



GRANTS COMPETITION

GRANTS COMPETITION FOR ADVANCED TECHNOLOGICAL INNOVATION IN PRODUCTION AND PROCESSING OF AGRICULTURAL PRODUCTS ON BOTH BANKS OF THE NISTRU RIVER

IMPLEMENTED UNDER THE “ADVANCE CROSS-RIVER CAPACITIES FOR TRADE” PROJECT, FINANCED BY SWEDEN
AND IMPLEMENTED BY UNDP

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BACKGROUND

Small entrepreneurs represent the driving force of economy growth and the main generators of new jobs. In 2018, the number of employees working in small and medium enterprises (SME) accounted for 60.7% of the total number of enterprise employees, and the sale revenues of small and medium enterprises accounted for 40.4% out of total sale revenues in economy. Statistical data show that only 26% of enterprises are led by women and only 10.6% of representatives of vulnerable groups are employed on the labour market. In case of the left bank of the River Nistru, regional economy is based on several big enterprises, while the sector of micro, small and medium enterprises (MSME) is poorly developed.

At the same time, the coronavirus pandemics effects are felt by the business environment from both banks of the river. The administrative restrictions, distribution channels' interruptions, lack of raw material, companies' incapacity to get adjusted to market requirements, lack of transport and logistics capacities, insufficient digitalization of commercial and financial operations may result in a drastic decrease of revenues, personnel number and even bankruptcy. The MSMEs are the most vulnerable, because frequently they do not have financial reserves and anti-crisis plans. Besides the direct effects on business, the COVID-19 pandemics has impacted the vulnerable groups, including the returned migrants and their families.

The agricultural potential of both banks of the river should be harnessed by increasing companies' competitiveness, applying innovative technologies and penetrating new markets. Access to new markets may happen only by observing quality and quantity parameters, homogeneity and competitive price. All these performances may be achieved in the context of sector's essential recovery, by attracting the necessary human and financial resources. At the same time, a part of agro-industrial enterprises from both banks of the river should reallocate their activities by creating new production capacities, carrying out new activities or implementing new investment projects, and to do these they need financial resources , so as to create new production capacities and to obtain new services and products, which would comply with consumers' needs.

To respond to all the above-mentioned, the Advanced Cross-River Capacities for Trade Project (AdTrade Project), financed by Sweden and implemented by UNDP Moldova launches a new programme to support agricultural producers and processors, with the aim to help the enterprises working in the sector to mitigate the negative effects of the crises and to provide conditions for increasing trade and exports.

I. ABOUT THE PROGRAMME

This call is launched with the aim to identify agricultural producers and processors on both banks of the river willing to join their efforts to adopt improved agricultural technology and innovations in production and processing of agricultural products so as to penetrate new export markets or to increase their presence on the domestic and foreign markets, being supported by the knowledge and skills of a business support organization (profile professional association, product professional organization, chambers of commerce and industry, other business service providers that by statute are not private entities).

The Grant Programme will support financially at least 5 partnership projects established between producers and/or processors from both banks of the River Nistru with a maximum budget of 50,000 USD each. The selected projects will receive financial support to procure innovative equipment and machinery, that alongside the knowledge and skills provided by the business support organization, will contribute to:

- (i) establishing partnerships between companies from the left and rights banks of the River Nistru,
- (ii) building productions and post-harvest capacities, including storage, processing and export of agro-industrial production,
- (iii) increasing the competitiveness of products from the left and right bank of the River Nistru by reducing the production costs and modernizing the technological process,
- (iv) facilitating access of producers or processors from the left bank of the River Nistru to opportunities provided by the international agreements to which the Republic of Moldova is a part,
- (v) creating new jobs, especially for women and socially-vulnerable families
- (vi) creating and disseminating business models showing the benefits of cooperation between producers and processors from both banks of the River Nistru.

A successful project proposal should envisage interventions for each of the above mentioned. The activities under the project should be correlated with the aim of the Grant Programme and be based on the applicants' competences and capacities.

II. ELIGIBILITY CRITERIA

Eligible sectors

- Horticultural sector: production and processing of fruits, vegetables and table grapes, as well as other post-harvest activities.
- Phytotechnical sector: production and processing of oleaginous, medical, and seasoning plants.
- Livestock sector: growing and harnessing products from apiculture, cattle, sheep and goat, including processing of milk derived products.

Eligible applicants and minimum qualifications

The application may be submitted by business support organizations (profile professional association, product professional organization, chambers of commerce and industry, business service providers) from the left or right bank of the river, as the main applicant, in line with the following principles:

- The project proposal identifies at least 2 producers or, as needed, at least one producer and one processor from both banks of the river, having similar or related activity (hereinafter referred to as “secondary applicant”), who express their engagement and agreement that during, at most, one (1) month since the date of getting the notification about selection/grant award would get registered as one of the following association forms: entrepreneur cooperative, limited liability company, joint stock company or civil partnership agreement for a validity period of at least 3 years.
- The following would be eligible as secondary applicants: micro-, small and medium enterprises from both banks of the River Nistru, which as a result of association, commit themselves to create at least 3 new jobs or the equivalent of those part-time recruited, especially for persons representing vulnerable groups, mainly for recently returned migrants and women (on the right or left bank of the river) or to maintain at least three existing jobs in the context of the situation provoked by the pandemics.
- If the main applicant is a business support organization from the left side of the river, it will identify a civil society organisation from the right bank of the river to delegate procurement services for the right bank of the river.
- In this call, one business support organization, as the main applicant, will be able to submit at most 2 (two) applications, involving different producers or different producers and processors;

- At least one of the associates should prove (based on documents) an experience of min 2 (two) years of activities dealing with production and/or processing for the area for which it applies.
- The applicant organization, agricultural producers and processors, which during the submission of the participation application do not have debts or arrears for taxes, fees and fines.

Non-eligibility criteria

- The main applicant and/or secondary applicants who have committed professional or financial management errors, proven by evidence recognized by UNDP Moldova.
- The main applicant and/or secondary applicants who have registered in their history incompliances with contractual obligations deriving from previous arrangements with donor organizations.
- The main applicant and / or co-applicant is a private entity
- The main applicant and/or secondary applicants are legal entities under the state property or founded by public authorities.
- The main applicant and/or secondary applicant are owned or count amongst their majority shareholders public officials from either bank
- The main applicant and/or secondary applicant are subsidiaries or are financially dependent on other companies participating in the application
- The project proposal implementation period exceeds 12 months.

Eligible expenditures

Eligible expenditures under the project proposal will include, but will not limit to the following:

- business development consultancy;
- project administration expenditures;
- design and installation;
- equipment and machinery for storage, precooling/cooling, maintenance of temperature regimes, controlled humidity and environment, packing;
- equipment and technological machinery for spaces meant for sending, receiving, washing, sorting and packing;
- equipment for production of juices and juice concentrates;
- equipment and machinery for processing and primary/finite processing;
- equipment and technological machinery used in complex or separately for drying;
- equipment and technological machinery used in complex or separately for freezing;

- construction materials used for building or renovating facilities for primary/finite collection-processing
- pre-treatment wastewater plants and sewerage system
- construction of water supply networks for irrigation (these systems will include: the water supply pipe from the source till the field, water collecting/storage reservoir, pump station)

Non-eligible expenditures

- procurement of seeds and seedlings, vehicles including motorcycles, pharmaceutical products, medical equipment, etc. any other equipment or activity which does not contribute to achieving project objectives;
- procurement of second-hand goods and equipment;
- expenditures for ceremonies, events, celebrations, fests, as well as to procure or produce alcoholic beverages, tobacco items, munition, luxury products, other goods prohibited based on UN regulations, including the ones related to gambling organization;
- procurement costs or activities which were covered previously from other sources;
- cash payments;
- costs for mass-media information campaigns;
- costs for buying agricultural fields, construction fields and/or agricultural holdings;
- coverage of financial obligations (credits, penalties, fines, etc.);
- costs for obtaining approvals, endorsements and authorizations;
- coverage of circulating means
- Labour remuneration, other than consultancy for business development and project management costs supported by the business support organization;
- individual sponsorships for participation in conferences or congresses;
- any costs incurred before the signature of the financing contract (including the costs related to project preparing);
- costs for developing the feasibility study;
- taxes, including VAT, commission fees, etc.
- losses due to foreign currency fluctuations;
- patents, licenses, and franchises;
- travel costs, daily allowances;
- expenditures for furniture, equipment, office consumables, maintenance costs for equipment procured within the project.

Financial and procurement aspects

The present call for proposal envisages to co-finance at least 5 (five) investment projects which will comply with the above-mentioned eligibility conditions. To implement these investment projects, the current Grant Programme provides a financial contribution of maximum USD 50.000 (five hundred thousand) per each investment project. The submitted projects should meet additionally the following conditions:

- Co-financing from the applicant (main and/or secondary) will be at least 20% of the amount of the eligible costs of the investment project.
- The budget meant for project administration, including the consultancy for capacity building shall not exceed 25% of the total budget of the project.
- Co-financing from the applicants and partners¹ (if there are any) is accepted only as financial resources. Co-financing from partners may cover partially or fully the applicants' co-financing responsibility for implementing the investment project, being considered to be non-reimbursable contribution.
- If the submitted application is declared to be the winner, the main applicant (profile professional association, product professional organization, chambers of commerce and industry, business service providers) will open a special account, meant for implementing the project where the contribution of associated economic units and grant contribution from this call will be transferred. The account will be managed by the main applicant.
- The equipment and machinery procured under the project shall be under the balance sheet of the business support organization, main applicant, and shall be transferred into temporary use to the associated secondary applicants over the duration of project implementation. Subsequently, after the end of the project, the equipment and machinery shall be transferred to associates into the full ownership.

III. APPLICATION PROCEDURE

Potential beneficiaries, meeting the conditions of the present call, may apply by submitting the application, which shall include:

- Application form, to be signed by the main applicant and secondary applicants, and if the main applicant is from the left bank, the application form should be countersigned by the civil society organisation from the right bank, to which the procurements services on the right bank will be delegated.

¹ Central administrative authorities, public institutions, foreign assistance projects or donors, covering unconditionally a part or the entire contribution of a future associate or the integral contribution of the associates under the project proposal.

- Declaration on association, including the selected association form, signed by producers and processors from both banks
- Project budget
- Copy of the registration certificate of the main applicant and secondary applicants.
- CV of the main applicant, describing the relevant experience within similar projects.
- Copies of financial reports of the secondary applicants for the last 2 years.

The Application may be filled in Romanian, Russian or English languages. Handwritten applications will not be accepted.

Under the respective Grant Program, the main applicant may submit at most two applications, involving different producers and processors.

The application files and the Applicant's Guide are posted on UNDP Moldova website (<http://www.undp.md/tenders/index.shtml>). These documents also may be received by sending a request in this respect to the following e-mail: cornelia.panico@undp.org.

The Application will be sent in electronic format via email at dumitru.udrea@undp.org and cornelia.panico@undp.org before the deadline 5th of February 2021, 16.00 o'clock. Message subject: EOI /Grant Programme/Agro Export.

The applications sent via any other means shall be rejected. The incomplete applications or those submitted after the set deadline shall not be reviewed. The applications submitted via email shall not exceed 20 MB. The applications over 20 MB shall be divided into several messages and the subject of every message should indicated "part x of y" besides "EOI/Grant Programme/Agro Export", as mentioned above.

Clarifications regarding the application may be requested from dumitru.udrea@undp.org or cornelia.panico@undp.org.

IV. SELECTION PROCEDURE

Selection shall be based on such principles as merit, transparency, equality and rational use of funds. The evaluation of project proposals includes two stages:

Stage I: Administrative verification. This stage will verify the eligibility of the submitted projects and that of the applicants, the available expertise of the main applicant, the commitment of setting partnerships through association between secondary applicants, as well as the relevance and financial reliability of the budget. Only the projects that passed the administrative verification stage shall be admitted for the next evaluation stage.

Stage II: Projects' qualitative assessment. This stage is carried out by the Evaluation Committee based on the evaluation criteria. The projects receiving the biggest number of total points shall be recommended for financing and approval by the Project Steering Committee.

Evaluation criteria for project proposals

Evaluation criteria	Score
Project proposal aims to penetrate new export markets	30
Project proposal aims to increase the presence on domestic or foreign market	20
Relevance and consistency of the budget	20
Enterprises managed by women	20
The application proves clear positive impact on vulnerable groups, persons with disabilities, migrants who recently returned home	20
Number of members in the future association	
• 2 - 3 members	10
• 4 - 6 members	15
• 7 members or more	20
As a result of project implementation, the secondary applicants will maintain the exiting jobs or created additionally:	
• All the current jobs will be maintained	10
• 1-3 new jobs created	15
• 4 or more new jobs created	20
The project implies the implementation of an innovative business idea that includes new technologies, reduction of production costs, adaptation of production and/or processing to the new needs of the market in the context of COVID - 19	20
The main applicant implemented similar projects:	
• 1 - 2 projects	5
• 3 - 4 projects	10
• 5 projects or more	15
Co-financing of the project shall account for:	
• 20%	5

• 21 - 40 %	10
• More than 40%	15
Total	200

Annex no. 1 - Application Form

Annex no. 2 - Declaration on association, including the selected association form, signed by producers and processors from both banks

Annex no. 3 – Business plan (financial forecasts)