit only one project proposal as main applicant, at the same time being allowed to participate as implementing partners in several projects.

There is considerable flexibility in identifying the actual needs and priorities of respective business areas, core requirement being for submitted project proposals to enhance inclusive economic growth, business development and cooperation capacities that target a triple win (economic/social (jobs)/climate change mitigation adaptation) on both banks of the river Nistru. Successful projects

will have high impact on envisaged sectors of economy for both banks, solving core challenges evidenced by the COVID-19 crisis in doing business, and having positive impact on a significant number of MSMEs, self-employed and their livelihoods.

Under this call the project should propose an innovative solution for the benefit of producers and entrepreneurs from both banks of the river Nistru, to help them address at least one of the identified challenges²:

1. restricted access to raw materials or low diversification of suppliers, being mainly dependent on imports;
2. undermined distribution networks due to closed shops and local markets;
3. low level of computer literacy of small entrepreneurs from rural areas and lack of web resources available at local level for community cooperation fostering and peer-to-peer education;
4. lack of a competitive market for logistics operators (shipping) which lead to high costs for transportation of goods, or switch to delivery services;
5. undeveloped B2B payment tools as well as means to honor reporting and fiscal obligations remotely, for rural MSMEs.
6. difficulties with the transportation of employees to/from the workplace (i.e. optimization of remote work tools or development of new internal HR regulations applicable to the new working conditions, etc.);

Successful projects will have high impact on envisaged sectors of economy for both banks, solving core issues for doing business in respective areas and having a positive impact on a significant number of potential beneficiaries, especially on economic actors. Applicants should pay attention to engaging with local stakeholders and supporting their activities. They should also seek to reach out wider society including grass roots organizations, local governments and academia.

Applicants should pay sufficient attention to main elements especially: development/application of a business solution, training module for target beneficiaries, and an awareness raising campaign in order to ensure community endorsement and sustainability by integrating it with departments of the local administration, banking services or mobile applications for an optimal and efficient final beneficiaries' outreach.

The business solution to be submitted should prove its long-term sustainability, by describing a consistent and logic set of actions with clearly defined problem that it will solve, operational objectives, tasks, stakeholders and budgets. Interested applicants shall make sure that their solution will be integrated and endorsed by the target beneficiaries and the communities where applicable (i.e. LPAs, professional schools, youth centers, producers associations, group of MSMEs, etc.) and continue to work effectively after project closure date by presenting a detailed roadmap, showing how this sustainability will be attained.

Applicants should pay attention to engaging with local stakeholders and supporting their activities. They should also seek to reach out wider society including grass roots organizations, local governments and academia. The proposed business solution encompassed in the project proposal will enable entrepreneurs from both banks to cooperate and benefit from common tools

² See evaluation criterion nr.1, pag.8 of the present Applicants' Guide.

for business recovery and resiliency to crises, cross-river interaction being supported by members of the partnerships in areas of mutual interest.

Applicants are strongly encouraged to consider following **principles** when defining their project proposals: confidence building, inclusiveness, human rights, gender equality, environmental sustainability, and the impact it will have on job creation and developing more resilient to crises livelihoods, because those applications will have a significant advantage in the selection process. Under this call we strongly encourage organizations led by or representing women or young entrepreneurs to submit their project proposals.

The EU-CBM V Programme is strongly committed to gender mainstreaming and UNDP, the implementing body, is a pioneer organization which pleads for gender balanced approach in all aspects of life, therefore under this call we strongly encourage organizations led by women to apply their project proposals. Also, one of the objectives is to ensure that at least 40% of business platforms' beneficiaries will be women.

[B] Only organizations fitting below criteria will be eligible

- Cross-river partnerships consisting of at least one NGO and a private entity from both banks will be eligible to apply. The lead partner can be only the non-governmental or not-for-profit organization that will develop the business solution with the private company and implement it with the involvement of other stakeholders (i.e. local professional schools, the LPAs, network of youth centers, other business associations and NGOs, producer unions, employers' associations, chambers of commerce, non-commercial partnerships, etc.).
- Organizations directly involved in carrying out activities related to the areas stipulated in the project proposal, these being responsible for project management, avoiding intermediaries for their implementation. At least one of the partners will have sufficient experience in carrying out similar activities in the Transnistrian region, in accordance with the objectives set out in the project proposal;
- Legal entities, which at the time of submission of the project proposal do not have debts or arrears in the payment of taxes, fees and fines.
- Organizations not having benefited from EU-CBM V Programme support will be encouraged to apply.

Non-eligibility criteria

- Organizations responsible for serious management errors, including financial ones, in projects previously implemented for the benefit of UNDP Moldova;
- In the past, they have not fulfilled their contractual obligations according to the arrangements established with the donor organizations;
- The lead partner cannot represent an entity owned by the State and / or a commercial one.

[C] Budget

- The project proposal shall include a budget estimate in US dollars (\$), with detailed information about each cost line, as per the template from Annex 3. Source of funding shall be explained per each cost line: [a] from the allocated grant, [b] own contribution, [c] other sources (any financial support granted by international organizations, private sector, others). **In kind contributions** are not actual costs and cannot be considered as co-financing from the partner for project implementation and will be indicated in the project description.
- Expenses for experts and personnel who will be involved in project implementation.
- Proposed budget and costs estimates will cover full duration of project implementation (12 months);

- Proposed budget and costs estimates will be realistic and will comply with the action plan described in the project proposal;
- Goods and/or services procured under this Programme shall be subject to zero VAT taxation (0% - as per the Government Decision) on the right bank and shall be exempted of any taxes on the left bank, being qualified as technical assistance.

Eligible costs

- Expenses for consultants and service providers (including digital marketing, IT developers, technical sectorial experts, etc.);
- Expenses for trainings, masterclasses, workshops, webinars and video production of success stories (temporary membership fees (up to 12 months) for online resources and applications, information campaigns and awareness raising, copying, printing, interpretation and translation etc.), participation at national / international fairs and exhibitions;
- Logistic expenses (including rent of transport, gasoline, transportation for participants etc.);
- Expenses for purchase of equipment, software and applications can only be included in the budget if they are necessary for the efficiency of project implementation. However, such expenses should be avoided.
- Expenses for the purchase of expendables and other materials required for the project;
- Administrative expenses should be minimized (should not exceed 10% of the budget), for instance by rewarding supporting personnel for provided deliverables, instead of paying monthly wages;
- Other expenses which are necessary for efficient implementation of the project.

Ineligible costs

- Expenses incurred before the contract has been signed (including expenses related to project submission) or activities already financially covered by another grant programme/other persons providing financial support and/or those which already received funding from other sources;
- Individual sponsorship for participation at workshops, seminars, conferences or educational scholarship;
- Fines, penalties and exchange rate losses;
- Current costs of an organization which are not related to the project goals.

V. APPLICATION PROCEDURE

Once the grant competition on Innovative Cross-River Initiatives for a Resilient Business Environment is launched, an online induction webinar will be organized, to acquaint interested organizations with the project concept, selection criteria, implementation modality and learn basic concepts of confidence building (peace building).

Two induction online webinars will be organized, to clarify potential questions related to the Innovative Cross-River Initiatives for a Resilient Business Environment. Interested organizations willing to attend the induction seminar shall register and confirm their participation following the form bellow <https://bit.ly/31v5YzP>. The deadline for submitting project proposals is **October 2nd, 16.00 local time.**

Applicants for the grant competition on Innovative Cross-river Initiatives for a Resilient Business Environment shall submit the following set of documents in Romanian, Russian or English:

- A. Application form (Annex 1), project proposal (Annex 2) and budget covering costs estimates for the entire implementation period (12 months) (Annex 3), where sources of funding shall be specified per each cost line: [a] from the allocated grant, [b] own sources, [c] other sources

- (clearly stating supporting organization), if any. All procured goods and/or services under this project will be subject to 0 VAT tax (0% - as per the Government Decision) on the right bank and shall be exempted of any taxes on the left bank, being qualified as technical assistance.
- B. Qualifications of the project team (CVs of team members using same template) including resumes of the project coordinator and involved staff of partner organizations.
 - C. Registration certificate issued by the Agency of Public Services, for organizations from the right bank. Similar certificate for organizations registered on the left bank and a proof of existing bank account should be included (by both, main applicant and partner organization).
 - D. Upon submission of the project proposal the applicant shall demonstrate that there are no financial debts (unpaid taxes and fines) to the public authorities.

Applications will be selected based on a thorough evaluation according to the established evaluation criteria process described in the chapter VI and awarded accordingly with a grant. If selected, the partnering parties will have to sign and present a detailed partnership Agreement stating clear milestones, implementation deadline and responsibilities of parties in order to reach the project objectives in due time.

VI. EVALUATION CRITERIA

Selection criteria for cross-river initiatives proposals:	Score	Weight
Impact and relevance on building resilience of MSMEs to crises³ (e.g. the solution should address one of 6 identified challenges for MSMEs, and help MSMEs ensure business continuity in case of repeated crises)	50	25%
Expertise and experience of the consortium partners in developing business solutions (e.g. CVs of the involved experts and technical specialists, as well as communication partners, etc.)	30	15%
Level of involvement of implementing partners (e.g. clear description of responsibilities of partners, action plan, implementation deadlines, proportional distribution of tasks and responsibilities between implementing partners according the share of administered funds, etc.)	20	10%
Implementation logic (e.g. contains a) development of business solution, b) training/integration module, c) communication, awareness raising plan and follow up)	40	20%
Quality and sustainability (e.g. best possible returns on investment (economically, socially (jobs and inclusiveness) and environmentally) proven by, for example: estimations of the multiplier effect during the first year of implementation, adjusted or newly drafted internal regulations related to HR, business processes optimization, integration of women empowerment principles (WEPs), etc.)	30	15%
Financial reliability (e.g. management fees should not exceed 10% of the budget, at least 20% of co-financing of the partner private company (ies) and organizations will be strongly encouraged)	30	15%

³ Refers to the challenges enumerated on pag.5 of the present document

TOTAL:	200	100%
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Note: Project proposals can accumulate max. 200 points. Only projects that will pile a minimum of 140 points will be recommended for financing. Incomplete and/or hand-written project proposals (including annexes), as well as projects that do not meet the eligibility criteria will not be admitted.

The deadline for submission of project proposals is **16.00 (local time), October 2nd, 2020**. Applications will be accepted only before the deadline and shall be delivered to the e-mail address (incomplete or handwritten proposals, including annexes will not qualify):

elena.cabac@undp.org and vladimir.paraschiv@undp.org

The project proposal shall be titled as follows: EoI 20/02118: INNOVATIVE CROSS-RIVER INITIATIVES FOR A RESILIENT BUSINESS ENVIRONMENT

VII. SELECTION PROCEDURE

Selection of project proposals commences upon termination of the submission procedure. Extension of the deadline could be considered, but it's not guaranteed, thus all applicants are encouraged to fit proposed deadlines. Selection will be based on principles of merit, transparency, equality and rational use of funds. Evaluation of project proposals includes two stages:

Stage I: EU-CBM V team will check compliance of submitted documents and eligibility of applicants.

Stage II: Selection Committee will examine qualified applications in the 1st stage, evaluate available expertise, experience of applicants, but also budget relevance and financial reliability. Project proposals which comply with eligibility criteria, will cumulate maximum point (but not less than 140 points) will be announced winners of the competition.

VIII. PROJECT IMPLEMENTATION PROCESS. MONITORING

Once the selection procedure is over, the applicants will be informed whether their project proposals have been selected for funding. Grant agreements will be signed with main applicants of partnerships representing winning project proposals. Awarded grants will be disbursed in 2-4 tranches, depending on complexity of submitted projects.

First tranche will be disbursed in advance for the implementation of actions embedded in the inception phase of the project. Following tranches will be disbursed after previous deliverable will be provided, to be confirmed through financial and detailed narrative reports provided by benefiting organization (main applicant). All submitted reports will be endorsed by a representative of the EU-CBM V Programme.

Beneficiaries of the Programme will assume the responsibility to participate or to delegate a representative to attend trainings, roundtables and public events (forums, exhibitions) organized in the frame of EU-CBM V Programme.

The last tranche (15-20% of the grant value) will be transferred upon finalization of the project, but not later than in the 12th month from the date of commencement of the project. Upon disbursement of the last tranche, the following conditions shall be valid:

- Committed activities and agreed deliverables (in-line with the grant agreement to be signed) will be fully provided, being seconded by required narrative and financial reports;
- The established partnership will prove its long-term sustainability, continuing to implement activities described in the roadmap (submitted in the initial phase of the project);
- All trainings and public events related to the business component, organized by EU-CBM V Programme have been attended by benefiting organizations (main applicant and partner organization).

Upon finalization of the project, beneficiaries will assume responsibility for provided high quality deliverables and services, facilitating at the same time monitoring visits, communication products and tight cooperation with representatives of the EU-CBM V Programme, EU Delegation, other relevant stakeholders (audit missions, media, etc.) when necessary.