



**CALL FOR GRANT CONCEPT PAPERS**

**PROMOTING SUSTAINABLE DEVELOPMENT FOR  
REGIONAL CSOs AND PSAs in GEORGIA**

**THE USAID ECONOMIC GOVERNANCE PROGRAM**

**RFA: EGP-2022-003**

**A USAID/GEORGIA FUNDED PROJECT**

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# 1. Grant Background and Scope of Work

## A. Solicitation Summary

Civil society organizations (CSOs) and private sector associations (PSAs) play an essential role in bringing progressive change and enhancing transparency and good governance by increasing public and private sector involvement in decision and policy-making processes.

The overall objective of this Call is to assist regional CSOs and PSAs to become efficient and strengthen their role in economic governance as well as the overall development of the country. The USAID Economic Governance Program (the Program) aims to strengthen the organizational capacity of CSOs and PSAs in the regions of Georgia. Increased capacity will lead to financial and institutional sustainability. Specifically, this means ensuring an organization has a steady flow of funds and can generate revenue without donor support.

This solicitation encourages applicants (economic profile CSOs and PSAs) operating in the regions of Georgia to submit a grant concept paper. Selected applications will be eligible for grant funding. The grant award will be conditional upon the selected organization's participation in the Organizational Development Program (ODP). The ODP is a diagnostic assessment tool designed by USAID Economic Governance Program that analyzes an association's organizational efficiency and development and includes a tailored action plan to improve its institutional development.

## B. Background and Specific Challenges to be Addressed by this Grant Activity

USAID has been supporting CSOs and PSAs to become active participants in policy-making processes in Georgia for over 25 years. As a result, USAID has empowered the role of CSOs and PSAs to help develop policies, services, and programs that eventually contribute to strengthening Georgia's economy, political system, society.

The Program promotes and implements capacity-building activities to support CSOs and PSAs. The Program designed the Organizational Development Program (ODP) to build the capacity of CSOs and PSAs using a multi-stage approach based on international best practices. The initiative ensures the full engagement of target organizations in the capacity building process. As part of the ODP, the Program uses a diagnostic assessment tool to evaluate organizational efficiency according to ten criteria as well as a corporate governance and internal control system assessment tool to assess whether the organization has any obvious issues and deficiencies in terms of corporate governance and internal control systems, according to eight criteria. The assessment serves as a baseline to develop tailored action plans, which focus on short, medium, and long-term interventions to ensure the sustainable development of the target organizations and formation of strong corporate governance and internal control systems. In addition, the Program uses its grants mechanism to strengthen the organizational capacity of CSOs and PSAs, including their engagement/participation in policymaking processes and reforms.

The Government of Georgia (GOG), PSAs, and CSOs have effectively worked together over the past several years to establish a culture of developing new policies, laws, and regulations through the public private dialogue (PPD). There are a great number of strong, high capacity CSOs and PSAs operating in Tbilisi, where they have better access to resources, establish well-defined governing structures, offer meaningful services to members, and advocate on members' behalf. However, there are a limited number of active CSOs and PSAs operating outside of Tbilisi, and those that are operational lack minimal organizational capacity and sustainability. These issues, especially the lack of sustainability, make it difficult for the CSOs and PSAs to represent the rural population in policymaking and reform processes, which adds to inequality in the country.

In addition, public sector awareness about the role of CSOs and PSAs outside the capital remains low. This is mainly due the fact that organizations have insufficient resources to offer highly visible services to communities and build public awareness. The lack of financial resources also makes it difficult to recruit

and retain professional staff, design revenue-generating products and services, engage with the central or municipal authorities, and advocate for their communities.

Throughout the past year, the Program team assessed the current state of several CSOs and PSAs in rural Georgia. The assessments showed that, among other changes, sustainable sources of revenue remain a major challenge for regional CSOs and PSAs. The vast majority of organizations depend on international donor funding, which is often short-term. The lack of revenue leads to additional challenges, such as the lack of a permanent office, outdated technical equipment, and high staff turnover. Most importantly, donor dependency makes it challenging for organizations to develop their own long-term plans and strategies.

Region-based CSOs and PSAs also suffer from the lack of qualified professionals, proposal writing expertise, financial literacy, and English proficiency to communicate with donors as well as limited knowledge of project management, strategic planning, PR and marketing, and other necessary skills.

Additional problems include communication issues with international donor organizations, a lack of understanding about the role of civil society, and low levels of cooperation and limited collective action with the GOG and businesses.

Based on these fundamental issues and challenges, the Program designed this grant activity and call for concept papers. Applicants can identify priority area(s) in economic development and economic policy advocacy in any region of the country and propose a grant concept paper focusing on overcoming one or more issues that hinder economic development in that region. Organizations that provide the most innovative and interesting ideas will be invited to submit a full proposal.

### **C. Objective**

This call is for Georgian regional CSOs and PSAs (specializing in economic development and contributing to economic policy advocacy) to develop a grant concept paper on **(1) economic policy issues to be researched and advocated under the grant program; and (2) CSO/PSA capacity strengthening proposals that will increase organizational effectiveness and financial sustainability and will be designed and implemented under the grant program.** Concepts can include anything from basic services to complex programs that are innovative, match emerging trends, and meet community-specific needs to eliminate/reduce the challenges of donor dependency, weak sustainability, human resources, organizational capacity, communication issues with international donor organizations, low levels of cooperation, and limited collective action with the GOG and businesses.

The call aims to enhance the capacity of potential applicants, improving the organization's effectiveness and sustainability.

### **D. Scope of Work and Specific Tasks**

Under this SOW, the applicant must complete the following tasks. Only organizations that have fulfilled these tasks will receive funding.

#### **Task I: Participate in the ODP**

Interested applicants should enroll in the ODP. In particular, the applicants should:

- Undergo the Program's assessment to determine areas of strengths and weaknesses in organizational development, corporate governance, and internal control system.
- Work with the Program team to develop, implement, and monitor a capacity building action plan.
- Establish and meet timelines to develop and implement the capacity building action plan.
- Participate in advocacy, research, and analytical capacity building activities.
- Participate in all mandatory phases of the ODP initiative.

## **Task II: Conduct research analysis**

Conduct research/analysis on priority policy and regulatory issues that hinder the economic development of a municipality/region. This might include identifying the gaps that hinder the effective enforcement of the central government's policies at the regional/ municipal level. Based on the findings of the research/assessment, the grantee should design and implement activities to address the identified issues. Activities may include conducting an advocacy campaign to encourage the relevant governmental bodies to modify or adjust the policies and regulation; an awareness rising campaign for local businesses about opportunities granted by new policies and regulatory reforms; building the private sector's capacity to use the policies, *etc.*

The grantee should suggest activities that pertain the following areas:

### ACCESS TO FINANCE

a) Identification of main barriers to access to finance in the regions – is it lack of financing options, is it lack of financial literacy amongst regional organizations, or is it that eligibility requirements are hard for regional organizations to comply with. The grantee is expected to identify the barriers through business survey, desk research and by other applicable means. The analysis might also propose concrete policy interventions that can help resolve the identified issues.

b) Review of existing state programs, implemented by, for example, Enterprise Georgia, Regional Development Agency, *etc.* to understand whether these programs adequately consider regional specifics, and whether these programs can be tailored specifically to regional organizations (for example by providing different eligibility requirements, terms, *etc.*), and whether the programs' portfolios prioritize high-potential sectors of economy.

### WATER RESOURCE MANAGEMENT

Municipalities often face challenges to provide adequate service to the local population. Drinking water standards are not met in most villages. While planning water infrastructure works, most municipalities do not install water treatment facilities, in part because it is widely believed that water treatment will significantly increase investment costs. As a result, local populations lack access to safe drinking water. In addition, municipalities fail to provide sewage services<sup>1</sup>.

The illustrative activities of the grant concept might include:

a) review of existing state programs (e.g. village support program) to see potential of improving water and sewage infrastructure works and provide recommendations on improvement;

b) identification of barriers for local water supply services (e.g. metering, fee system, local wastewater/sewage treatment facilities, drinking water quality testing *etc.*);

c) conduct study on potential for introducing water supply fees for village communities (including studies on community's willingness to pay *etc.*).

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<sup>1</sup> Sources: State Audit reports (available at <https://sao.ge/ka>); Environmental performance Review of Georgia, UNECE, 2016; Local Self-Governance for Local Economic Development (Needs Assessment), NALAG, Tbilisi 2018; Municipal Water and Wastewater Sector in Georgia (Status Report by David Melua), SlovakAid, 2015

## STATE PROCUREMENT

The introduction of electronic procurement platform in 2010 has made Georgia's procurement system more transparent and nondiscriminatory. However low competition remains the main constraint to efficient public procurement system. According to State Procurement Agency's official statistics, there was an average of 2.1 bidders in tenders completed in 2018, compared to 2.05 in 2019 and 2.27 in 20202.

The illustrative activities of the grant concept might include:

Identification of main barriers for regional businesses to participate in public tenders (lack of knowledge and awareness, lack of trust towards state procurement system amongst regional businesses, eligibility requirements are hard for regional businesses to comply with, etc.). The grantee is expected to identify the barriers through business survey, desk research and by other applicable means. The analysis might also propose concrete policy interventions that can help resolve the identified issues.

## TOURISM POLICY

The illustrative activities of the grant concept might include:

a) According to many tourism service providers, especially accommodations work in shadow. According to Sakstat, non-observed output in the tourism sector was around 2 billion GEL in 2019.<sup>3</sup> It means they are not registered as business entities and does not pay taxes. This creates fiscal risks as well as unfair competition. The grantee might conduct the study on potential non-tax incentives to be offered by the state to the tourism service providers to be registered as businesses and pay taxes.

b) Conduct the study on existing tax or utility fee regimes for the guest houses considering seasonality of regional accommodations. Identify whether the tax/fee structure and methodology duly reflect the specifics of the business model and does not impose the unjustified financial burden on the small businesses. The analysis should also propose concrete policy interventions that can help resolve the identified issues.

c) Conduct the study on uncontrolled renovations by local residents of historical buildings without considering the authenticity of the building to identify the gaps in legislation and/or enforcement practices on the protection of the cultural heritage buildings (in tourist sites). The analysis should also propose concrete policy interventions that can help resolve the identified issues.

### **Task III: Develop the idea(s) about CSO/PSA capacity strengthening**

Develop an idea(s) to strengthen CSO/PSA capacity and increase organizational effectiveness and financial sustainability. The proposed idea(s) will be designed and implemented under the grant program. Eligible proposals include everything from basic services to complex programs that are innovative, match emerging trends, and meet constituency needs to eliminate/reduce the challenges of donor dependency, weak sustainability, human resources, organizational capacity, communication issues with international donor organizations, low levels of cooperation, and limited collective action with the GOG and businesses.

The potential grantee should:

- Present a concept for a new service, activity, or program that demonstrates its sustainability and how the proposed idea(s) will best serve the needs of industry, its members and/or the organization's constituency.

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<sup>2</sup> <http://www.procurement.gov.ge/Files/ShowFiles?id=19539b18-4d67-42d9-80a0-12b91622ca28>

<sup>3</sup> National Accounts of Georgia 2019. Statistical Publication, 2021 by National Statistics of Georgia. Page 124

- Implement proposed service, activity or program.

#### **Task IV: Ensure public outreach**

The grantee must develop a communication and outreach strategy to reach the target audience for the proposed activities and promote its efforts:

- Produce a promotional video about the grant activities in both Georgian and English.
- Prepare success stories (develop one pagers, brochures, or newsletters).
- Maintain social media activities.
- Propose any other outreach activities.

**Important Note:** *The potential grantee should strengthen its capacity to become a self-sustaining organization and provide more and better services to their members, clients, or stakeholders. In addition, the grantee should pass independent corporate governance and financial assessments.*

#### **E. Funding Opportunity and Duration**

The Program intends to award from 4 to 6 Small (Simplified) Grants. Estimated funding for each grant is US \$30,000. Approximate Performance Period is from June 1, 2022 to May 31, 2023 (12 months in total).

## **2. Eligibility**

To be eligible for funding under the Program, the applicant must meet the following criteria:

#### **General eligibility criteria**

Local nongovernmental organizations (NGOs) legally registered in Georgia are eligible for grant awards, including:

- Economic profile CSOs and PSAs operating in the regions of Georgia.
- Non-U.S. non-governmental organizations, nonprofit, registered in Georgia (e.g., NGOs, professional associations).

Eligible organizations should not:

- appear on the "List of Parties Excluded from Federal Procurement and Non-Procurement Programs".
- be a national or municipal level politician, political party, any governmental entity or official.
- be affiliated with the Program or any of its directors, officers or employees.

Organizations whose objectives are not consistent with the broad objectives of the Program are also ineligible.

#### **Additional eligibility criteria**

The organization must:

- have demonstrated experience in technical areas relevant to the scope of work or grant focus.
- have been in existence for more than two (2) years.
- be currently implementing activities in the geographic area or technical area for which it is applying.



- have a Board of Directors/ Board of Trustees, full time staff (including program management, finance/administrative staff).
- have minimum absorptive capacity and demonstrate the potential to acquire sufficient capacity to manage programs in a sustainable manner; and
- have a functional financial system.

In addition, all eligible applicants must ensure that their ongoing relationships, associations, activities, and interests do not create a conflict of interest that could prevent full impartiality in implementation of the grant activities.

SAM and DUNS numbers are required for all organizations, foreign or domestic, doing business with the federal government for grant awards in excess of \$25,000.

#### **Cost-Share eligibility:**

To be eligible for a grant award the Applicants are expected to cost share the implementation of the proposed grant activity by minimum of 10 per cent (10%) of the total cost of the grant activity.

All costs shared by the Applicant (both financial and in-kind) must meet all the following criteria:

- Be verifiable in the Applicant records
- Necessary and reasonable for proper and efficient accomplishment of grant activity objectives
- Allowable under the applicable USAID regulations
- Must not be included as cost share contributions for any other U.S. Government–assisted program
- Must not be paid by the U.S. Government under another grant or agreement.

#### Description of Functions for Cost-Share:

Cost share contribution may be financial, in-kind or combination of both and include any of the following:

- Labor to carry out grant activities
- Payment of non-labor costs associated with grant activities
- Leveraged funds from other sources (Non-U.S. Government)
- Equipment and facilities
- In-kind donations (include labor, volunteer labor, office space, conference space etc.).

## **3. Grant Application Process**

The application process is in three stages.

Applicants are first to submit a concept paper. Concept papers will be reviewed for compatibility with Project objectives. From the group of concept papers submitted, the Project Staff may invite applicants that received scores higher than 70 points to present their concepts to the Project Grant Selection Committee. After these oral presentations, a set of Applicants will be asked to submit final grant applications. After a final review, these formal applications will be submitted to USAID for final approval.

### **Stage 1: Submission of a concept paper**

Prior to developing a full grant application, potential grantees are to submit a concept paper for review and feedback. Developing a concept paper provides potential grantees with the opportunity to define and refine their thinking about the proposed project or activity and provides the Program review team with an opportunity to see how well the concept aligns with the Project's key objectives and goals.

Concepts should be submitted through the Grants Portal (<https://dgrants.fluxx.io>)

Applicant will be required to register for an account and, upon approval, will receive an email notification with the necessary log-in credentials to access the portal.

The portal details submission instructions for completing a web-based application form and contains all required document and budget attachments to be included with the concept.

If the Grants Portal is unavailable, and the error could not be resolved with Helpdesk support, the concept package may be sent electronically to the email address listed below:

[grants@egp.ge](mailto:grants@egp.ge)

Attn. Grants Manager, The USAID Economic Governance Program.

All electronic file names should include the organization's name and the title of the document. Applicants should retain copies for their records, as all concepts received will not be returned.

A concept paper should be short – not more than 5 pages (if not submitted through Fluxx). Ideas should be clear, concise, to the point and provide an overview of what is planned, who will benefit, the results expected, and a notional estimate of the proposed budget linked to the components of the activities planned.

Sections described below and specific guidance are available on the Fluxx Grants Portal. In general, they include:

1. Cover Page/Introduction:

- Name and address of organization;
- Type of organization (e.g., non-profit, professional association, etc.);
- Contact point (lead contact name; relevant telephone, fax and e-mail information);
- Names of other organizations (federal and non-federal as well as any other USAID offices) to whom you are/have submitted the application and/or are funding the proposed activity; and
- Signature of authorized representative of the Applicant.

2. Technical Information:

- Concise title and objective of proposed activity;
- Discussion of the objectives, the method of approach, the amount of effort to be employed, the anticipated results, and how the work will help accomplish the Program's specific strategic results; and
- Type of support the Applicant requests from USAID (e.g., funds, facilities, equipment, materials, personnel resources, etc.). Supporting Information:
  - Proposed estimated cost;
  - Detailed cost breakdown (e.g., salaries, travel, etc.);
  - Proposed amount of the Applicant's financial as well as in-kind participation;
  - Proposed amount of prospective or existing partner(s) financial as well as in-kind participation;
  - Proposed duration of the activity; and
  - Brief description of Applicant's, as well as prospective or existing partner(s') previous work and experience.

## Stage 2: Oral Presentation (optional)

Those organizations whose concept papers receive scores at a higher 70 points may be invited to make a presentation about their concept.

## Stage 3: Grant Application

At the conclusion of the presentation process, successful Applicants will be asked to submit a complete Grant Application and Budget for review and approval by USAID Economic Governance Program and USAID.

## 4. Technical Selection of Concept Paper

The Project Grant Selection Committee will evaluate each concept paper based upon the review criteria set forth below. A concept paper can be categorized as unacceptable when it is incomplete, does not respond to the scope, does not comply with the format requirements or is submitted after the deadline.

The technical criteria below are presented by major category, in relative order of importance, so that Applicants will know which areas require emphasis in the preparation of their concept papers.

Illustrative Concept	50%
Organization's qualifications	35%
Budget, Budget Notes and Cost Reasonableness	15%

Any such concept papers shall be reviewed by the relevant Project Grants Selection Committee for consistency with Project objectives. If a concept paper evidences a program concept that is consistent with the objectives of the Program, the Grants Manager, may invite the organization to submit a full grant Application. If a concept paper evidences a program concept that is not consistent with the Program objectives the Grants Manager will communicate with the submitting organization regarding the non-approval of a concept paper.

## 5. Timetable

The following is an illustrative timetable for the grant process:

ACTIVITY	ILLUSTRATIVE TIMETABLE
Request for Concept Papers Issued	February 15, 2022
Questions from Applicants Due	March 21, 2022
Answers Due	March 24, 2022
Concept Papers Due	April 15, 2022 (18:00 Tbilisi Time)
Concept Papers Review	1-2 weeks from the application submission deadline
Applicants make oral presentations to Grant Committee to clarify concepts (optional)	1-2 weeks from the application submission deadline
Final Selection	2-3 weeks from the application submission deadline
Grants applications received from finalists	2-3 weeks from final selection
Presentation to USAID (optional)	1-2 weeks from grant applications received
USAID Approval and Grant Awarded	1-2 weeks from submission for approval

## Informational Session:

The USAID Economic Governance Program will conduct an informational session regarding this grant activity for all interested parties that will be held on **March 11, 2022 at 16:00 Tbilisi time** through Zoom Video Webinar.

**For webinar registration, please contact us via [grants@egp.ge](mailto:grants@egp.ge) email from March 1, 2022 through March 9, 2022.**

## Questions from Applicants:

- **Method:** Only written questions and requests for clarification will receive a response. Send questions about this CCP by email to [grants@egp.ge](mailto:grants@egp.ge)
- **Date for receipt:** All questions and requests for clarification must be received before March 21, 2022 to the email address noted above. Only questions received by this date will receive a response.
- **Responses:** All interested parties will receive responses via email no later than **March 24, 2022**. In addition, responses will be available at Grants Portal Fluxx for all applicants.