support to Business Service providers to develop and introduce financial consulting services

**Annual Program Statement (APS) No.001**

**Issuance Date**: April 4, 2023

**Deadline for Submissions**: March 31, 2024

Dear Applicant,

The USAID Resilient Communities Program is soliciting grant applications to support the development of Financial Business Service Providers (FBSPs) that operate or have local representation in the Program's target regions, (Shida Kartli, Mtskheta-Mtianeti, Imereti, Samegrelo, Zemo Svaneti, and Racha-Lechkhumi and Kvemo Svaneti) and specialize in business consulting services. The goal of the APS is to support FBSPs to increase their market access to businesses operating in the ABL region.

This APS is being issued under the co-investment category of the USAID Resilient Communities Program in partnership with Financial Institutions (FIs). Through this APS, the program is seeking to develop a network of FBSPs and improve their skills to provide consultancy advice to MSMEs, while sharing the risk of FBSPs to develop their markets in targeted municipalities and to facilitate investment solutions.

The Program's investments in the FBSPs will utilize a pay-for-results model through issuance of Fixed Amount Awards (FAA) with milestone payments. FBSPs will be compensated upon verification of capital accessed. Grants to FBSPs will be awarded and implemented in accordance with USAID and US Government regulations governing grants under contracts and the USAID Resilient Communities Program’s internal grant management policies.

In order to provide detailed information on focus of the APS, eligible applicants, the application form to potential applicants, and facilitate the application process, the USAID Resilient Communities Program will hold an information sessions per the schedule below:

|  |  |  |  |
| --- | --- | --- | --- |
| Municipality | Date | Time | Location |
| Gori | 24.04.2023 | 13:00 | **Gori Inn Hotel**  Address: #1 Davit Guramishvili str., Gori |
| Zugdidi | 26.04.2023 | 11:00 | **GITA Technopark**  Address: #1 Laghidze str., Zugdidi |

The Program will also hold an online information session via teams **on May 2, 2023 at 1:00 PM (Tbilisi time).** Interested applicants should priorly register by email: [vkhomeriki@cnfageorgia.org](mailto:vkhomeriki@cnfageorgia.org) no later than **April 28, 2023**. Only registered applicants will get the link for the online meeting. The information sessions will allow eligible and interested applicants the chance to ask questions about the APS and receive guidance on how to complete the application form given in Annex A.

Applications will be reviewed on a rolling basis and awarded depending on availability of funds. For any questions during the grant application process, please contact [grants@cnfageorgia.org](mailto:grants@cnfageorgia.org)). This APS includes the following documents:

* Annex A – Grant Application
* Attachment 1: Applicant Certification Letter
* Attachment 2: Organization registration document

## **SECTION I. Program Description**

## **IA. About the USAID Resilient Communities Program**

The USAID Resilient Communities Program (hereinafter also referred to as “the Program”) is a five-year year activity of the United States Agency for International Development (USAID) and implemented by CNFA. The primary objective of the USAID Resilient Communities Program is to improve the resiliency of target communities to benefit from inclusive and sustainable socio-economic development to create jobs, increase incomes, and increase micro, small, and medium enterprises’ (MSME[[1]](#footnote-2)) revenues, thereby countering protracted malign influence.

The Program implements a market-system approach to develop and expand viable value chains in Administrative Boundary Line (ABL) communities, improving the competitiveness of MSMEs and supporting associations and service/information/extension providers to foster inclusive and sustainable market systems development.

The Program will provide competitive grants, technical assistance, and co-investment to address identified gaps in targeted value chains that will result in the improved productivity and productive capacity of MSMEs, strengthened value chain linkages, increased access to markets, and improved capacity of MSMEs, cooperatives, associations, community-based organizations, and service/information/extension providers.

**IB. Grant Program Description**

**Grant Program Purpose:** The program aims to develop a market system that consists of supporting organizations that contribute to the sustainable growth of businesses in the ABL region. Businesses face a consistent constraint to access suitable finance. The USAID Resilient Communities Program will support existing and potential FBSPs to develop their networks in the ABL and work with MSMEs to improve their ability to access appropriate finance. The initiative will focus on attracting investment in the targeted communities, while strengthening the capacity of FBSPs in financial consulting. In the long term, the program expects to have an impact on FIs by encouraging non-traditional, more customized approaches to assessing and issuing business loans.

**Background/Context:** The USAID Resilient Communities Program has identified a need for MSMEs to enhance their capacity to obtain additional resources and funding. It is crucial for entrepreneurs to possess knowledge about the available financial options to grow their businesses, including funds that promote business development, grants, and programs. Entrepreneurs need to know how to find such opportunities, how to deal with commercial banks or microfinance organizations, what types of records are required, and how to document their financial needs. Most MSMEs prefer to work with the same banks and loan officers, even though there may be better customized financial products available for their businesses. Service providers, including FBSPs, are critical to develop a sustainable market system. Currently and especially in the regions, there is a lack of quality financial consulting services to help MSMEs make informed decisions.

To address this gap, the proposed grant program will develop a network of FBSPs to understand the Georgian financial market and available financial instruments. Currently, local business service providers or individual consultants often do not cooperate with financial institutions, they also lack adequate knowledge about the available financial instruments for MSMEs. As a result, MSMEs tend to rely heavily on information from loan officers, which may not always suggest the most suitable product for the business due to their own portfolio priorities.

The Program aims to develop a pool of FBSPs’ specialized in financial consulting with expertise and capabilities in strategic business planning and financial analysis. As there are no FBSPs operating in the regions, the Program will implement an extensive training program for the FBSPs that will include financial analysis, understanding loan and grant products available in Georgia, business service skills – how to work with clients, financial management training etc. The training Program will be implemented once FBSPs are selected and may include several rounds of training. Once trained, the FBSPs will work with MSMEs in the targeted regions to support them to obtain capital to grow their businesses, advancing their development by expanding existing businesses or creating new directions.

The Program is seeking to support FBSPs that will work with businesses in the ABL municipalities to support businesses to identify suitable finance, build FBSP capacity, and support MSMEs in one or more of the following areas of intervention:

* Financial analyses of MSMEs and evaluating the creditworthiness to obtain financing.
* Developing growth strategies and sound business plans to identify investment needs.
* Conducting financial analysis to structure business expansion ideas into finance proposals and model payback scenarios.
* Supporting selected firms in presenting their plans and financing needs to FIs and other investors to secure financing.
* Identifying potential financial investors, such as banks, FIs, and equity investors, that may be interested in financing targeted MSMEs.
* Identifying the most suitable financial product that might offer additional benefits to the MSMEs, such as Cash-backs, the possibility to include MSMEs under the guarantee mechanisms.
* Identifying and supporting MSMEs to obtain financial support offered by government programs and other commercially based financial programs that are directed towards private sector investment.

**Geographic Area of Intervention:** The Program is seeking to support FBSPs that either operate or have local representation in the Program's target regions, (Shida Kartli, Mtskheta-Mtianeti, Imereti, Samegrelo, Zemo Svaneti, and Racha Lechkhumi and Kvemo Svaneti). While other FBSPs can also apply, the grant can only be implemented to support MSMEs in the Program targeted communities as specified in the table below:

|  |  |  |
| --- | --- | --- |
| **Region** | **Municipality** | **Community** |
| Shida Kartli | Kaspi | Doesi, Kodistskaro, Kvemo Chala, Lamiskana, Metekhi, Okami, Samtavisi |
| Gori | Akhalubani, Berbuki, Ditsi, Dzevera, Karaleti, Kvakhvreli, Mejvriskhevi, Mereti, Nikozi, Shavshvebi, Shindisi, Tirdzinisi, Tkviavi, Variani, Zeghduleti |
| Kareli | Abisi, Agara, Avlevi, Bredzi, Breta, Dirbi, Dvani, Giganti, Mokhisi, Ptsa |
| Khashuri | Ali, Plevi, Tsaghvli |
| Mtskheta-Mtianeti | Kazbegi | Gudauri, Kobi |
| Dusheti | Ananuri, Bazaleti, Chartali, Chonkadze, Gremiskhevi, Gudamakari, Kvesheti, Mchadijvari, Pasanauri |
| Imereti | Sachkhere | Argveti, Chala, Chalovani, Chikha |
| Racha-Lechkhumi and Kvemo Svaneti | Oni | Glola (Village), Ghari, Gomi, Pipileti, Sheubani, Tsedisi, Tskhmori, Utsera |
| Samegrelo and Zemo Svaneti | Zugdidi | Akhali Abastumani, Akhalkakhati, Akhalsopeli, Anaklia, Chitatskari, Chkaduashi, Chkhoria, Darcheli, Didi Nedzi, Ergeta, Ganarijiis Mukhuri, Ingiri, Kakhati, Koki, Kortskheli, Odishi, Oktomberi, Orsantia, Orulu, Rike, Rukhi, Shamgona, Tsaishi, Zugdidi |
| Tsalenjikha | Chale, Chkvaleri, Etseri, Jvari, Lia, Muzhava, Pakhulani, Sachino, Tsalenjikha |
| Mestia | Chuberi, Khaishi |

**Grant Information:** Selected FBSPs will be awarded grant with an initial ceiling up to, and not to exceed, $10,000 for a period of up to six months. The applicant is required to develop a plan that outlines the proposed intervention's target, within a six-month period. The Program will review the applicant’s ability to achieve pre-defined outcomes after six months (or earlier if necessary) and evaluate whether any adjustments are needed. This may include increasing the ceiling amount, modifying or canceling the existing grant agreement.

The grant instrument for this APS is Fixed Award Amount (FAA), where payment is made based on achievement of pre-determined milestones. The grant amount will be paid out as specific milestones are reached in obtaining new debt or equity financing. FBSPs will be expected to submit a milestone table indicating financial instrument and loan/capital amount mobilized and evidence of all financing or investment approved by the financial institution to receive milestone payments. Milestones and related payment amounts will vary for each FBSP and will depend on the financial instrument utilized.

The amount of payment for each milestone depends on the capital mobilized under each loan/capital agreement between MSME and FI financial instrument utilized. The amount payable in the table below is for each agreement (loan, investment). FBSPs must use the following structure for the calculation of each milestone:

|  |  |  |  |
| --- | --- | --- | --- |
| **Milestone** | **Deliverable** | **Amount of instrument utilized in GEL** | **Amount payable by the Program for completed Loan Agreement Amount in GEL** |
| **Banking Financial Instruments** | | | |
| Commercial Business loan | Loan Agreement | 10,000 - 50,000 | 500 |
| 50,001 – 150,000 | 1,000 |
| 150,001 – 600,000 | 1,500 |
| 600,001 – 1,500,000 | 2,000 |
| over 1,500,000 | 3,000 |
| Preferential Agri Credit (RDA) | Loan Agreement | 10,000 - 50,000 | 700 |
| 50,001 – 150,000 | 1,500 |
| 150,001 – 600,000 | 2,000 |
| 600,001 – 1,500,000 | 2,500 |
| Subsidized loan under the Enterprise Georgia Business Universal program | Loan Agreement | 10,000 - 50,000 | 700 |
| 50,001 – 150,000 | 1,500 |
| 150,001 – 600,000 | 2,000 |
| 600,001 – 1,500,000 | 2,500 |
| Loan under the joint initiative of EU and EBRD (cash-back 10 – 15% ) | Loan Agreement;  Letter from Bank | For simple equipment upgrades up to €300,000 | 3,000 |
| For investments up to €3 million for almost any business | 5,000 |
| Fast track process for SPS and food safety for investments up to €300,000 | 3,000 |
| Loans placed under the DFC Guarantee | Loan Agreement;  Letter from Bank | 10,000 - 50,000 | 770 |
| 50,001 – 150,000 | 1,650 |
| 150,001 – 600,000 | 2,200 |
| 600,001 – 1,500,000 | 2,750 |
| Over 1,500,000 | 3,300 |
| Women-owned/managed businesses Youth Businesses (up to 29 years) | Loan Agreement, Organization registration document | 10,000 - 50,000 | 770 |
| 50,001 – 150,000 | 1,650 |
| 150,001 – 600,000 | 2,200 |
| 600,001 – 1,500,000 | 2,750 |
| Over 1,500,000 | 3,300 |
| Start-up loans with non-financial benefits | Loan Agreement, Organization registration document | 10,000 - 50,000 | 770 |
| 50,001 – 150,000 | 1,650 |
| 150,001 – 600,000 | 2,200 |
| 600,001 – 1,500,000 | 2,750 |
| Over 1,500,000 | 3,300 |
| **State Programs** | | | |
| Co-financing storing and processing enterprises | Approval from RDA | Grant for processing enterprises | 5,000 |
| Grant for cold storage operators | 3,000 |
| Pilot regions program | Loan with cash-back | 5,000 |
| **Equity financial instruments** | | | |
| Business Angels Investors / Networks |  | 10,000 - 100,000 | 1,500 |
| Over 100,000 | 2,000 |
| Equity financial instruments | SEAF, Gazelle finance, Venture Capital funds | 3,000 |

**IC. Authority and Governing Regulations**

The USAID Resilient Communities Program grant awards are made under the authority of the US Foreign Affairs Act and USAID’s Automated Directive System (ADS) Chapter 303, “Grants and Cooperative Agreements to Non-Governmental Organizations.” Grants administered under the USAID Resilient Communities Program will adhere to the terms of the applicable USAID Standard and Required as Applicable Provisions, as well as the USAID Resilient Communities Program grants procedures. The USAID Resilient Communities Program is required to ensure that all applicants receiving USAID grant funds comply with the requirements found in these regulations, as applicable to the respective terms and conditions of individual grant awards. Under the USAID Resilient Communities Program grants program, USAID will retain the right, at all times, to terminate, in whole or in part, the USAID Resilient Communities Program grant-making authorities or any grants in progress.

**SECTION II. ELIGIBILITY**

**IIA. Eligible Recipients**

Applicants that submit applications in response to this APS must be legally registered entities that deliver business consultancy activities. Eligible entities must be registered in Georgia and must submit registration documents as a pre-requisite for receiving grant resources. Registration must be no later than the application submission date. Preference is given to applicants from the Program targeted municipalities.

**IIB. Additional Conditions of Eligibility**

To be considered eligible for a capacity building grant, applicants must meet the following eligibility criteria:

* Demonstrate that the benefits derived from the award will have a positive impact on MSMEs in the ABL communities;
* Be legally registered;
* Commit to adherence to high ethical business standards, including transparency in business dealings and record keeping;
* Be up to date on all applicable taxes and other legal obligations to the Government;
* Implement Georgian Accounting Standards. All grant recipients must be prepared to undertake an independent financial review or audit as requested;
* Be eligible for receipt of USG funds, and not debarred, suspended, excluded, or proposed for debarment on any of the USG-mandated screening databases;
* Reach an aggregate evaluation score of at least 70 points;
* Complete and pass a pre-award assessment;
* Submit all mandatory documents prior to the deadline stipulated in the APS.

**IIC. Ineligible Applicants, Activities and Unallowable Costs**

* Non-Georgian entities;
* Government Ministry, Agency, or another public agency (including NNLE Non-entrepreneurial Non-commercial Legal Entities which were established by Governmental bodies);
* An entity having as key staff a direct relative (spouse, child, parent, or brother/sister/sibling) of CNFA, USAID Resilient Communities subcontractors, or USAID staff;
* Entities or members engaged in any activities related to Trafficking in Persons;
* Faith-based organizations whose objectives are for discriminatory and religious purposes, and whose main objective for the grant is of a religious nature;
* Entities or members engaged, transacting with, or providing resources to individuals or organizations associated with terrorism;
* Entities that have been debarred, suspended or otherwise considered ineligible for an award by the US Government.

Applicants may not use grant funds for any of the following:

* Private ceremonies, parties, celebrations, or “representation” expenses;
* Purchases of restricted goods, which include agricultural commodities, motor vehicles, pharmaceuticals, pesticides, used equipment, or fertilizers, without the prior waiver and approval provided by the USAID Resilient Communities Program. Purchase of these goods requires additional approvals from USAID before they may be allowed and procured. As such, applicants are discouraged from requesting funding for these restricted goods unless the goods are necessary to the accomplishment of the grant objectives;
* Ineligible goods under USAID regulations, including but not limited to: military equipment; surveillance equipment; police or law enforcement equipment; abortion equipment and services; weather modification equipment; luxury goods; and gambling equipment;
* Any purchases or activities deemed unnecessary to accomplish grant purposes as determined by the USAID Resilient Communities Program, including any applicant headquarters’ expenses that are not directly linked to the implementation of the proposed project;
* Construction works;
* Previous obligations and/or bad debts;
* Fines and/or penalties;
* Creation of endowments;
* Indirect costs such as, but not limited to, overhead or indirect fringe, unless the applicant has documented proof of such rates through audits or USAID-issued NICRA; and
* Any other costs unallowable per 2 CFR 200 Subpart E – Uniform Administrative Requirements, Cost Principles, for Federal Awards.

**Section III. Application Submission Information**

**III.A QUESTION SUBMISSION REQUIREMENTS**

Any questions related to this APS must be submitted to the Grants Manager at [grants@cnfageorgia.org](mailto:grants@cnfageorgia.org). Questions must be submitted in writing; phone calls will not be accepted. Questions and requests for clarification—and the responses thereto—that CNFA believes may be of interest to other offerors will be circulated to all APS recipients who have indicated an interest in submitting Applications. Only the written answers issued by CNFA will be considered official and carry weight in the APS process and subsequent evaluation. Any verbal information received from employees of CNFA or any other entity should not be considered as an official response to any questions regarding this APS.

**III.B APPLICATION SUBMISSION REQUIREMENTS**

Grant applications will be accepted *only* in the application format given in Annex A, Grant Application. Applications will be considered and awarded on a rolling basis. The applications will be collected for evaluation based on the following schedule:

* May 15, 2023
* June 30, 2023
* August 15, 2023
* September 29, 2023
* November 15, 2023
* January 31, 2024
* March 29, 2024

Applications (including all attachments and supporting documentation) should be submitted in electronic form only. The electronic applications should be submitted to the USAID Resilient Communities Program’s Grants Manager at [grants@cnfageorgia.org](mailto:grants@cnfageorgia.org) and the APS № CBG-001 and the applicant organization’s name should be stated in the subject line of the email. Applications will be accepted only if the information is provided in the format requested by this APS. The grant application package should include:

* An Application Form (Annex A)
* Attachment 1: Applicant Certification Letter
* Attachment 2: Organization registration document (Issued by Public Registry available at [www.napr.gov.ge](http://www.napr.gov.ge/))

Please reference the APS number in any response to this APS. Applicants must strictly adhere to the requirements of this APS to be considered for an award.

**SECTION IV. EVALUATION, SELECTION, AND AWARD INFORMATION**

All applications submitted in response to this solicitation will be evaluated in accordance with the following criteria:

|  |  |
| --- | --- |
| **Criteria /Description** | **Points** |
| **Description of Services and Technical Approach** | **40** |
| Respondents must demonstrate a clear understanding of the assignment to be undertaken on behalf of the program and describe the methodology and process for developing their business in the ABL:   * Market analyses provided by the applicant is realistic and reflects the business situation in the target areas. * The applicant demonstrates a clear understanding and knowledge of the financial resources available for small and medium-sized enterprises (MSMEs) in the regions and includes specific information about the ABL municipalities. * The activities described in the application are relevant to support ABL MSMEs to access new financial capital. * The application provides a clear plan for identifying MSMEs that require financing and how the applicant will approach and partner with FIs to provide this support.   Overall, the program is looking for applicants who can provide a clear and detailed plan for how they will support MSMEs in accessing financial resources and developing their businesses. |  |
| **Technical Experience, Capabilities, and Qualifications** | **40** |
| * The applicant demonstrates relevant capabilities to undertake planned activities, including their experience or knowledge of businesses in the ABL municipalities. * Staff have relevant experience and qualifications. The experience has to include working with local businesses, experience in business/financial management. Experience as a loan officer or accountant is an advantage. |  |
| **Impact and sustainability** | **20** |
| * The applicant has a clear vision and a realistic plan, how the activities will be sustained after the grant assistance is completed. * Business model (who will pay, fee structure, etc.) described by the applicant is financially sustainable and realistic |  |
| **Total**: | **100** |

Once applications have been submitted to the Program, members of the USAID Resilient Communities Program Grant Selection Committee will evaluate applications in accordance with the above selection criteria. Applicants that score below 70 points will not be eligible for receipt of grant funding. Applicants will be notified in writing whether their application was considered acceptable or not.

If the application is considered acceptable, the Program will contact the applicant to engage in further discussions. A decision to engage in more in-depth and specific discussion following initial selection is not a commitment to funding; it is simply a decision to move forward in the collaborative and joint effort to develop an impactful grant project. If the in-depth and specific discussions do not result in the identification and development of a grant activity worthy of further pursuit, then the USAID Resilient Communities Program will inform the applicant that it is no longer interested in advancing the grant project. However, if the more in-depth discussions result in a promising design and concept, the USAID Resilient Communities Program will inform the applicant of that determination.

Applicants considered to be successful will be subject to a site visit from the USAID Resilient Communities Program staff for an applicant pre-award assessment to verify the accuracy of their submission, perform an administrative and financial review, and conduct environmental due diligence. If the site visit assessment uncovers no major issues, the USAID Resilient Communities Program will provide the necessary instructions, technical requirements, and next steps of grant award.

The Program anticipates awarding fixed amount award (FAA) grants to qualifying applicants, though other grant mechanisms may be used for applicants with less established corporate capabilities and experience based on the Program’s evaluation, pre-award assessment, and site visits, as applicable

**Section V. Terms and Conditions**

Applicants understand, by submitting a response to this APS, that application submission does not constitute an award or commitment on the part of the USAID Resilient Communities Program, nor does it commit the USAID Resilient Communities Program to pay for costs incurred in the preparation and submission of an application. Further, the USAID Resilient Communities Program reserves the right to accept or reject any or all applications received, as well as issue amendments revising the terms of this APS before or after receipt of applications. In submitting an application, Applicants understand that USAID is not a party to this solicitation and the Applicant agrees that any communications regarding this solicitation will be conducted with the USAID Resilient Communities Program, and not USAID. Applicants will be informed in writing of the decision made regarding their application.

1. MSMEs are defined by size. Micro is 1-10 employees, small from 11 to 49, and medium from 50 to 249 [↑](#footnote-ref-2)