

CALL FOR PROPOSAL FOR GRANT COMPETITION

UNDP Georgia Project Improving Rural Development in Georgia/ENPARD3	DATE: March 3, 2022
	REFERENCE: 00101419

Dear Sir / Madam:

We kindly request you to submit **CALL FOR PROPOSALS FOR GRANT COMPETITION
FOR DEVELOPMENT OF DIGITAL TRANSFORMATION SUPPORT PROJECTS FOR RURAL SMEs**

Please be guided by the form attached hereto as Annex 2, in preparing your Proposal.

Please send filled application materials electronically to all of the following e-mails:
nodar.kereselidze@undp.org; giorgi.tsimintia@undp.org in PDF (signed and stamped) and word
formats. **The subject line should read: "CoP Application – DEVELOPMENT OF DIGITAL
TRANSFORMATION SUPPORT PROJECTS FOR RURAL SMEs".**

Deadline for submission of applications for grant proposals is March 24, 2022, 18:00 (Tbilisi time and date). In the course of preparing your Proposal, it shall remain your responsibility to ensure that it reaches the address above on or before the deadline. Proposals that are received by UNDP after the deadline indicated above, for whatever reason, shall not be considered for evaluation.

A pre-proposal conference will be held via Zoom on March 9, 2022, at 12:00 p.m. (Tbilisi time and date) via Zoom, Meeting ID: <https://undp.zoom.us/j/84908673226>

The UNDP focal point for the arrangement:

Ms. Liliana Gureshidze; E-mail: liliana.gureshidze@undp.org;

Thank you and we look forward to receiving your Proposal.

Sincerely yours,

Nodar Kereselidze

National Project Manager

03/03/2022

**CALL FOR PROPOSALS FOR GRANT COMPETITION
FOR DEVELOPMENT OF DIGITAL TRANSFORMATION
SUPPORT PROJECTS FOR RURAL SMEs**

Date of Issuance:

03.03.2022

Tbilisi, Georgia

INSTRUCTIONS

1/BACKGROUND

Georgia's economic activities are concentrated in few geographic areas, contributing to very high levels of urban-rural inequality. In rural areas in Georgia, which host about 43% of the population, poverty is 25.5%, as opposed to 16.9% in urban areas. The average monthly income of urban households is 22.2% higher than that of rural households. The capital Tbilisi generates 50% of total value added in the country. Low rate of economic growth, economic instability, low-productive agricultural sector, weak entrepreneurial skills, insufficient economic diversification, limited access to financial resources and modern technologies, insufficient development of infrastructure, present the potential risks for sustainable rural development. Unfavourable demographic structure in rural areas, high level of population aging, and migration represents a hindrance to the rural development. Besides, limited access to such basic healthcare and education and other services in villages especially for disadvantaged groups, has negative impact on well-being in rural areas.

The EU financed and UNDP implemented project "Improving Rural Development in Georgia" (IRDG) is addressing the challenges of rural areas in Georgia by taking actions to achieve: (1) Improved governance for effective implementation of the Rural Development Strategy (2017-2020), its Action Plan and related programmes; (2) Improved rural economic diversification, employment and services; (3) Improved environment, sustainable management of natural resources and climate action.

IRDG project is designed to have substantial impact on improved environmental protection in rural areas. One of the areas of development in this area, IRDG project of target municipalities (Keda, Khulo, Borjomi, Tetritskaro, Akhalkalaki, Kazbegi, Lagodekhi and Dedoplistskaro) – is supporting so called "digital transformation" of rural MSMEs. Digital possibilities create change. This change is necessary, especially when one looks at rural areas in Georgia and their struggle to maintain and increase economic diversification, possibilities of employment, sustainable growth of rural entrepreneurship and the like under the pressure of demographic developments such as aging and an exodus of young, qualified citizens. In this regard, IRDG project plans to support initiatives to support digital transformation of rural Small and Medium Sized (SMEs) in target municipalities.

2/ PURPOSE

The **primary objective** of the call is **to support rural SMEs in digital transformation** to enable their increased growth in the municipalities of Keda, Khulo, Borjomi, Tetritskaro, Akhalkalaki, Kazbegi, Lagodekhi and Dedoplistskaro.

The priority will be given to the proposal ideas that:

- Are focused on the needs of vulnerable groups, esp. women.
- Are driven by preliminary analysis of the digitalization needs, with factual evidence.
- Are aimed to deliver solutions that are collaborative (with private and public actors) and sustainable.

3/FINANCING SCHEME AND INELIGIBLE COSTS

Any funds requested for the grant(s) under this Call for Proposals must fall between the following minimum and maximum amounts:

- minimum amount: USD 10,000.
- maximum amount: USD 25,000.

Applicant organizations should submit proposals with justified and realistic budgets.

Ineligible costs are:

1. debts and debt service charges (interest).
2. provisions for losses or potential future liabilities.
3. costs financed by another action or work programme receiving EU and UNDP funding.
4. purchases of land or buildings.
5. purchase of luxury goods and gambling equipment.
6. purchase of agriculture commodities, motor vehicles or pharmaceuticals.
7. purchase of used equipment.
8. currency exchange losses.
9. related to any type of maintenance.
10. daily allowances (per diem).
11. utilities and office rent.
12. overheads.
13. credit to third parties.
14. salary costs of the GoG personnel.
15. salary costs for personnel (including administrative costs), if such costs exceed 30% of total project costs.
16. related to participation in workshops, seminars, conferences and congresses.
17. scholarships for studies or training courses.
18. related to the infrastructure improvement and equipment, which are directly related to this Call for Proposal, if they exceed 50% of the total budget.
19. any indirect costs,

Note: Successful applicant may be subject to receive guidance from the IRDG project team on implementation modalities of their projects that might affect the scope, timeline and budget of the applications – subject to further negotiations.

Note: Other restrictions may apply, specified before selection of successful projects

4/WHO CAN APPLY

Georgian Non-profit (non-commercial) legal entities are invited to apply for this Call for Proposals. These entities should be registered in accordance with the legal requirements of the Government of Georgia, must be able to provide organization's statute and the debt certificate.

All applicant organizations must demonstrate proven experience and capabilities in carrying out rural development interventions, including but not limited to: needs appraisal, business development, digital transformation, community mobilization, socio-economic development actions, measures related to social inclusion and support of disadvantaged groups.

Coalitions (based on co-application) with NGOs and private sector is encouraged. *Note: Co-applicants must satisfy the eligibility criteria as applicable to the primary applicant.*

5/IMPLEMENTATION LOCATION(S) AND DURATION

Activities of Digital Transformation support grants should be implemented within administrative boundaries of **municipalities of Keda, Khulo, Borjomi, Tetrtskaro, Akhalkalaki, Kazbegi, Lagodekhi and Dedoplistskaro**. Preferably in at least 2 municipalities.

Duration of the grant activities within the grant application **shall not exceed 4 months**, counted from the date of the agreement signature to the date when all relevant activities have been successfully completed, reported and accepted by the UNDP/IRDG Project (Note: per grant agreement 1 month should be allocated for final reporting to the UNDP/IRDG Project).

Only successful grant proposals will be awarded with the funding. It is anticipated that at least 3 grant proposals (regardless of the grant implementation location) will be financed under this Call of the Proposals. However, no or less than 3 grants may be awarded by UNDP/IRDG, depending on the evaluation results.

6/PROCEDURES OF GRANT PROPOSAL SUBMISSION

Those willing to participate:

- Must submit filled Grant Application form (See Annex 1) in line with the goals and directions determined in this Call of Proposals and provide as an attachment of the application additional documents:
 - Partnership Memorandums with partner organization(s) (if applicable);
 - Note from Revenue Service on tax obligations;
 - Extract from the public register for primary and (if applicable) for co-applicants;
 - Separate account requisites which will be used only for grant project operations.

Please send filled application materials electronically to all of the following e-mails: nodar.kereselidze@undp.org; giorgi.tsimintia@undp.org in PDF (signed and stamped) and word formats. **The subject line should read: “CoP Application – Digital Transformation”.**

Deadline for submission of applications for grant proposals is 24 March 2022, 18:00 (Tbilisi time and date). The grant proposals after the deadline will not be admitted and considered. **Applicant(s) are strongly advised not to wait until the last day to submit application**, since heavy Internet traffic or a fault with the Internet connection (including electricity failure, etc.) could lead to difficulties in submission. **If additional clarifications required, questions can be sent to the same email addresses indicated above (all of them together) no later than 10 days before the deadline for the submission of applications.**

Answers to questions will be provided within 3 working days no later than 3 days before the deadline for the submission of applications. The subject line should read: "Question(s) for CoP – Digital Transformation". All questions and answers related to this CfP will be anonymized and published on 20 March 2022.

Note: Consultation meeting with interested applicants on the preparation of the applications for grant proposal idea will be held on **09 March 2022, at 12:00** via Zoom: <https://undp.zoom.us/j/84908673226>

7/SELECTION PROCESS

All grant proposals will be reviewed by the Evaluation Committee comprised of the representatives of relevant UNDP representatives. The Evaluation Committee will assess proposals according to the evaluation criteria:

	Selection Criteria	Selection Criteria Description	Score Percentage
1.	Applicant's Experience and management	The applicant organization(s) of experience in similar interventions and capacity of implementing. Project management arrangements are sound.	Max. 5%
2.	Relevance of the grant	The grant proposal is relevant to: (1) the objectives and priorities of the call for proposals; (2) particular needs and constraints of the target territories and groups; (3) proposal design reflects a robust analysis of the problems involved, and the capacities of the relevant stakeholders	Max. 20%
3.	Methodology	The grant proposal is technically accurate and consistent. The grant management has good understanding of grant proposal goals, the grant implementation plan clearly demonstrates how it will support the achievement of the grant goals. Design of the interventions are coherent. Action plan for implementing the action clear, feasible and time realistic. Beneficiaries are clearly defined and strategically chosen and include disadvantaged groups. Local communities are and will be engaged in the grant activities, including disadvantaged groups. The grant makes positive impact on local population in one or more of the following: local economy, social and environmental areas	Max. 30%
4.	Sustainability and transferability	The grant proposal is sustainable, and its further development and transferability of the results is possible	Max. 5%
5.	Partnership and cooperation	The grant proposal is designed to be implemented in partnership and close cooperation with stakeholders (public agencies, private companies, CSOs, etc.)	Max. 15%
6.	Risk Management,	Risk assessment and management tools, also the grant monitoring and evaluation mechanisms are well defined and demonstrate	Max. 5%

	Selection Criteria	Selection Criteria Description	Score Percentage
	monitoring and evaluation mechanisms	realistic capabilities of risk management. Logical Framework includes credible baseline, targets and sources of verification.	
7.	Grant budget	The grant budget is relevant and in line with the proposed work plan and set indicators	Max. 20%
TOTAL			Max. 100%

All decisions on the selection of grant proposals will be taken **approximately within 20 working days after closing date for applications**. An applicant is considered as a winner and will be invited to conclude the relevant agreement within 3 weeks after receiving the notification if:

- an applicant received at least 50% of scores for each selection criteria and 75% or higher of the total scores (if available, top 5 proposals out of those passing 75% will be selected);
- and applicant's scores are competitive and higher towards other applicants.

Each organization can be granted with only one grant. In total, a maximum of 3 grants will be selected for award. UNDP will be signing Low Value Grant (LVG) Agreement with the winning applicants.

Grant Application(s) will not be further considered and will be disqualified if:

- Applicant presents proposal (duplicate) already financed by any other project.
- It is provided by the non-eligible entity.
- It does not comply with primary and specific objectives, priorities, and instructions provided in this announcement.
- It is not consistent with the UNDP/IRDG project document.
- If the proposal includes the ineligible costs.

6/GENERAL METHODOLOGY/APPROACH CONSIDERATIONS

Digitization, digitalization, and digital transformation are frequently used interchangeably, and it is critical to understand each notion. Understanding the major distinctions between digitization and digitalization is critical when developing a company strategy.

Digitization - In short it is transition “from physical [form] to digital form”; the process of changing from analogue form to digital form, such as converting music from vinyl records to MP3s or paper documents to digital files saved on a computer. The conversion or representation of physical or non-digital things into a digital format means that this information can now be used by a computer system. By creating digital versions of these so-called “physical carriers of information”, we extract data that can be processed, transmitted, or used to optimize processes. In this respect, digitization also includes the automation of existing manual and paper-based processes.

Digitalization - In short, it is “the use of digital technologies and digitized data to impact how work gets done, transform how customers and companies engage and interact, and create new (digital) revenue streams.” Digitalization cannot occur without digitization. Whereas digitization is the process of making existing data and processes digital, digitalization embraces the ability of digital technology to capture and assess data to make better business decisions and enable new business models.

Digital Transformation - In short, it is “capacity to rapidly adapt, when required, through the intelligent use of technologies and information”. It requires a culture shift within an organization and means more than just applying technology to existing business. The commonly used definition, “digital transformation is the profound and accelerating transformation of business activities, processes, competencies, and models to fully leverage the changes and opportunities brought by digital technologies and their impact across society in a strategic and prioritized way.”

Importance of Digital Transformation - Digital transformation positions organizations to become agile businesses, setting them up to swiftly detect, respond, and adapt to changes in consumer and employee expectations and demands and the wider business landscape. Technologies provide unprecedented access to pools of knowledge and resources, resulting in greater innovation and outcomes. By using them strategically, businesses can increase productivity and creativity (decision-making, connectivity, innovation, and augmentation) of individuals and organization.

If a business organization planning to embark on a digital transformation project, then there are four main areas they should consider:

1. **Process Transformation** - Process transformation entails modifying the elements of a business's processes in order to achieve new goals. Most companies engage in a business process transformation when they require a radical update. Business process transformation follows similar steps to business process management but attempts to make bigger and more drastic changes. Some steps to take when it comes to process transformation include:
 - Identify the goals of the transformation – Is the company primarily trying to upgrade systems? Incorporate new technology? Adapt processes to a new organizational structure? What has caused the need?
 - Establish baseline metrics – Organizations should collect the data needed to show that the business process transformation will be a success. This should include cost, time, number of errors, and other metrics that can be measured.
 - Bring in all stakeholders – This includes approaching all those involved in the process for their feedback on what worked well in the prior process and what they expect out of the new one.
 - Map out the best scenario - Using a diagramming tool, businesses should create the ideal workflow path including human and system tasks that need to take place.
 - Set live and monitor – Companies should introduce small teams at first to the new process, and closely monitor the progress and any changes that need to happen in order to see success.
2. **Business Model Transformation** - Many companies are pursuing digital technologies in order to transform their traditional business models. In today's business world, there are numerous examples of this kind of innovation, from Netflix's reinvention of video distribution to Apple's reinvention of music delivery (i-Tunes), to Uber's reinvention of the taxi industry.
3. **Domain Transformation** - An area that doesn't receive a large amount of attention, but which has proven itself to have enormous potential, is domain transformation. New technologies have the ability to redefine products and services, blur industry boundaries, and foster opportunities for non-traditional competitors. This form of wholesale transformation offers incredible opportunities for businesses to create new value.
4. **Cultural/Organizational Transformation** - A successful digital transformation demands more than just updating technology or redesigning products. If an organization fails to align its digital transformation efforts with its internal values and behaviors it can have a knock-on effect on an organization's culture.

Through the use of modern technology, businesses are constantly evolving and undergoing digital transformations that better their efficiency and competitiveness in the marketplace. But digital transformation does not end with the implementation of new technology. Organizations should think beyond technology to embrace true digital transformation. It is only with a complete overhaul of an organization that businesses can realize the benefits of digitization: enhance operations, create collaboration opportunities, expand their service offerings, and revolutionize their approach to the customer experience.

Now more than ever, businesses need to harness the power of digital transformation to continue to evolve and, critically, remain competitive. To gain competitive advantage, a digital transformation journey needs a staged approach with a clear strategy. It requires organizational changes that are customer-centric, backed by leadership, driven by radical challenges to corporate culture, and the leveraging of technologies that empower and enable employees.

1. Create a road map - A digital transformation roadmap is essential. This framework should incorporate updating physical systems and address cultural shifts as traditional processes are reimagined.
2. Make an investment - Investment is key to improving current business processes and keeping up to date with innovation in your relevant fields. While this may impact profits in the short term, the longer-term risk of not investing financially in digital transformation is much greater.
3. Get the right people - According to the Harvard Business Review, assembling the right team of people to conduct your journey is something that should be established early on. Each domain must function together and be understood by business leaders for digital transformation to reach its full potential.
4. Nurture your journey - How an organization will nurture its digital transformation journey should also be considered before implementation. Across all sectors globally, digital platforms are creating new business models, enhancing customer experience, and increasing efficiency and profitability. As more and more businesses adapt to the new digital age, digital transformation is quickly becoming a necessity for business success. To adapt to new processes, keep up with evolving customer demand and, ultimately, not get left behind, organizations must harness the power of digital transformation.

Boosting SME's digital transformation

Scaling up SME internal capacity

- Providing SMEs with technology support and assistance, through targeted financial support (consultancy vouchers, grants), technology extension programmed (diagnosis, self-assessment tools, e-business solutions, guidance and package of learning material) or a mix of both.
- Encouraging SME training and upskilling, by reducing training costs (e.g., tax incentives, subsidies) and promoting workplace training (e.g., via employer's networks and associations, or intermediary "brokers", apprenticeships programs) or by pooling training investments, and strengthening management skills in SMEs (e.g., through training, workshops, coaching programs and by raising demand for these programs).
- Building a data culture in SMEs, by increasing awareness and capacity to manage and protect their data (e.g., through information dissemination, financial support or technical assistance).

- Raising the digital security profile of SMEs, through awareness campaigns, or providing them with guidance on useful digital security measures, toolkit, auditing, assurance framework, protocols and certification schemes, and training opportunities.

Easing SME access to strategic resources

- Leveraging fintech and alternative sources of finance for SMEs, by promoting the use of new technologies (such as blockchain and AI) to lower transaction costs on finance markets; encouraging the deployment of financing and matching marketplaces, as well as the use of mobile banking, or alternative data for credit risk assessment.
- Encouraging business innovation and the supply of new digital solutions, through a range of research and innovation policies (e.g., research grants, public procurement, tax incentives, demand-side regulation, competences centers, public-private partnerships etc.) in the field of digital security, blockchain, AI etc.
- Connecting SMEs with knowledge networks, through cooperation programs (e.g., with large firms or online platforms), or SME-lead public procurement (e.g., Small Business Innovation Research-type of program) or networking interfaces (e.g., digital innovation hubs, centers of excellence, clusters and co-working spaces).
- Providing SMEs with access to data and technology, through testbeds and experimentation labs, data centers, digital innovation hubs, university transfer offices, co-creation platforms etc.

7/ VISIBILITY

Selected organization(s) must take all necessary steps to publicise the fact that the European Union has financed or co-financed the grant projects and must strictly comply with EU and UNDP Communication and Visibility Guidelines and Standards.

8/ IMPORTANT ADDITIONAL INFORMATION

UNDP implements a policy of zero tolerance on proscribed practices, including fraud, corruption, collusion, unethical practices, and obstruction. UNDP is committed to preventing, identifying and addressing all acts of fraud and corrupt practices against UNDP as well as third parties involved in UNDP activities. (See

<https://www.undp.org/content/dam/undp/library/corporate/Transparency/UNDPAntiFraudPolicyEnglishFINA%20June2011.pdf>

<https://www.undp.org/content/undp/en/home/operations/procurement/protestandsanctions> for full description of the policies).

In responding to this Call for Proposals, UNDP requires all Proposers to conduct themselves in a professional, objective and impartial manner, and they must at all time hold UNDP's interest paramount. Proposers must strictly avoid conflicts with other assignments or their own interests, and act without consideration for future work. All Proposers found to have a conflict of interest shall be disqualified. Without limitation on the generality of the above, Proposers, and any of their affiliates, shall be considered to have a conflict of interest with one or more parties in this solicitation process, if they:

- Are or have been associated in the past, with a firm or any of its affiliates which have been engaged UNDP to provide services for the preparation of the design, Terms of Reference, cost analysis/estimation, and other documents to be used in this competitive selection process;

- Were involved in the preparation and/or design of the programme/project related to the services requested under this Call for Proposals; or
- Are found to be in conflict for any other reason, as may be established by, or at the discretion of, UNDP.

In the event of any uncertainty in the interpretation of what is potentially a conflict of interest, proposers must disclose the condition to UNDP and seek UNDP's confirmation on whether or not such a conflict exists.