



**GEORGIA NATIONAL INNOVATION ECOSYSTEM PROJECT**

**Georgia's Innovation and Technology Agency**

**INNOVATION MATCHING GRANTS MANUAL**

**April 23, 2019**

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## ABBREVIATIONS AND ACRONYMS

BfD	Broadband-for-Development
CICs	Community Innovation Centers
EMP	Environmental Management Plan
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FM	Financial Management
FAQ	Frequently Asked Questions
FY	Fiscal year (Georgia: January 1 - December 31)
GDP	Gross Domestic Product
GEL	Georgian Lari
GENIE	Georgia National Innovation Ecosystem (Project)
GITA	Georgia's Innovation and Technology Agency
IC	Investment Committee
ICT	Information and Communication Technologies
IP	Intellectual Property
IT	Information Technology
M&E	Monitoring and Evaluation
IMG	Innovation Matching Grants (Program)
IMGM	Innovation Matching Grants Manual
MoESD	Ministry of Economy and Sustainable Development
MSME	Micro, Small, and Medium enterprises
NIE	National Innovation Ecosystem
POM	Project Operations Manual
Project	Matching Grants Program Applicant's project
Program	Innovation Matching Grants Program
Q&A	Questions and Answers
R&D	Research and Development
RIHs	Regional Innovation Hubs
SMEs	Small and Medium Enterprises
SOE	Statement of Expenditures
TA	Technical Assistance
WB, Bank	The World Bank

## DEFINITIONS

<b>Application</b>	The package of all necessary documents and data submitted by the Applicant including project proposal.
<b>Project Proposal</b>	Project proposal is an integral part of the Application. It consists of a business plan, project budget, financial forecast, and Applicant's statement.
<b>Approved Project Budget</b>	Applicant's project budget, included in the proposal, which is approved by GITA for grant financing.
<b>A Call for Proposals</b>	Announcement, designed to provide an opportunity for eligible Applicants to submit project proposals, which meet the objectives of the Matching Grant Program
<b>Financing Agreement</b>	A document signed by the Applicant, governing GITA Grant financing of the Applicant and responsibilities of the Awardee.
<b>Final Settlement</b>	A legal document signed between GITA and the Beneficiary at the end of the implementation of the project, defining the completion of the project implementation and the fulfillment of the obligations under the Financing Agreement.
<b>Beneficiary</b>	An eligible Applicant that executed the Financing Agreement with GITA
<b>Implementing Agency</b>	Georgia's Innovation & Technology Agency (GITA)
<b>Desk Review</b>	The first stage of the proposal evaluation process, where applications are checked against environmental and social, administrative and eligibility and IP compliance.
<b>Negotiation Stage</b>	Contract negotiation stage, to address any ambiguities that emerged during the evaluation and to obtain additional documents or revisions of the proposals.

## **1. INTRODUCTION**

The Innovation Matching Grants (IMG) Program is a part of the Georgia National Innovation Ecosystem (GENIE) Project, implemented by Georgia's Innovation and Technology Agency (GITA). The main objective of the GENIE Project is to increase innovative activities of firms and individuals in Georgia and their participation in the digital economy. The GENIE Project is financed from a USD 23.5 million World Bank (WB) loan. The GENIE Project is expected to enhance Georgia's national innovation ecosystem<sup>1</sup> through an integrated approach across three components, plus project implementation support:

### **Component 1: Innovation Infrastructure**

The component will: (a) develop a network of Regional Innovation Hubs (RIH) and Community Innovation Centers (CICs) in selected cities, towns and villages of Georgia; and (b) design and pilot a Broadband-for-Development (BfD) program to support the increase in adoption and use of broadband internet services and advanced information technology by eligible households and eligible Micro, Small, and Medium Enterprises (MSMEs), with a focus on rural areas.

### **Component 2: Innovation Services**

This component provides support to carry out outreach and communication activities, and provide training and technical assistance in support of developing: (a) digital economy skills of individuals; and (b) innovation capacity of firms.

### **Component 3: Innovation Financing**

This component supports the: (a) provision of Matching Grants, selection of eligible MSMEs for receipt of Matching Grants and supervision of Matching Grants; (b) provision of technical assistance to Eligible MSMEs to prepare and implement Sub-Projects; (c) provision of Applied Research Grants to selected scientists through the Shota Rustaveli National Science Foundation (the Foundation); and (d) provision of technical assistance and related costs to the Foundation for the administration of the Applied Research Grants program, as well as to GITA and Enterprise Georgia, in administering support to MSMEs.

### **Implementing Agency**

Georgia's Innovation and Technology Agency under the Ministry of Economy and Sustainable Development (MoESD) is the GENIE Project implementing agency. The Government established GITA through Resolution No. 172, dated February 19, 2014. Through this mandate, GITA is in-charge of innovation policy design and implementation, including addressing supply-side market failures that limit the quantity and quality of research and innovation in Georgia, including in early-stage finance and innovation infrastructure.

GITA is responsible for all aspects of the Project implementation, including administration of the IMG program, performed by a dedicated unit within GITA (Innovation and Commercialization Department). It will plan, undertake and monitor Project-financed activities, apply safeguard policies, and report on

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<sup>1</sup> National Innovation Ecosystem can be conceived as a network of organizations, rules, and mechanisms that affect how the country generates, disseminates, and uses knowledge and technology.

the Project progress to the MoESD and the World Bank in close cooperation with relevant institutions participating in the GENIE Project. The MoESD will provide project oversight and coordination.

The GENIE Project will also support costs of administration of the IMG program, training and coaching to grant applicants and awardees. Such support is useful as many participants will have limited experience with matching grant applications and the technology commercialization process. Seminars and training during the grant application process will help facilitate that high-quality applications are received. An estimated 10 days of coaching per year by a combination of local and international experts is expected to be provided to each grant Beneficiary. The training and coaching will be provided by a network of experts coordinated by GITA, leveraging the services developed under GENIE Component 2. The Innovation Matching Grants Manual (IMGM) describes the grant program objectives, eligibility criteria, size of grants, eligible costs, project selection process, reporting requirements, and procurement procedures, among others.

### **1.1. Innovation Matching Grants - Program Objectives**

The objective of the Innovation Matching Grants program is to stimulate innovation and creation of innovative enterprises in the Georgian economy. The program will promote product, technological or business process innovation by Georgian MSMEs with a preference to innovation that introduces innovation on a global scale with a clear Georgian nexus and operations headquartered in Georgia.

### **1.2. Innovation Matching Grants – Key Features**

The IMG program will fund a portfolio of projects showing significant innovation and market potential. Projects should aim to develop new products, processes or services (or innovative use of existing ones) that are new at least to the Georgian market. Nevertheless, preference will be given to projects that introduce innovation on a global scale or enable provision of services to international markets (internationalization). Key features of the IMG program are presented in Table 1.

**Table 1**

Program name:	Innovation Matching Grants (IMG) Program
Instrument	Public-private sector matching grant
IMG objective	Stimulate innovation in Georgian economy through product, technological or business process innovations, as well as technology adoption.
Amount of single grant	Minimum GEL 150,000. Maximum GEL 650,000 per project. During the entire IMG program, the applicant/co-applicant cannot obtain more than GEL 650,000.
Private sector co-financing	50% of eligible project costs (in cash) to be secured from: <ul style="list-style-type: none"> <li>(i) Company or shareholders' own resources</li> <li>(ii) Risk capital (angel investors, venture capital or other private sector funds);</li> <li>(iii) Debt providers;</li> <li>(iv) Other sources may be considered, however, excluding grants from any Georgian or international public sector institutions.</li> </ul> <p>*Further clarification is provided in Section 5.4 below.</p>

Applicants/Recipients	All enterprises with annual turnover of up to GEL 30 million per enterprise; consortia of organizations in which lead applicant is an enterprise. The program targets established enterprises*, i.e. companies registered at least one (1) year before the call is launched
Project Duration	Up to 24 months

\*For projects submitted by consortia this requirement relates to the Main Applicant only.

The Call for Proposals for Innovation Matching Grants will be announced by GITA and applications submission will be accepted on a rolling basis. But, evaluation of applications and decisions on grant awards will be made on a quarterly basis. Financing decisions will be made on a competitive basis.

### **1.3. Innovation Matching Grants - Program Description**

Innovation Matching Grants are defined as grants to private enterprises incorporated in Georgia with a maximum annual turnover of GEL 30 million that anticipate a product, technological or business process innovation or technology development/adoption that is new to Georgia and has strong market potential. Consortia (more than one company) are also eligible to apply. Preference will be given to projects that introduce innovation on a global scale or enable provision of services to international markets. The matching grant could cover a maximum of 50 percent up to GEL 650,000 of the total approved project budget for up to a two-year project duration. A minimum of 50 percent of the project budget is to be secured in cash contribution by the Applicant from other sources. Acceptable co-financing includes Applicant's own resources in cash contribution, existing or potential private investors/venture capital/private equity and private sector debt financing and other private sector cash contributions and excludes any other financing from GITA or other public sector grant sources. Other sources of co-financing may be considered.

The private sector contribution will be required according to the schedule of grant disbursement tranches. The tranches will be made quarterly and aligned with the expenditure plan presented as a part of the grant Application. The financial and technical progress will be verified by GITA each quarter before the subsequent quarterly payment is made to ensure productive and transparent use of the funds.

## **2. ELIGIBILITY CRITERIA**

Each application received will be evaluated and assessed for eligibility using three criteria: (1) eligibility of applicant(s), (2) eligibility of activities/projects, and (3) eligibility of costs.

### **3. Eligibility of Applicants and Co-applicants, if any**

1. The Applicant (and the Main Applicant in case of projects submitted in consortia) is a private sector (at least 51% privately owned) business entity with annual turnover of up to GEL 30 million incorporated under the applicable/current Entrepreneurs Law of Georgia, registered with Georgia's National Agency of Public Registry (NAPR); In case of a consortia Main Applicant is designated by the consortia members prior to submitting the Application. All members of the Consortia will be eligible for joint obligations within the frames of the Georgian State law.



2. The Applicant (and the main Applicant in case of projects submitted in consortia) has been registered at the National Agency of Public Registry for at least one (1) year before the call for proposals is launched;
3. The majority<sup>2</sup> of Applicant's (main Applicant's) ownership shall not belong to a parent company.

The projects may be submitted in consortia. In this case each co-applicant must satisfy **one** of the following eligibility criteria:

- A private sector (at least 51% privately owned) business entity incorporated under the applicable/current Entrepreneurs Law of Georgia, registered at the National Agency of Public Registry,
- An authorized higher education institution (public or private) located in Georgia, or
- Georgian scientific academies or scientific research institution

In addition, in Applicant's Statement (Attachment IMG5), the applicant (on behalf of all members of consortium) must declare that:

- The Applicant (co-applicants, if any) is not bankrupt, insolvent, being wound up, is not in the process of reorganization, are not registered in the debt registry of the National Enforcement Bureau or having their affairs administered by the courts, has not suspended business activities for whatever reasons, is not subject of proceedings concerning those matters, or are not in any analogous situation arising from similar procedure provided for in national legislation or regulations;
- The Applicant (co-applicants, if any) is not in breach of duties related to taxes in accordance with the Tax Code of Georgia.

If awarded a grant, the (main) Applicant, will be responsible for the implementation of the project. The Applicant shall sign the consortia agreements with co-applicants. A non-exhaustive list of issues to be covered in consortia agreement is provided in section 5.4 of this manual.

### **3.1. Eligibility of projects/activities**

Under the IMG Program, GITA will consider the financing of technology-based projects/activities except those related to:

- The military, nuclear technologies, production of spirits<sup>3</sup>, tobacco, and hazardous substances;
- Any activity included in the exclusion list provided in Attachment II of the Environmental and Social Management Framework (ESMF) of GENIE Project (see Attachment IMG 1).

### **3.2. Eligibility of costs**

Only 'eligible costs' will be covered by a grant. The categories of costs that are eligible and ineligible are

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<sup>2</sup> i.e. more than 50%.

<sup>3</sup> Projects/activities related to the wine industry are considered as eligible, as long as they do not also relate to production of spirits.

indicated below. The budget is both a cost estimate and an overall ceiling for the 'eligible costs'.

Costs that meet all of the criteria listed below can be considered as eligible if:

- Are incurred as per the Approved Project Budget;
- Are incurred and paid during the project implementation period.
- Are reasonable and necessary for the implementation of the project;
- Are recorded in the accounting books of the Beneficiaries; and
- Comply with the local tax legislation.

GITA recommends that the Applicants structure a project budget and organize costs roughly in the following manner:

1. Salaries: inclusive of all taxes and social benefits for employees working on the project. Maximum single salary allowed, amounts up to three times national average salaries according to the latest issue of National Statistics Office of Georgia's (GeoStat)<sup>4</sup>;
2. Equipment or machinery for production purposes and R&D supplies; not exceeding 50% of the total project budget. Only in duly justified cases and derived from the specific of the project and its results, GITA might accept the costs exceeding above-mentioned ceiling;
3. R&D services, subcontracts<sup>5</sup>;
4. R&D experts/advisors;
5. Patent application and fees, certifications.
6. All other costs that are derived directly from the requirements of the project and do not fall within the list of ineligible costs as listed below.

The applicants financed under the Innovation Matching Grants must get a tax credit or a refund of the value-added tax and an exemption on profit and import taxes envisaged for grantees by the Georgian Tax Code.

### **Ineligible costs**

Costs that will not be considered for financing from GITA grant funds include:

1. Interest or debt owed to any party;
2. Expenditures and provisions for possible future losses or debts;

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<sup>4</sup> <http://www.geostat.ge>

<sup>5</sup> All agreements with third parties must contain provision that the Applicant retains ownership of all new IP and know-how that may be created during the implementation of the project.

3. VAT<sup>6</sup>, profit and import tax as per exemptions provisioned for grantees in the relevant Articles of the Tax Code of Georgia;
4. Items already financed through another framework, program or company/institution (prevention of double financing);
5. Currency exchange losses; fees and penalties;
6. Entertainment and hospitality costs;
7. Relocation or subscription costs;
8. In addition to the above points, as a mandatory restriction, the civil construction works (e.g. adaptation, renovation and construction), may not exceed 25% of the total project budget and may be only financed from the co-finance share funds provided by the applicant.

Apart from the ineligible costs, the Applicant (and Co-applicants, if any), later identified as Beneficiary(ies) shall not

Make payments in physical cash. The Beneficiary shall only pay for costs incurred for project purposes from the designated bank account.

### **3.3. Responsibilities of the Main Applicant**

In case of Innovation Matching Grants and if the application is submitted by a Consortium the Main Applicant shall be responsible for managing the entire project and will be legally bound by the Financing Agreement on behalf of all co-applicants. Below is the non-exhaustive list of responsibilities applicable to the Main Applicant in the context of consortium:

- The Main Applicant shall conclude the consortia agreement with all co-applicants involved in the consortium and provide GITA with copies before contracting;
- The Main Applicant shall act as intermediary between GITA and entire consortium and be responsible for all communications between them;
- It shall assume full responsibility for the implementation of the entire project in accordance with the financing agreement;
- The Main Applicant shall obtain, verify and consolidate information/reports submitted from co-applicants and submit them to GITA;
- The Main Applicant shall inform GITA on behalf of entire consortium on any event that might affect or delay the implementation of the project.
- It shall inform GITA of any changes e.g. in the legal, financial, technical, organizational or

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<sup>6</sup> In case of Value Added Tax, the Applicant(s) later identified as Beneficiary(ies) may pay for the VAT from grant funds, however such payments shall not be regarded as eligible costs and therefore not be included in the list of expenditures in the quarterly financial report.

ownership situation of the co-applicants before such changes are effectuated;

- It shall be the sole recipient of advance disbursements from GITA, however it shall be responsible for the allocation of these funds between co-applicants in accordance with the approved project budget and consortia agreements without an unjustified delay;
- Guarantee the sound financial management of Matching Grant Funds in the context of entire consortium, ensure that the expenditure presented by the co-applicants has been incurred for project implementation purposes and arrange the recovery of any funds unduly paid;
- Shall delegate part of the activities to co-applicants but be responsible for providing all necessary documentation on behalf of entire consortium in the event of audits checks and M&E visits;
- The Beneficiary is allowed up to fifteen percent (15%) of variations from the total Approved Project Budget within any of major budget categories.

## **4. PROCUREMENT PROCEDURES**

### **4.1. IBRD Guidelines**

GITA recommends that Goods and Non-Consultancy /Consultancy service contracts are procured through acceptable Commercial Practices defined as per IBRD Procurement and Consultant Guidelines, available at [www.worldbank.org/procurement](http://www.worldbank.org/procurement) (<http://go.worldbank.org/YZVQ9VQ490>). The List of Debarred Firms is available at: <http://www.worldbank.org/debarr>.

The Beneficiaries are obliged to refer to the World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011. (Anti-Corruption Guidelines) available at:

<http://siteresources.worldbank.org/INTLEGSTAFONLY/Resources/AnticorruptionGuidelinesOct2006RevisedJan2011.pdf>

### **4.2. Fraud and Corruption**

GITA requires that the grant Beneficiaries as well as selected Suppliers and Consultants participating in the projects adhere to the highest ethical standards, both during the selection process and throughout the execution of a contract. In pursuance of this policy, the World Bank defines the terms set forth below:

- "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the actions of another party;
- "fraudulent practice" is an act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;

- “collusive practices” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- “coercive practices” is impairing or harming, or threatening to impair or harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract;
- “obstructive practice”

(a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

(b) Acts intended to materially impede the exercise of the World Bank’s inspection and audit rights.

GITA is committed to address any potential issues on fraud and corruption and will support the World Bank in implementing the relevant provisions as outlined in the Procurement Guidelines (paragraph 1.16) and Consultant Guidelines (paragraph 1.23). Before accepting the Applicant statement terms, the Applicant is advised to carefully read the whole document and contact GITA if any questions arise.

## **5. SUBMISSION OF THE APPLICATION**

### **5.1. Acceptance of Terms**

The first step in the Application process requires the Applicant to accept the Applicant statement in order for GITA to consider and evaluate the Application. The Applicant statement, also developed for on-line access, covers the following primary topics:

- Acceptance of terms in regards to the Innovation Matching Grants Program;
- Acceptance of terms in regards to the Financing Agreement;
- Acceptance of terms in regards to the ESMF;
- Acceptance of terms of Confidentiality Policy and Prevention of Conflict of Interest Policy;
- Acceptance of terms with respect to Intellectual Property (IP) and know-how requirements;
- Acceptance of terms with respect to the Anti-Corruption Guidelines<sup>7</sup>.

### **5.2. IP and Know-How Requirements**

If applicable, the Applicant is required to show proof of IP 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

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<sup>7</sup> World Bank's “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011.

and the finished product or service. Any new IP and know-how, which may be created during the implementation of the project, belongs to the Applicant. The Applicant has to secure these IP and know-how rights in agreements concluded with any third party.

### **5.3. Application forms and supporting documents**

The following documentation shall be submitted before the submission deadline, **in Georgian and in English** through GITA's Innovation Matching Grants web-portal:

#### **Project Proposal Documentation**

- Business plan - in English and Georgian; applicant(s) are required to use templates provided by GITA (Attachment IMG1) which includes project quarterly milestones;
- Environmental Screening Questionnaire (ESQ) in English and Georgian (Attachment IMG2);
- Project budget in English and Georgian (Attachment IMG3);
- 3-year Financial Forecast in English and Georgian (Attachment IMG4); and
- Applicant statement, submitted electronically through Innovation Matching Grants portal, before submitting application (Attachment IMG5).

#### **Supporting Documentation:**

- Business Registration Form issued by National Agency of Public Registry, not older than six (6) months at the time of submission of the Application, in Georgian, shall be submitted by each member (applicant and co-applicants, if any of consortium,);
- Public higher education institutions, scientific academies and scientific research institutions shall provide reference to the relevant law governing the establishment of such entities;
- CVs of existing personnel and/or TORs<sup>8</sup> for key positions in the project (maximum 5), in English and Georgian;
- The Applicant's latest accounts from the revenue services, in Georgian:
  - a) Either a notification from the revenue services that the applicant is not a VAT payer  
or
  - b) VAT declaration from the revenue services for the last twelve months before the call for proposals is launched (monthly declaration).

Additional supporting documents shall be provided by the selected applicants during the negotiation stage:

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<sup>8</sup> If not yet hired

- Consortia agreements (if any) – see section 6.4
- A single designated bank account (for applicant and co-applicants, if any) for the project and the latest bank statement(s);
- Relevant proof of co-financing including but not limited to: investment contract (e.g. capital contributions), debt agreement (e.g. credit agreements with the banks or financial institutions, loan agreements), company cash contribution (e.g. cash acquired through current business operations as shown on company income statements and corresponding bank account transaction and balance information). Applicants will be given up to three (3) months following the award decision to provide GITA with such proof.
- Environmental and Social Management Plan (ESMP), if applicable (as determined by the review of the Environmental Screening Questionnaire);
- Proof of IP 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 use the technology being developed and the finished product or service, if applicable;
- Any other document as may be requested by GITA.

Please note that in both cases, **some of the documents might be requested in original** if deemed necessary by GITA.

#### **5.4. Instructions to the submission process**

When preparing application, please consider the following:

Only Applications submitted using Innovation Matching Grants web portal, accessible via [www.grants.gov.ge](http://www.grants.gov.ge) will be considered. To apply for the Innovation Matching Grants Program, the Applicant needs to register to the Innovation Matching Grants web portal, and complete the Applicant registration form indicating basic details about the company e.g. tax identification number, legal form, address, contact person details, etc. if applicable, information for co-applicants constituting the consortium shall also be filled in.

The application can no longer be modified after submission; therefore, applicants are recommended not to submit the application until they are firmly sure that all requirements have been addressed. The web portal provides applicants with “save” function, so that applicants can continue modifying applications before submission;

Applicant will receive confirmation and unique application will be assigned with unique reference number. Once the application is submitted, however, should it not receive such confirmation, the applicant should contact GITA via the email indicated on the IMG web portal. The application reference number shall be used in all future communication between applicant and the Implementing Agency.

Only complete Applications will be accepted for review. However, the Applicants may be requested to clarify/modify certain information and submitted documentation in order to avoid their possible disqualification in this initial phase due to some minor administrative issues. It is the Applicant’s

responsibility to ensure that all the relevant documents are uploaded to the appropriate section of the Innovation Matching Grants web portal.

Applications can be submitted any time (on a rolling basis) following the initial call for proposals. It is expected that the first review and evaluation process will be initiated between 8 and 12 weeks following the first call depending, in part, on the number of applications received. The review and evaluation process will take place roughly every 3 months following the initial review and evaluation.

### **Number of applications and grants per applicants**

The Applicant may submit more than one (1) application under IMG program during different rounds. The Applicant may be awarded more than one (1) grant under IMG program during different rounds. Yet, overall during the entire IMG program a single applicant/co-applicant cannot receive more than GEL 650,000. The Main Applicant may be a co-applicant in another application at the same time. A Co-applicant may be a part of more than one (1) application under IMG program. However, during the entire IMG program the co-applicant cannot obtain more than GEL 650,000. A Co-applicant may be the applicant in other applications at the same time.

Modified and improved Applications are allowed. However, an Applicant can resubmit substantially the same Application only once. An Application which is substantially the same as any Application (i.e., based on the substantially same or similar innovative technology, product or service and business plan), previously submitted to GITA will not be considered for financing.

## **6. PROJECT EVALUATION AND FINANCING DECISION**

Evaluation process is composed of technical (desk review) and quality evaluation of proposals that will help GITA select the best possible projects from the submitted proposals.

### **6.1. Desk Review**

After submission, proposals will be processed on a rolling basis during a desk review. Each proposal will first of all be checked against environmental and social compliance.

**The environmental review** will examine the nature and type of the proposed project activity against the exclusion list provided in Attachment II of the ESMF and perform an environmental classification of the proposed activities according to the ESMF and World Bank OP 4.01 Environmental Assessment.

Each Applicant will be required to fill out an **Environmental and Social Checklist Questionnaire for Innovation Matching Grants (ESCQ)** - Attachment I to the ESMF (see **Attachment IMG2** to this Manual) and include it in the Application. An Applicant will be held responsible for an accurate description of the current environmental performance of his/her enterprise and of the possible positive and negative environmental and social impacts of the proposed activities. A GITA Safeguards Specialist will review filled out ESCQs and copies of licenses/permits attached in support of the information provided in the questionnaires.

Any proposed project that contains activities included in the exclusion list or which fall under



environmental Category A<sup>9</sup> will be rejected during the desk review stage. Category C<sup>10</sup> activities will not require further environmental work.

Applicants whose projects fall under environmental Category B<sup>11</sup> will be informed by GITA on the need to develop ESMPs during the negotiation stage. It is the responsibility of the Applicant to prepare the ESMP and submit it within the set deadline after being notified by GITA. The guidance on the content of the ESMP is provided in the ESMF of GENIE Project as **Attachment IMG2** to this Manual. If a project requires an ESMP and the Applicant fails to furnish it to GITA within the set timeframe and in a satisfactory manner, the Application will not receive financing.

Those applications that passed the first stage of the desk review will undergo the **administrative compliance and eligibility check**, where applications will be checked against the completeness of submitted documents and the eligibility criteria check according to this manual.

At this stage, the application shall be rejected and shall not be further evaluated if any of the following criteria are not fulfilled:

- A complete set of project proposal documents and supporting documents listed in the section 4.3 (Application Forms and Supporting Documents) of this manual.
- Any of the eligibility criteria as laid down in this manual, is not met.

The final step of the desk review refers to the intellectual property rights review performed by the desk reviewer deployed from the National Intellectual Property Center “Sakpatenti”. No application will be rejected as a result of IP verification. The IP review is strictly advisory in nature in the review and evaluation process. The objective of the IP review is to 1) assess patentability of an invention involved in the project and 2) check whether there is a risk of infringement of a patent by a third party during the project implementation phase.

Only fully completed and electronically submitted Applications will be considered for further evaluation. If applicable, and depending on the additional information sought, the Applicants may be given 5 to 10 calendar days for addressing clarifications requested by GITA depending on the complexity of the request imposed by GITA. In case the above-mentioned deadline is not respected, GITA reserves the right not to consider the application for further evaluation. Applicants will be informed on the outcomes of the desk review by email and through the Innovation Matching Grants web portal.

The applications that passed through the desk review will go through the quality evaluation process composed of two stages, the Peer Review and the Investment Committee Review. The quality evaluation process may be performed by an outsourced consulting company engaged by GITA,

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<sup>9</sup> A proposed activity is classified as Category A if it is likely to have significant adverse environmental impacts that are complex, irreversible, or unprecedented.

<sup>10</sup> A proposed activity is classified as Category C if it is not expected to have potential adverse environmental impacts.

<sup>11</sup> A proposed activity is classified as Category B if its potential adverse environmental impacts on human populations or environmentally important areas--including wetlands, forests, grasslands, and other natural habitats--are less adverse than those of Category A projects. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigation measures can be designed more readily than for Category A projects.

individual experts, or a combination of the two. It is envisioned that the quality evaluation will take up to 45 calendar days.

## **6.2. Peer Review**

Each Application that meets the desk review criteria will be evaluated by two unbiased international peer-reviewers. The first reviewer will have the skills and expertise from the scientific/technical field in line with proposal to be evaluated, while the second will have business/market knowledge and related experience relevant for the proposal.

Each peer reviewer must have the highest standards of integrity, which preclude any questionable affiliation with Applicants, including as an employee, consultant, relative, political or business affiliate. Each peer review candidate should disclose in advance any perceived, potential or actual conflict of interest that could affect his/her objectivity. Each peer reviewer will evaluate the proposal against a set of evaluation criteria providing both merit-based scores and a narrative section highlighting the strengths and weaknesses of the proposal and indicating any issues that might be clarified with an Applicant before or at the interview.

**Evaluation Criteria and scoring principles:** The peer reviewers will assess each proposal against the evaluation criteria identified in Table 2 below. They will assess the proposal and provide a 1-5 score for each criterion using the following scoring system -- 1 stands for Weak, 2 - Fair, 3 - Moderate, 4- Strong, 5 – Exceptional. The proposal can generate a total score of up to 35 points from each peer reviewer. These proposal scores along with a corresponding explanatory narratives will be provided to the Investment Committee (IC) members to proceed with the evaluation process.

**Table 2 – Evaluation Criteria**

<b>Management and key personnel credentials and ability of the company (consortia) to deliver</b>	<ul style="list-style-type: none"> <li>Does the management team and key personnel have adequate skills, education, knowledge, track record and experience to execute the proposed project?</li> </ul>
<b>Innovativeness of the technology, product or service; clear IP position and potential</b>	<ul style="list-style-type: none"> <li>Will the proposal result in improvement of existing technologies, products or services?</li> <li>To what extent does the proposal suggest and explore unique concepts or applications?</li> <li>Does the proposal lead to enabling technologies for further discoveries?</li> <li>Does the proposed technology, product or service have potential for creation of new IP?</li> <li>Does the Applicant have full ownership/rights to develop and use the technology/product or service being developed?</li> </ul>
<b>Clear market need, competitive (preferably global) position and commercialization potential</b>	<ul style="list-style-type: none"> <li>Does the proposed approach have potential to lead to a marketable technology, product or process?</li> <li>What is the specific market for the technology, product or process? Is it a growing market? Are customers/users definable?</li> <li>Evaluate the competitive advantage of this technology vs. alternate technologies that can meet the same market needs.</li> <li>Is the technology, product or service competitive and what are the competitive threats?</li> <li>Preference should be given to globally competitive technologies, products and services.</li> </ul>
<b>Potential for generating revenue within two to three (2-3) years after the project start</b>	<ul style="list-style-type: none"> <li>Does the proposed technology, product or service have potential to generate revenue within 1-2 years after the project is completed?</li> <li>Is the estimate of the target market realistic and who are expected to be the main competitors?</li> </ul>
<b>Viable implementation methodology and capabilities, and project milestones</b>	<ul style="list-style-type: none"> <li>Is the proposed plan a sound approach leading towards commercialization?</li> <li>Are the overall methodology and activities well-reasoned and appropriate to accomplish the proposed development of the technology, product or service?</li> <li>Is there sufficient access to resources (materials and supplies, analytical services, equipment, facilities, etc.) to bring the project to successful conclusion?</li> <li>Are project milestones well defined, realistic and measurable?</li> </ul>
<b>Use of funds and adequacy of the project budget</b>	<ul style="list-style-type: none"> <li>Are the items listed in the budget in line with the proposed activities (e.g. man hours, materials)?</li> <li>Are the proposed costs realistic?</li> <li>Would the budget benefit from any alterations or corrections (e.g. more funds allocated to IP protection, reducing consultancy costs)?</li> </ul>

<b>Technology and implementation risk management</b>	<ul style="list-style-type: none"> <li>• Are potential implementation problems, risks, and proposed solutions clearly identified and mitigated?</li> <li>• Will the proposed approach establish the feasibility and will the particularly higher risk aspects likely to be managed appropriately?</li> </ul>
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### 6.3. Investment Committee Review

The Investment Committee (IC) is composed of 3-5 unbiased International Experts. The IC members must have the highest standards of integrity, which preclude any questionable affiliation with Applicants, including as an employee, consultant, relative, political or business affiliate. They must have prominent expertise in International Business, Investment Strategy, Innovative R&D, Product Development and Commercialization. They shall also not have any type of long-term affiliation (e.g., management, staff, advisor, investor, etc.) with an organization overseeing or managing the review and evaluation process.

As a first step, the IC will review scores assigned by each peer reviewer along with the explanatory narrative and evaluate each of the proposals against the same evaluation criteria used by the peer reviewers. The IC will then decide which applications will pass to the third and final stage of evaluation, i.e., short list of projects for final evaluation. Applicants who do not make to the short list would be informed as such by GITA.

The short-listed applicants will be invited for closed presentations / interviews in front of the Investment Committee. The applicants should be ready to answer any questions asked regarding their proposals or provide supplementary information if requested by the IC. Based on the interviews and all relevant supporting information, the IC will produce the final financing decision regarding each interviewed applicant. The short-listed Applicants will be informed about the outcomes of the selection process and the list of selected projects will be published on the websites of GITA and the Ministry of Economy and Sustainable Development. Following the financing decision, the selected applicants will be invited to negotiate and sign the Financing Agreement.

### 6.4. Negotiations and award of grants

An on-the-spot verification of Applicants proposed for financing may be performed by GITA at its sole discretion (including, e.g. by specialized technical personnel such as the Environmental Specialist) in order to verify the information presented in the Application and the documentation submitted. Following these steps, each Applicant proposed for financing will be invited to enter into contract negotiations with GITA. The purpose of these negotiations is to address any ambiguities that may emerge during the evaluation and to obtain any required revisions of the proposals. Negotiations may cover budget (in terms of the cost eligibility criteria) and institutional, technical, IP or legal aspects of the proposal. The documents listed in section 4.3 of this manual will be requested from the selected applicants.

For projects in consortia, a consortia agreement shall be requested as soon as possible after the receipt of the invitation to enter into negotiations (to be completed prior to the signing of the Financing Agreement). The Main Applicant and each co-applicant shall determine, the respective rights and

obligations of co-applicants, such as:

The consortia agreement concluded between the Main Applicant and co-applicant(s) (if any) shall cover the following points

- The activities to be undertaken by each member of the consortia and their timetable;
- Payment arrangements;
- Contributions committed by the co-applicants for successful realization of project;
- Intellectual Property Rights, in particular the access to pre-existing know-how, the use of knowledge, publicity and confidentiality;
- The Main Applicant shall make sure that co-applicants are bound with the same terms and conditions as main applicant towards the Implementing Agency.

## **7. IMPLEMENTATION AND MONITORING OF THE PROJECT**

### **7.1. Implementation of the Project**

After signing the Financing Agreement, Main Applicant will be identified as Beneficiary and co-applicants as co-beneficiaries, collectively referred to as Beneficiaries. The Beneficiary is required to carry out the project diligently and efficiently in accordance with the terms of the Innovation Matching Grants Program and the Financing Agreement and with sound ethical, technical, economic, financial, managerial, environmental and social standards and practices. The Beneficiary is required to maintain policies and procedures adequate to enable GITA (and the World Bank) to monitor and evaluate the progress of the project and the achievement of its objectives.

The Beneficiary is required to carry out the project in accordance with the provisions of the Environmental Management Framework and the Environmental Management Plan (where applicable) and to take in a timely manner all measures to enable GITA to monitor the provisions of the Environmental Management Plan.

The Beneficiary shall use the financing in accordance with the Approved Project Budget, maintain a financial management system and prepare quarterly financial reports in accordance with consistently applied accounting standards, on a cash basis, both in a manner adequate to reflect the operations, resources and expenditures related to the project.

The Beneficiary on a quarterly basis will submit a Project Financial Report, including the Statement of Expenditure (SOE), Designated Account Reconciliation Statement (**Attachment IMG6a**), the bank statement from the designated account, as well as copies of the relevant receipts and invoices, for review of the outsourced Audit Company contracted by GITA. The Beneficiary shall also submit quarterly progress reports, which will be reviewed in parallel to the Financial Reports (**Attachment IMG6b**). This quarterly progress reports will include information on the progress of the project in terms of technical, operational, IP and other milestones as well as problems encountered, mitigation measures and any changes required going forward.

The Beneficiary will permit GITA, the World Bank, and/or persons or auditors appointed by GITA to

inspect and audit its accounts and records and any other documents relating to the Project and performance under the Financing Agreement. Any failure to comply with this obligation may constitute a prohibited practice subject to Financing Agreement termination by the GITA.

The Beneficiary is required to implement the project in accordance with the Project Proposal. Any significant deviation from the Project Proposal such as delay in project completion within timeframes defined in the Project Proposal or whenever proposed milestones are changed, requires prior written consent from GITA. Such requests will be granted only in exceptional and justified circumstances, and must be duly evidenced to accommodate their appraisal.

The Beneficiary is also expected to provide periodic updates every year to GITA for up to five (5) years after the completion of the project covering key project performance metrics (e.g., project milestones achieved) and financial information in the format requested by GITA. The Beneficiary might be requested to participate in the thematic meetings organized by GITA and present these results or success stories to the meeting audience.

The Beneficiary shall make sure that all members of consortium are complying with the rules laid down in the Financing Agreement and in the Innovation Matching Grants manual. The Beneficiary is responsible for reporting on behalf of whole consortium, therefore reports presented to GITA shall include consolidated information for all beneficiaries comprising consortium (Section 2.4 of this manual).

## **7.2. Disbursement**

The Beneficiary (and co-beneficiaries if any) shall open a designated bank account only to be used for the purposes of the project, and the disbursements from GITA as well as the match (co-financing) from the Beneficiary will be deposited in this account. All payments, in the frame of the project, shall be done through this single designated bank account. Costs covered using cash (petty cash) will be declared as ineligible.

Grant funds to the Beneficiary will be issued in quarterly tranches; a Withdrawal Application Form (**Attachment IMG7**) will be used by the Beneficiary to request grant tranches from GITA. The first installment will be transferred to the Beneficiary's designated bank account based on the Financing Agreement; however, all further tranches shall be provided on the basis of required progress and financial reports of the previous period. For projects implemented by consortium, the beneficiary is responsible for allocating the respective funds to the co-beneficiaries

The Financial report (**Attachment IMG6a**), including SOE, Designated Account Reconciliation Statement, supported by the documents and bank statement will be reviewed and cleared by the relevant staff of GITA , before the next tranche is disbursed.

Prior to each disbursement, the Beneficiary must submit, along with the required progress and financial report, a bank account statement showing that the Beneficiary has deposited in the designated account its share of co-financing sufficient for the respective advance disbursement from GITA. Prior to each disbursement, the Beneficiary must submit required progress and financial reports within two (2) weeks after the last calendar day of the project quarter along with other required documentation.

The review and approval of the reports will take approximately four (4) weeks and may be subject to

an on-site monitoring visit as described in Section 6.3.

The Beneficiary is allowed up to fifteen percent (15%) of variations from the total Approved Project Budget within any of major budget categories (except for the construction/renovation category where no variation/reallocation is allowed). Should the expenses variations related to any major budget category be expected to exceed fifteen percent (15%) during the course of the project, a written request for funds reallocation must be submitted for GITA's approval.

GITA reserves the right to suspend or terminate financing under the Financing Agreement, and request a refund of all or any part of the amount of the financing disbursed, in the event that the Beneficiary fails to perform any of its obligations under the Financing Agreement, or for other reasons which may be considered as a breach of contract between the two parties.

#### **7.2.1. Calculation of disbursement and balances**

For the sake of smooth implementation of the project, the disbursement amounts and schedule (**see Table 3 - Disbursement Schedule**) should correspond to the following plan:

- The first advance disbursement shall equal 100% of the grant portion<sup>12</sup> of the approved project budget for the 1<sup>st</sup> reporting quarter plus 50% of grant portion of the budget for the next (i.e. 2<sup>nd</sup>) reporting quarter and be paid after Financing Agreement is signed. In support and prior to receiving this payment, Beneficiary shall submit:
  - a) Withdrawal application;
  - b) Proof of co-finance sufficient for the first advance disbursement<sup>13</sup>, deposited to the designated bank account.
- Further, each advance disbursement may equal 50% of the grant portion<sup>14</sup> of the budget for the current reporting quarter plus 50% of grant portion of the project budget for the next reporting quarter. In support and prior to receiving this payment, Beneficiary shall submit:
  - a) Withdrawal Application;
  - b) Proof of co-finance sufficient for the respective advance disbursement<sup>15</sup>, deposited to the designated bank account;
  - c) Quarterly progress report;
  - d) Quarterly financial report.
- The last advance disbursement may equal 50% of grant portion<sup>16</sup> of the budget for the last reporting quarter. In support and prior to receiving this payment, Beneficiary shall submit:

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<sup>12</sup> Total project budget less the co-financing contribution

<sup>13</sup> The co-financing contribution deposited to the bank account shall correspond to percent of co-finance indicated in the financing agreement

<sup>14</sup> Total project budget less the co-financing contribution

<sup>15</sup> The co-financing contribution deposited to the bank account shall correspond to percent of co-finance indicated in the financing agreement

<sup>16</sup> Total project budget less the co-financing contribution

- a) Withdrawal Application;
- b) Proof of co-finance sufficient for the final advance disbursement<sup>17</sup>, deposited on the designated bank account;

In order to reconcile the last advance payment a Beneficiary shall submit

- a) Final progress report;
- b) The financial report for the last reporting quarter

**Table 3: Disbursement Schedule**

<b>Disbursements</b>	<b>Calculation</b>	<b>Basis for the payment</b>
<b>1<sup>st</sup> advance disbursement</b>	100% of the grant for the first reporting quarter  plus  up to 50% of the grant for the 2 <sup>nd</sup> reporting quarter	<ul style="list-style-type: none"> <li>• Financing Agreement</li> <li>• Withdrawal application;</li> <li>• Proof of co-finance sufficient for the first advance disbursement, deposited on the designated bank account.</li> </ul>
<b>2<sup>nd</sup> and further advance disbursements</b>	Up to 50% of the grant for the current reporting quarter  plus  up to 50% of the grant for the next reporting quarter	<ul style="list-style-type: none"> <li>• Withdrawal Application;</li> <li>• Proof of co-finance sufficient for the respective advance disbursement, deposited on the designated bank account;</li> <li>• Quarterly progress report;</li> <li>• Quarterly financial report.</li> </ul>
<b>The last* advance disbursement</b>	Up to 50% of the grant for the last reporting quarter	<ul style="list-style-type: none"> <li>• Withdrawal Application;</li> <li>• Proof of co-finance sufficient for the final advance disbursement, deposited on the designated bank account;</li> </ul>

\* The final progress report, the financial report for the last reporting quarter shall be submitted after the implementation period is over.

In addition to the above-mentioned calculation each advance payment and final disbursement, except for the first one, may be further reduced by the unspent balance whenever this underspend is caused by the savings or the delay in the implementation of activities. Should such case arise a beneficiary shall submit the updated timeline and the amended budget to request the reallocation of funds, unless a

<sup>17</sup> The co-financing contribution deposited to the bank account shall correspond to percent of co-finance indicated in the financing agreement



delay in activities prevents the implementation of the project. Should latter be the case the contract will be suspended according to the provisions of the Financing Agreement.

In case there are ineligible costs identified in the Financial Reports, the Beneficiary will not be entitled to receive the next disbursement until the corresponding amount is refunded back to the project account.

**The Beneficiary shall refund any unspent balance or ineligible costs no longer than 30 days after the end of the implementation period. These owed funds may be identified as a result of revisions/checks conducted by GITA or its auditors.**

#### Monitoring and Reporting of the Project

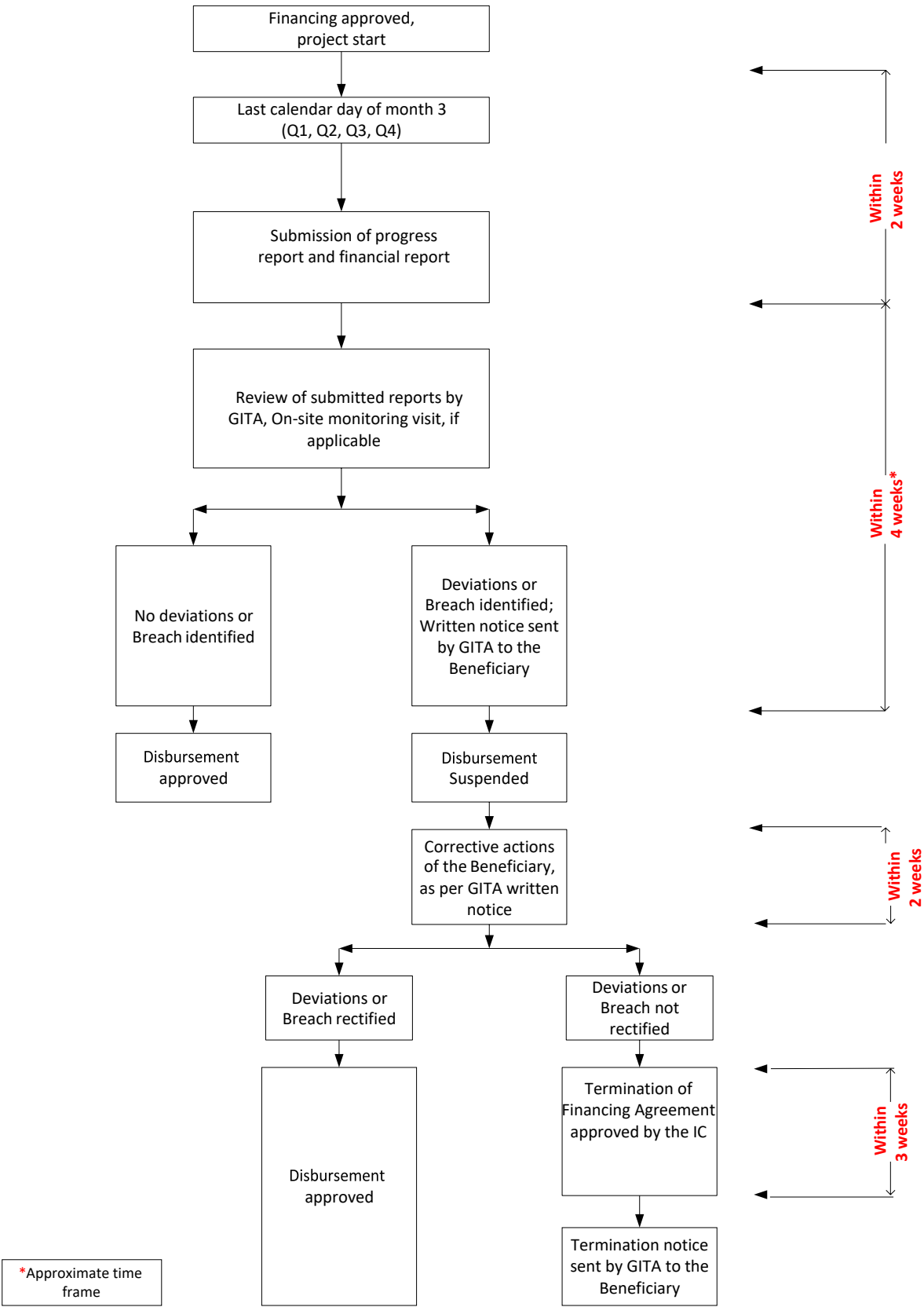
Prior to disbursement of funds to the Beneficiary, monitoring of the project is required by GITA. The purpose of the monitoring is to assess the progress of the project in implementing the task activities, and to assure that financial expenditures are in accordance with the Approved Project Budget for the given period. Methods of monitoring include:

- A) Review of submitted progress and financial reports;
- B) On-site monitoring visits, as needed;

The Beneficiary must submit required progress and financial reports through Innovation Matching Grants web portal, within two (2) weeks after the last calendar day of the project quarter. This reporting is a requirement for the duration of the project, or until all project activities are completed and the project is formally closed. GITA will perform on-site monitoring visits semi-annually or more often if necessary and as determined by GITA. Upon review and approval of the reports by GITA and positive outcome of the on-site monitoring visit (when applicable) the project financing for the next quarter will be disbursed. After the project is fully completed, the financial (covering the last project quarter) and final progress reports must be submitted to GITA within four (4) weeks after the last calendar day of the project.

GITA will review the submitted report within two (2) weeks after reports are submitted, identify the deviation or breach (if any) and communicate them with the Beneficiary. The Financing Agreement may be the subject to termination in the event the Beneficiary fail to take corrective measures within 2 weeks after the receipt of notification with the request for clarifications/corrections. For the comprehensive picture on the monitoring procedure, please see **Figure 2**

**Figure 2: Monitoring Procedures**



For deviations in the progress and/or financial report that can be corrected or justified and are not a result of the Beneficiary's mismanagement of financials or the project, the Beneficiary will be required to update the progress and/or financial report and resubmit it to GITA as per GITA's written notice. Additional check-ups by GITA will be done. The payment will be preceded after the updated progress and/or financial reports are approved.

The templates for the quarterly and final progress and financial reports will be available through the Innovation Matching Grants web portal.

**Each report has to be signed and stamped (if applicable) by the representative authorized by the Beneficiary**, each report has to be scanned and uploaded per provided file templates. Quarterly progress- and financial- reports should be accompanied with copies of supporting documents and bank account statement relevant for previous quarter. Bank account statements should show all relevant transactions related to submitted supporting documents. Furthermore, designated bank account statements have to show that the Beneficiary has secured its share of co-financing sufficient for the next disbursement.

**Note that Beneficiary shall not disburse from or deposit into this designated bank account any funds not related to the project.** In addition to the formal reports required under the Financing Agreement, it is the Beneficiary's obligation to report significant project events to GITA, positive or otherwise. As a contributor to the project, GITA would like to be kept abreast of the project status. In the event of favorable variations or unforeseen problems, GITA's early awareness will enable GITA management to work with the project team in implementing any necessary changes to project activities, including re-scheduling and re-budgeting.

Any changes to the project (e.g. regarding project implementation, timelines, project budget, deliverables, project staff, etc.) should be communicated to GITA in writing as they require GITA's written consent. Such changes may not be effective before the written consent is issued to the Beneficiary.

### **7.2.2. Financial Report**

The purpose of the quarterly financial report (**Attachment IMG6a**) is to enable GITA to monitor actual expenditures on the project and to assist decisions relating to the continued financing of the project.

All expenses incurred in GITA-supported projects for the actual period must be itemized in accordance with Approved Project Budget as per Financing Agreement, and all payments from the designated bank account in all categories should be shown. **Expenditure is recognized on a cash basis.**<sup>18</sup> No depreciation will be provided in these statements as per financial management requirements. Similarly, the Beneficiary will recognize salaries as an expense at the moment of payment (accruals will not be eligible for financing). Financial reports should include supporting documentation related to the payments and proof of purchase, such as bank account statements and payroll calculations for salaries, travel expenses calculations, contracts (if applicable), invoices, delivery receipts, service delivery reports, bank payment orders for all purchases, contracts and consultants, etc.

Monitoring by GITA will include verification of compliance between Quarterly Financial Reports with

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<sup>18</sup> Expenditure recognition on a cash basis means that the Beneficiary records expenses in financial accounts as cash is paid out for purchases, and in the same manner, the fixed assets held by the Beneficiary are shown in the project budget (or in financial reports prepared for GITA) at the cost at the moment of purchase.

Approved Project Budget and detailed verification of all supporting documentation.

If any concerns arise during the review of the financial report by GITA, the Beneficiary may be asked to submit additional documentation. The Beneficiary is expected to maintain financial records for the project sources and uses of funds separate from the other existing and/or future projects for the period of the project duration.

### **7.2.3. Progress Report**

The purpose of the quarterly progress reports (**Attachment IMG6b**) is to enable GITA to monitor project progress and to assist in making decisions regarding the continued funding of the project. Timelines, conciseness, and agreement with the Project Proposal are key features of the progress reports.

The period of reporting covered in the progress report should coincide with the period in the accompanying financial report. The progress report will be reviewed by GITA only after both, progress and financial reports are received. This will enable GITA to associate completed tasks and activities reported in the progress report to the relevant expenditures in the financial report.

Progress reports submitted to GITA will be treated as confidential to the extent described in the Financing Agreement. Nonetheless, proprietary or commercially sensitive information should be identified as such.

### **7.2.4. Monitoring Visits**

The purpose of the on-site monitoring visit by the GITA representatives is primarily to review/verify that project technical, environmental and financial activities are occurring as reported and as stated in the approved project documents. GITA will perform on-site monitoring visits semi-annually or more often, if necessary and as determined by GITA.

The GITA will notify the Main Beneficiary in writing by email at least one (1) calendar week in advance about the on-site visit. The notification will outline the purpose of the visit, what is to be reviewed, and who should attend the meeting during the on-site visit. In turn, a beneficiary shall provide the representatives of GITA with the documents or information necessary for the visit.

Site visits will typically include a review of project implementation (e.g. procedures, milestones with measurable results, timelines, tasks, agreements, policies and financial documentation) as well as in-person meetings with relevant project team members.

At the end of on-site visit the GITA representatives will discuss, with relevant project team members, findings from the meeting and clarify any corrective actions to pursue after the visit. If the on-site monitoring visit has identified any concerns, the Beneficiary will be required to correct deficiencies within agreed timelines. The further financing depends on the severity of problem and it might be suspended until the deficiencies are corrected.

## **7.3. Master File**

Beneficiary should create a master file at the beginning of the project period. This master file should include the following documentation and each folder/binder should be referenced with letters and titles as described below:

(C) Correspondence

- Any email or official documentation exchanged between the Applicant and GITA during the application period (e.g. response from GITA's, notifications from GITA, etc.);
- Any email or official documentation exchanged between the Beneficiary and GITA during the project implementation;

(F) Award notification and Financing Agreement;

(P) Proposal - Application and supporting documentation as specified in Section 2 of this manual;

(R) Implementation

- Progress Reports
- Financial Reports inclusive all supporting documents (such as copies of invoices, agreements, payment documents, etc.)

During on-site visits the master file must be made available.

#### **7.4. Termination of Financing**

The GITA may suspend and/or terminate the financing, upon its sole discretion, in whole or in part, in the instance of a breach of any terms of the Innovation Matching Grants Program or the Financing Agreement, including but not limited to:

- 6.5.1 Failure of the Beneficiary to provide, promptly<sup>19</sup> as needed, the resources required for project implementation, including failure to deposit the co-financing amounts set forth in the Financing Agreement at the dates specified in the Financing Agreement;
- 6.5.2 Failure of the Beneficiary to use the financing as defined in the Approved Project Budget including reallocation of more than 15% of the Approved Project Budget by Beneficiary without prior written consent of GITA;
- 6.5.3 Significant failure of the Beneficiary to carry out the project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices, including in accordance with the provisions of the Anti-Corruption Guidelines, providing false information during any stage of the project Application, evaluation or implementation and in instances of gross misconduct or fraud;
- 6.5.4 Failure of the Beneficiary to carry out the project in accordance with the national environmental legislation and the EMP/ESMP, if applicable, and to undertake in a timely manner all measures to enable GITA to monitor compliance of Beneficiary's performance with the ESMP;
- 6.5.5 Failure of the Beneficiary to maintain policies and procedures adequate to enable GITA to monitor and evaluate the progress of the project and the achievement of its objectives;

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<sup>19</sup> Within 14 calendar days

- 6.5.6 Failure of the Beneficiary to maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the project;
- 6.5.7 Failure of the Beneficiary to have financial statements audited at GITA's request by independent auditors acceptable to GITA, in accordance with consistently applied auditing standards, and promptly furnish the statements as so audited to GITA;
- 6.5.8 Failure of the Beneficiary to enable GITA and/or the World Bank to inspect the implementation of the project, its operation and any relevant records and documents and prepare and furnish to GITA and the World Bank all such information as GITA or the World Bank shall reasonably request relating to the implementation of the project;
- 6.5.9 Failure of the Beneficiary to inform GITA of any significant changes to the project (e.g. regarding project implementation, timelines, project budget, deliverables, project staff, etc.).

In case of suspension of financing, GITA will send a written notice to the Beneficiary with information about the existence of a breach and with request to the Beneficiary to rectify the breach within two (2) weeks after the date of receipt of the notice. In the case the Beneficiary does not resolve the default, GITA has the right to terminate the Financing Agreement.

**In case of termination of financing due to the breach of any terms of the Innovation Matching Grants or the Financing Agreement, the Beneficiary will be required to refund all or any part of the amount disbursed by GITA under the Financing Agreement.**

If the Beneficiary terminates the Financing Agreement or abandons the project, the Beneficiary shall be obliged to refund to GITA the entire amount disbursed to the Beneficiary.

**Attachments** (Templates will be provided during the official announcement of the call for proposal)

Attachment IMG1 - Business Plan Template  
Attachment IMG2 - Environmental and Social Management Framework-ESMF  
Attachment IMG3 - Project Budget template  
Attachment IMG4 - 3-year financial forecast  
Attachment IMG5 - Applicant's Statement

**Attachments** (Templates will be provided during negotiations of the Financing Agreement)

Attachment IMG6a – Quarterly financial report  
Attachment IMG6b - Quarterly progress report  
Attachment IMG6c - Final Progress Report  
Attachment IMG7 - Withdrawal Application Form  
Attachment IMG8 – Innovation Matching Grants Financing Agreement