

**Georgia's Innovation and Technology Agency (GITA)**

# **STARTUP MATCHING GRANTS**

## **MANUAL**

**June 2024**

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## Definitions

**Application:** The package of all necessary documents and data submitted by the Applicant including project proposal.

**Applicant:** Individual or entity who has applied for a financing in accordance with the rules and procedures set forth in this Manual.

**Project Proposal:** Project proposal is an integral part of the Application. It consists of a business plan, project budget, activity plan, financial forecast, and Applicant's Statement on the acceptance of the terms and conditions.

**Approved Project Budget:** Applicant's project budget, included in the proposal.

**Call for Proposals:** Announcement, designed to provide an opportunity for eligible Applicants to submit project proposals for financing.

**Independent Investment Committee:** An independent decision-making body established by Georgia's Innovation and Technology Agency for awarding matching grants.

**Beneficiary:** An eligible Applicant that has been awarded a grant and has signed the Financing Agreement

**Financing Agreement:** A document signed by the Applicant, governing GITA Grant financing of the Applicant and responsibilities of the Awardee.

**Settlement Document:** 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.

**Implementing Agency:** Georgia's Innovation and Technology Agency (GITA).

**Pre-selected Applications:** A list of the top 50 project proposals for final evaluation, ranked by score.

**Negotiation Stage:** Contract negotiation stage, to address all ambiguities that emerged during the evaluation and to obtain additional documents or revisions of the proposals.

## 1. Startup Matching Grants Program's Objective, Implementing Agency, and Program Description

**The objective of the Startup Matching Grants Program** is to stimulate the creation of innovative and high-tech products and services in Georgia with the potential of scalability in the global market. For the purposes of the Program, innovation can be deemed as the creation of an innovative product or service, as well as the introduction of an innovative process or methodology.

**The implementing agency** of the Program is Georgia's Innovation and Technology Agency (hereinafter the Agency).

**The eligible applicant of the Program** can be a business entity, incorporated under the applicable/current Entrepreneurs Law of Georgia, registered at the National Agency of Public Registry (NAPR), or an unregistered individual or group of individuals.

**The project budget** is defined as the sum of the requested grant and co-financing amounts.

- The amount of the requested **grant amount** for each proposal is **no more than 150,000 GEL**.
- The amount of **co-financing** is **at least 10%** of the requested grant amount.

The **duration** of the project is defined as **up to 9 months**.

## 2. Startup Matching Grants Program Stages

Calls for Proposals for Startup Matching Grants are announced twice a year. The Call for Proposals consists of the following 5 stages:

### Stage 1: Submission of Business Ideas and Conducting Desk Review

In the 1st stage of the Matching Grants, the Agency announces a Call for Proposals through the Grants Portal ([www.grants.gov.ge](http://www.grants.gov.ge)), where the business ideas of the applicants are submitted in accordance with the forms and instructions provided by the Agency.

#### 1. Those wishing to participate in the Call of Proposals shall meet the following eligibility criteria:

- 1.1 The Applicant is a business entity, incorporated under the applicable/current Entrepreneurs Law of Georgia, registered at the National Agency of Public Registry (NAPR) in the organizational form of a legal entity or unregistered individuals or group of individuals (natural persons).

**If an unregistered individual or group of individuals successfully passes the second stage of the Call for Proposals: the registration of a new legal entity is a mandatory condition for continuing participation in the Call. An entity will be considered a new entity if it is registered following the submission of the Application in the 1st Stage.**

- 1.2 The Applicant, as a business entity, is not a beneficiary of any of the previous rounds of the Startup Matching Grants Program (including the World Bank-funded "Startup Matching Grants" Program).
- 1.3 At the moment of submitting the application and during the call, the applicants should not be registered in the debtors' register of the National Bureau of Enforcement (in the case of a legal entity, the above-mentioned requirement also applies to its shareholders), must not have tax debts in accordance with the legislation of Georgia, and must not be subject to insolvency proceedings, nor should be in the process of liquidation and reorganization.

## **2. Restricted Activities**

Within the framework of the Matching Grants Program, the following activities will not be financed: gambling, production of alcohol and alcoholic beverages, tobacco, and dangerous substances, and any related activities. Projects related to the wine industry are considered as eligible if they do not also relate to the production of alcohol.

## **3. Acceptance of the Terms and Conditions of the Call**

The mandatory condition for admission of an Application to the Call for Proposals is acceptance of terms and conditions through Grants Portal.

## **4. Intellectual Property (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 in the process of development or developed product or service.

If any private license agreement has been concluded with a third party on the object protected by intellectual property rights, which restricts the applicant from using the specific IP object, the applicant shall provide written consent on the use of an IP object from the above-mentioned third party upon request by the Agency.

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

In case of awarding a grant, the Applicant shall also address the recommendations developed by the Agency.

## **Desk Review of Applications**

The Agency carries out the desk review of the applications received at the 1st stage, which consists of the following activities:

- Determine compliance of an application with eligibility criteria.
- Examine of applications in compliance with the activities included in the list of restricted activities.

The applicant may be given up to 5 calendar days to submit additional information/documentation for clarifications at Agency's discretion. In case the above-mentioned deadline is not respected, Georgia's Innovation and Technology Agency reserves the right not to consider the application for further evaluation. Applicants will be informed of the outcomes of the desk review in electronic form.

All applications that meet the above-mentioned conditions will go to Stage 2 of the Call for Proposals.

## **Stage 2: Evaluation of Business Ideas and Selection of the Best 150 Applications**

Each Application that meets desk review criteria will be individually evaluated by independent and unbiased peer-reviewer/peer-reviewers.

Each peer-reviewer evaluates the proposals in accordance with the criteria determined by the Manual. After the evaluation is completed, each proposal is assigned a score corresponding to each criterion on the Grants

Portal. After that, proposals are sorted by rating, out of which 150 applications with the highest scores will pass to Stage 2.

The evaluation of Business Ideas is conducted in compliance with the criteria set out in Table 1. Peer reviewers assess each proposal and provide a 1-10 score for each criterion, which is assigned with weight due to its importance.

**Table 1.**

<b>Criterion</b>	<b>Content</b>	<b>Weight</b>
<b>Innovative Product/Service</b>	Is your product/service unique and innovative?	<b>30%</b>
	Does product/service solve a real problem and how?	
<b>Market Opportunity</b>	Who are the customers (existing/potential) of product/service?	<b>30%</b>
	How competitive is the market? Who are the competitors?	
	What is competitive advantage of the product/service?	
	Target Market and Industry of the product/service	
<b>Founders</b>	Do the founders have relevant experience?	<b>40%</b>
	Who writes code, or does other technical work on your product/service?	
	Do the founders have experience working together?	
	How long have each of you been working on product/service full-time?	

Weighted scores are summed up systematically and consequently, each proposal can achieve a maximum of 100 points.

### **Business Plan Preparation Training**

The selected 150 applicants will undergo business plan preparation training, in accordance with the pre-agreed syllabus with the Agency, which will assist them complete the business plan required at the 3rd stage. The training will be conducted by experts with relevant knowledge and experience which will be contracted by the Agency.

### **Stage 3: Submission of Business Plans by selected 150 Applicants and Business Plan Evaluation**

During the third stage of Matching Grants Program, business plans are submitted through the Grants Portal ([www.grants.gov.ge](http://www.grants.gov.ge)). The applicant must meet all the terms and conditions defined in the first stage of the Call.

During the third stage of the Call, the applicant must submit the following documents in Georgian and English:

- Business Plan (Annex 1) - filled out on the Grants Portal.
- Project Budget (Annex 2) - filled out on the Grants Portal.
- 5 Years Financial Forecast and Startup Metrics (Annex 3) - Completed Excel file must be uploaded to the Grants Portal.

Within the framework of the Startup Matching Grants Program, the project budget shall comply with the following cost categories:

1. Salaries: inclusive of all taxes and social benefits for employees working on the project.
2. Equipment or machinery for production purposes and R&D supplies.
3. Office and business operation costs.
4. R&D services, subcontracts. 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.
5. Patent application and other fees related to obtaining a patent, certifications, and any IP related costs.
6. Sales and marketing costs.
7. 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.

In case of the financing a proposal, any type of travel within the country and/or abroad, provided in the project budget, must be carried out in accordance with the daily allowance norms set by the Order #220 of the Minister of Finance of Georgia.

Only **eligible costs** can be covered by a grant. The categories of costs that are eligible are indicated below:

1. **Are incurred as per Approved Project Budget.**
2. **Are incurred and paid during the project implementation period; (The purchased product/service must be received before the closure of the project. Otherwise, the expenditure will be considered eligible.**
3. **Are reasonable and necessary for the implementation of the project.**
4. **Are recorded in the accounting books of the Beneficiary.**
5. **Comply with local tax legislation.**

#### **Ineligible Costs:**

Within the framework of the Startup Matching Grants Program the categories of costs that are **ineligible** are indicated below:

- Interest or debt owed to any party.
- Expenditures and provisions for possible future losses or debts.
- VAT, profit and import tax as per exemptions provisioned for grantees in the relevant Articles of the Tax Code of Georgia. 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.
- Items already financed through another framework, program or company/institution (prevention of double financing).
- Currency exchange losses; fees and penalties.
- Entertainment and hospitality costs.
- Relocation costs or donations.
- Purchase of land or buildings or construction.

Apart from the ineligible costs, the Applicants, later identified as Beneficiary(ies) **shall not make payments in physical cash** and shall only pay for costs incurred for project purposes from the **designated bank account**.

Beneficiaries financed under the Matching Grants Program, within the limits of the funds received by the grant, shall use benefits related to value-added tax in accordance with the Tax Code of Georgia.

#### **Desk Review of Business Plans**

The Agency carries out the desk review of the applications received at the third stage, which consists of the following activities:

- Determine compliance of an application with eligibility criteria.
- Examine of applications in compliance with the activities included in the list of restricted activities.

The applicant may be given up to 5 calendar days to submit additional information/documentation for clarifications at Agency's discretion. In case the above-mentioned deadline is not respected, Georgia's Innovation and Technology Agency reserves the right not to consider the application for further evaluation. Applicants will be informed of the outcomes of the desk review in electronic form.

All applications that meet the above-mentioned conditions will go to the next stage of the Call for Proposals.

### **Evaluation of Business Plans**

Those applications that have successfully passed the Business Plan desk review stage will be evaluated by at least two independent and impartial international experts who will evaluate each application based on the business plan and the interview conducted. The business plan and interview will be evaluated separately by experts.

In case two experts initially assigned to the application cannot agree on an overall consensus score and comment, additional expert/experts will be involved in the evaluation process. Accordingly, the joint assessment must be accepted by the majority of experts assigned to the application. The combined consensus score and comments will be reflected on the Grants Portal and confirmed by each expert.

After the evaluation is completed, the experts will present the evaluation results. The applications will be ranked by total scores.

50 applications with the highest scores (finalist applications), which are ranked in descending order go to stage four. If the 50th and subsequent applications in the ranking have equal total scores, all the mentioned applications with equal scores will go to the final stage. If the 50th and subsequent applications in the ranking have equal total scores, all the above-mentioned applications with equal scores will go to the final stage.

The evaluation of Business Plans is conducted in compliance with the criteria set out in Table 2. Each criterion is assessed by score from 1-10 and each criterion is assigned with weights due to their importance.

**Table 2.**

<b>Criterion</b>	<b>Content</b>	<b>Business Plan Stage</b>	<b>Interview Stage</b>
<b>Innovative Product/Service</b>	Is your product/service unique and innovative?	<b>10.5%</b>	<b>19.5%</b>
	Does product/service solve a real problem and how?		
<b>Founders</b>	Do the founders have relevant experience?	<b>10.5%</b>	<b>19.5%</b>
	Who writes code, or does other technical work on your product/service?		



	Do the founders have experience working together? How long have each of you been working on product/service full-time?		
<b>Market Opportunity</b>	Who are the customers (existing/potential) of product/service?	<b>7%</b>	<b>13%</b>
	How competitive is the market? Who are the competitors?		
	What is competitive advantage of the product/service?		
	Target Market and Industry of the product/service		
<b>Business Model</b>	Are there signs of business model that works?	<b>7%</b>	<b>13%</b>
	Do you have paying customers?		
	Are there experiments conducted to determine which model works and which does not?		

Weighted scores are summed up systematically and consequently, each proposal can achieve a maximum of 100 points.

After the publication of the evaluation results, the evaluators will organize feedback session/sessions for the rejected applicants to provide additional feedback. Rejected applicants have the right to ask clarifying questions to the experts and receive relevant answers during the feedback sessions.

## Coaching Sessions

Finalist applicants will attend 5-day coaching sessions where they will master pitching skills in front of investors. The coaching sessions will be conducted by international coaches. After the end of the coaching the applicants will pass to the final evaluation stage.

## Stage 4: Final Evaluation Stage by the Independent Investment Committee and Announcement of Winners

The Final Evaluation of the applicant is carried out by the Independent Investment Committee (ICC). The Agency's independent Investment Committee is composed of at least three (3) unbiased international experts. The finalist applicants whose proposals have been pre-selected will be invited to pitch in front of ICC, which will be followed by a Q&A session.

Based on the decision of the Agency, pitching to Independent Investment Committee conducted during this stage might be publicly broadcasted.

The Investment Committee members during the evaluation process use the criteria set out in Table 3. Each criterion is assessed by score from 1-10 and each criterion is assigned with weights due to their importance.

*Table 3.*

Criterion	Content	Weight
<b>Innovative Product/Service</b>	Is your product/service unique and innovative?	<b>30%</b>

	Does product/service solve a real problem and how?	
<b>Founders</b>	Do the founders have relevant experience?	<b>30%</b>
	Who writes code, or does other technical work on your product/service?	
	Do the founders have experience working together?	
	How long have each of you been working on product/service full-time?	
<b>Market Opportunity</b>	Who are the customers (existing/potential) of product/service?	<b>20%</b>
	How competitive is the market? Who are the competitors?	
	What is competitive advantage of the product/service?	
	Target Market and Industry of the product/service	
<b>Business Model</b>	Are there signs of business model that works?	<b>20%</b>
	Do you have paying customers?	
	Are there experiments conducted to determine which model works and which does not?	

Weighted scores are summed up systematically and consequently, each proposal can achieve a maximum of 100 points.

After the pitching sessions, the consensus meeting of the ICC will be held where ICC members should agree on scores for each criterion and come up with the collective evaluation grid, which will include the list of applications that have been selected for financing by the ICC, with the sum of requested grants nearly equal to the budget available for each call for proposals. Please note that given the proper justification, Agency reserves the right not to allocate all the funds available as per budget of each call for proposals. The Agency is authorized to consider for financing only those applications that were selected by the Independent Investment Committee.

The Agency is authorized to check the accuracy of the information presented by the applicant to the ICC. If the above-mentioned information is inaccurately presented to the ICC by the finalist applicant, the agency retains the right to remove the applicant from the call/refuse to allocate funding.

In the event of violation of mandatory condition for awarding a grant, the Agency reserves the right not to allocate fully or partially the funds available as per budget of each call for proposals.

## Stage 5: Signature of the Financing Agreement and Project Monitoring

Each winner applicant proposed by the ICC for financing will be invited to enter into contract negotiations. The purpose of these negotiations is to solve all ambiguities that emerged during the evaluation and to obtain any required revisions of the proposals. Negotiations may cover budget (in terms of the cost eligibility criteria), any, technical or legal aspects of the proposal.

The following documents will be requested from the winner applicants to sign Financing Agreement:

- Bank account – details of the account designated to the project, and the latest bank statement.
- Evidence of co-financing - Relevant proof of co-financing includes but is 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, cash expected from the ongoing and future business operations) and similar sources. Applicants will be given up to one month following the award decision to provide such evidence.

- Proof of IP and know-how rights in accordance with the conditions specified on the 1st stage of call for proposals – if necessary.
- Any other document as requested by the Agency.

Some of the documents **might be requested in original** if deemed necessary by the Agency.

### 3. Implementation of the Project

#### 3.1 General Requirements

After signing the Financing Agreement, the Applicant will be identified as the Beneficiary. The Beneficiary is required to carry out the project diligently and efficiently in accordance with the terms of the Startup Matching Grants Program and the Financing Agreement and with sound technical, economic, financial, managerial and social standards and practices. The Beneficiary is required to maintain policies and procedures adequate to enable GITA to monitor and evaluate the progress of the project and the achievement of its objectives.

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 and Progress Reports, including the Statement of Expenditure (SOE), Designated Account Reconciliation Statement (Annex 7), the bank statement from the designated account, as well as copies of the relevant receipts and invoices, for review to GFMES.

The Beneficiary will permit GITA, and/or persons or auditors appointed by GITA to inspect and audit its accounts and records and 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 shall enable GITA to review/monitor the implementation of the project, its operation and any relevant records and documents and prepare and furnish to GITA all such information as GITA shall reasonably request relating to the implementation of the project.

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 not achieved, requires prior written consent from GITA. The Beneficiary may request a no-cost extension of the project implementation period. Such requests will be granted only in exceptional and justified circumstances, and must be duly evidenced to accommodate their appraisal.

Beneficiaries are also expected to provide periodic updates to GITA for at least (5) years after the conclusion of the project covering key performance indicators and financial information in the format requested by GITA. The Beneficiary might as well be requested to participate in the thematic meetings organized by GITA and present these results or success stories to the meeting audience.

#### 3.2 Disbursement

The Beneficiary 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 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 (Annex 9) 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 quarterly progress and financial reports of the previous period.

Prior to the quarterly disbursement, the Beneficiary must submit, along with the quarterly 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 quarterly disbursement, the Beneficiary must submit quarterly progress and financial reports within two (2) weeks after the last calendar day of the project quarter along with other required documentation. Quarterly reports should be submitted on the Grants Portal.

The Beneficiary is allowed of variations of each expenditure category within up to 15% of budget of the category in which the excess occurs. This permission does not apply to the category of salary expenditures. Should the expenses variations related to any major budget category be expected to exceed fifteen percent (15%) during the course of the project, a prior written request for funds reallocation must be submitted for GITA's approval.

GITA reserves the right to suspend or terminate the 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. In case of termination, the beneficiary shall not refund spent funds that are already recognized as eligible by the agency.

### 3.3 Calculation of disbursement and balances

For the smooth implementation of the project, the volume of payments and its schedule should be implemented in accordance with the following plan:

A) The first advance disbursement shall equal 100% of the grant portion 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:

1. Withdrawal application;
2. Proof of co-finance sufficient for the first advance disbursement, deposited to the designated bank account.

B) Further, each advance disbursement may equal 50% of the grant portion 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:

1. Withdrawal Application;
2. Proof of co-finance sufficient for the respective advance disbursement, deposited to the designated bank account;

3. Quarterly progress report;

4. Quarterly financial report.

C) The last advance disbursement may equal 50% of grant portion of the budget for the last reporting quarter. In support and prior to receiving this payment, Beneficiary shall submit:

1. Withdrawal Application;

2. Proof of co-finance sufficient for the final advance disbursement, deposited on the designated bank account;

3. Quarterly progress report;

4. Quarterly financial 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 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.

**After the end of the implementation period, a Beneficiary shall refund any unspent balance or ineligible costs identified as a result of revisions/checks conducted by GITA or the Auditors no longer than 30 days after receipt of notification requesting the amounts due to the Implementing Agency.**

### 3.4 Monitoring 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 quarterly progress and financial reports;

B) On-site monitoring visits, as needed;

The Beneficiary must submit quarterly progress and financial reports through matching grants web portal, within two (2) weeks after the last calendar day of the project quarter. This quarterly reporting is a requirement for the duration of the project, or until all project activities are completed and the project is formally closed. If necessary, GITA will perform on-site monitoring visits annually or more often and as determined by GITA. Upon review and approval of the reports by GITA the project financing for the next quarter will be disbursed.

After the project is fully completed, the quarterly 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 check the submitted report, 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.

### 3.5 Reporting

Two (2) weeks after the last calendar day of the project quarter, the quarterly progress and financial reports must be submitted along with other required documentation. This is followed by an on-site monitoring visit (when applicable) that will be conducted by GITA staff. Upon review and approval of the reports and upon positive outcome from the on-site monitoring visit, the Beneficiary will be eligible for disbursement for the next quarter.

For deviations in the quarterly 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 quarterly 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 Matching Grants web portal.

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.

#### 3.5.1. Progress Report

The purpose of the progress reports 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.

### ***3.5.2 Financial Report***

The purpose of the Financial Report (**Annex 6**) 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.** 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 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.

### ***3.5.3 Monitoring Visits***

The purpose of the on-site monitoring visit by the GITA representatives is primarily to verify that project progress and financial activities are occurring as reported and as stated in the approved project documents. GITA will perform on-site monitoring visits if necessary and as determined by GITA.

GITA will notify the Beneficiary in writing by email at least one (1) calendar week in advance about the on-site monitoring 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 monitoring visit. In turn, a beneficiary shall provide the representatives of the Implementing Agency with the documents or information necessary for the monitoring visit, as well as accommodate the presence of the persons requested by GITA.

Monitoring 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 monitoring visit 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.

### ***3.5.4 Termination on the 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 Startup Matching Grants Program or the Financing Agreement, including but not limited to:

- 5.4.1 Failure of the Beneficiary to provide, promptly 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.
- 5.4.2 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.
- 5.4.3 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.
- 5.4.4 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.
- 5.4.5 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.
- 5.4.6 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.
- 5.4.7 Failure of the Beneficiary to enable GITA to inspect the implementation of the project, its operation and any relevant records and documents and prepare and provide to GITA all such information as GITA shall reasonably request relating to the implementation of the project.
- 5.4.8 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 Startup 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.

#### **4. Submitting Accurate Information to the Agency**

##### **4.1 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, GITA defines the terms set forth below:

- (i) “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the actions of another party;
- (ii) “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;
- (iii) “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;
- (iv) “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;
- (v) “obstructive practice”
  - (aa) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a GITA 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
  - (bb) acts intended to materially impede the exercise of the GITA’s inspection and audit rights.

Before accepting the Applicant statement terms, the Applicant is advised to carefully read the whole document and contact GITA if any questions arise.

The Agency is authorized to check the correctness of the information presented by the applicant in the grant application/business plan and the attached documentation, which is related to the applicant's results and the stages of product/service development, at any stage of the grant program's implementation (including during the call and in the period following the announcement of the winning applicants). In the event that the above-mentioned information is incorrectly presented in the grant application, the agency retains the right to remove the applicant from the call/refuse to grant funding.

## **4.2 Submitting Accurate Information to the Agency**

The Agency has the right to check the correctness of the information presented by the applicant in the grant application/business plan and the attached documentation, which is related to the results achieved by the applicant and the stages of product/service development, at any stage of the grant program's implementation (including during the call and after the identification of the winning applicants). In the event that the above-mentioned information is incorrectly presented in the grant application, the agency reserves the right to remove the applicant from the call/refuse to give grant financing.

## **4.3 Conflict of Interest**

At each step of the grant call, the individual must be governed by the highest integrity standards, which excludes any problematic connection with the applicants, which implies their affiliation as an employee, consultant, relative, political, or business partner. Each candidate must disclose any prospective or actual conflict of interest that may jeopardize their objectivity in advance.

### **Annexes**

Annex 1 - Business Idea Template

Annex 2 – Business Plan Template

Annex 3 - Project Budget Template

Annex 4 - 5-year Financial Forecast and Startup Metrics Template

Annex 5 - Applicant's Statement

Annex 6 - Financial Report Template

Annex 7 - Quarterly Progress Report Template

Annex 8 - Withdrawal Application Template

Annex 9 - Matching Grants Financing Agreement