



INVESTMENT MANUAL

2015-19

VERSION 2

WRITTEN FOR THE SWISS DEVELOPMENT COOPERATION PROJECT,
THE MERCY CORPS IMPLEMENTED ALLIANCES LESSER CAUCASUS PROGRAMME

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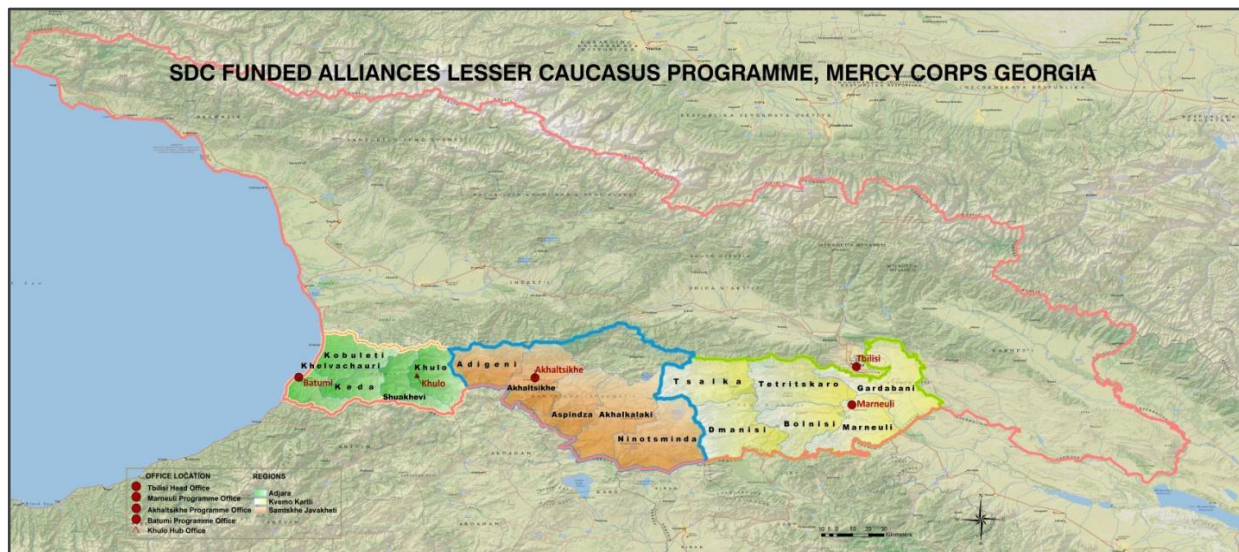
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The Alliances Lesser Caucasus Programme (ALCP) is a Swiss Agency for Development and Cooperation market development project implemented by Mercy Corps Georgia working in the dairy, beef, sheep and honey sub-sectors in the Kvemo Kartli (KK), Samtskhe Javakheti (SJ) and Ajara (AJ) regions in Southern Georgia, regions all highly dependent on livestock production. The programme has been audited according to the Donor Committee for Enterprise Development (DCED) Standard and is committed to the successful implementation and measuring of Women's Economic Empowerment. The Alliances programme in various phases and regions has been running since 2008, in March the programme and three regions became the Alliances Lesser Caucasus Programme running until 2019. The Goal of the ALCP is to contribute to poverty alleviation and the transition to a durable market economy for the livestock sector in the selected regions of KK, SJ and AJ, by creating sustainable changes in the dairy, beef, sheep and honey market systems for the ultimate equitable benefit of small, poor farmers, regardless of gender or ethnicity. The programme is run according to the *M4P (Making Markets Work for the Poor Approach)* a market systems development approach which *facilitates* key market players including government and civil society as well as the private sector, in the relevant value chains to address key constraints in core markets, supporting functions and rules to exploit pro poor opportunities for growth.

For more information please go to: www.alcp.ge



Suggested citation:

Bradbury H (2015) *Alliances Lesser Caucasus Programme Investments Manual Version 2 2015-19*. Alliances Lesser Caucasus Programme. Mercy Corps Georgia

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GLOSSARY

Additional Funding: Where an existing client receives further co-investment following an initial co-investment. It can be divided into two categories *phased funding* and *secondary funding*. Used as a tool to increase the efficacy of the co-investment, engineer successful outcomes and manage risk. It embodies the principle of flexibility and is tailored to the client.

Alliances Support Facilities: The fund of money set aside in the budget for funding interventions based on the procedures described in this manual. There are two support facilities in Alliances, the larger of which is the *Alliances Investment Support Facility* which funds interventions under Outcome 1 (supporting functions) and Outcome 2 (market access) and co-invests with private sector actors and the *DRR, Gender and Governance Support Facility* which co-finances interventions under Outcome 3 (operating environment and rules), in which mainly government or civil society actors are the client.

Application Form: The initial form used by the ALCP to outline the basic initial ideas for an intervention with eligible market players, containing a summary budget and outline of how the idea will impact on the target group.

BDO's: Business Development Officers are responsible for the management of specific interventions under outputs and activities detailed under a specific outcome e.g.: Food Safety and Hygiene related outputs and specific activities under an Outcome 2 related to Market Access and Terms of Trade.

Business Plan: written by an external business development company contracted by the programme the cost of which is put into the co-investment of the client up to 20%, with the rest being part of the programme co-investment. It allows for a broad company specific view of the business that allows the client to understand the investment, develop a vision for the investment and beyond in relation to the future of the business and expound in tandem with the client areas of traditional weakness in Georgian business; planning for varied scenarios, how to achieve goals when external factors vary, risk management, financial planning, branding and advertising. It also ensures that ideas are grounded in reality and that the client does not get 'lost in ideas' whilst exploring the potential for those with promise.

Co-investment: The funding mechanism employed by the programme in its interventions with market actors. The financial or in-kind (labour, equipment, services) put in by the client to a minimum of 35% or by the programme to a maximum of 65%. The maximum funding percentage of the programme may exceed this in the instances of working with government as a partner related to transversal themes and where a broad impact will be generated for the public good and in pilot interventions where the main impetus comes from the programme.

Copying: Enterprises (including farmers) copying behavioural changes that those affected directly by programme activities have adopted.

Crowding in: Enterprises at levels other than the target level copying behaviours that those affected by programme activities have adopted or entering a sector or value chain as a result of improved incentives and environment created (at least partly) by the programme. This term also applies to government agencies or civil society organizations, who are not directly involved in the programme, copying

behaviours of those who are directly involved in the programme, or who change their behaviour as a result of improved incentives or environment created (at least partly) by the programme. *DCED Standard for Measuring Results in PSD, Version VI, January 2013*

Donor Committee for Enterprise Development (DCED): With 22 members comprised of bi- and multilateral donors and agencies as well as private foundations the committee has a vision of making private sector development (PSD) more effective. It has three strategic priorities; sharing knowledge and experience between donors, development agencies and field programmes; developing and disseminating knowledge and guidance on good practice in PSD; and communicating evidence on results in PSD. The DCED developed and maintains the DCED standard for Results Measurement a set of ‘must’ and ‘recommended’ guidelines against which PSD and market development programmes may be audited for results measurement systems ‘in place’ or ‘in use’, by DCED consultants. The audit has become an influential global benchmark of monitoring and measurement quality in PSD and market development programmes.

Directory of Players: A list built up during the inception or initial phase of the programme detailing the names, locations type of enterprise/role/service and contact details of key market players in the core market, supporting functions or rules of the value chains and market systems specific to the programme. A list that is continually updated in line with ongoing collection and collation of market intelligence. It will include government and civil society organizations as well as the private sector and will be instrumental in developing the Sustainability Matrix see below.

DRR, Gender and Governance Support Facility: See *Alliances Support Facilities*

Facilitation Approach: The key means, tool and activity of Alliances implementation. Involving the identification of key market players, developing the client programme relationship, identifying systemic constraints and designing solutions directly relevant to their situation which address their key capacity and motivational needs in alignment with Alliances’ pro-poor market system change agenda.

Focus Group Survey: Involves the definition of the target group and definition and ranking of key gender disaggregated information related to them, including constraints and opportunities in the target sub-sectors.

Gender Sensitized Results Chains: Diagrammatic representations of the logical progression of the changes/impact that the programme expects to instigate in the market system at the intervention and outcome level through programme interventions. Activities and their intended changes which are undertaken to ensure the inclusion of the women of the target group in generated impact are highlighted in pink.

Grant/Target Funding Agreement: The legally binding document of the investment process the format of which was developed in 2008 and updated in 2011 & 14 according to Georgian law by a Mercy Corps lawyer. Details of investment and payment schedule as well as legally binding conditions which include data provision and deliverables, help ensure that a pro poor agenda is maintained.

Ideas Matrix: An excel spreadsheet listing and ranking potential opportunities for open discussion.

Inception Phase: The six-eight month phase prior to the commencement of operational activities in which survey instruments are utilized and conducted and the final pro-doc is developed for submission at the end of the phase.

Investment Plan: The document which describes the investment in detail and captures the programme rationale and strategy in writing. Includes goals, aims, impact, budget, Profit and Loss, Cash Flow and Balance sheet, consumer profile, marketing strategy, WEE strategy and environmental risk factors. See Annex 4.

Investment Support Facility: See *Alliances Support Facilities*.

Intervention Case Studies: A document which may be developed detailing the work done to date, the key systemic constraint being addressed, activities, investments, market research and quantitative and qualitative impact. The document can be shaped for publication for presentation to donors or wider public/stakeholders.

Key Informant Interview Table: A key tool used in the Market Analysis process a table detailing who was interviewed, when, where and what was discussed.

Log Frame: The fundamental contractual and structural tool of the ALCP; the final version of which is agreed on entering into the implementation phase which follows an inception phase or second phase of the SDC funding cycle. In the ALCP it is comprised of Goal, Purpose, three Outcomes which correspond broadly to supporting functions, market access and rules respectively, outputs and proposed opening interventions. The traditional activity section of the logframe is occupied by *proposed opening interventions* which are best bet entry points which may be changed or substituted. The main point is that interventions conducted ensure that the outputs under which they sit in the logframe are achieved.

Monitoring Action Plan Meeting (MAP): A bi-monthly meeting, where BDO's aggregate impact to date per output for which they are responsible, with the help of the M and E team and present it to each other and management. *MAP's* operationalize; broad staff ownership of M&E, communication between M and E staff and Programme Staff, ongoing troubleshooting of issues which ensue and ongoing of calibration of interventions based on data.

Market Analysis: Provides a market based analysis of the sub sectors in which the programme intends to work and develops a concrete sub-sector strategy with a pro-poor focus. Synthesizes information from written sources and research, statistics, media, key informant interviews, *Focus Groups Surveys* and other surveys conducted as part of the inception phase. Contains a *Summary Market Analysis* section see below.

M4P: The Making Markets Work for the Poor Approach: A market systems approach and is based on the identification of key systemic constraints to the functioning of markets, the identification of pro-poor opportunities for growth and the facilitation of systemic change by working with key market players to impact positively and with scale on the poor.

Measurement Plan; A table containing specific indicators and the time schedule when they shall be measured, their means of verification, baseline data, progress to date, data validation date and the person responsible for ensuring completion. Measurement plans are created at the intervention and Outcome Level

Net Attributable Income Change (NAIC): The change in income in the target group which can be attributed to the programme. One of the three universal impact indicators of the DCED for the measuring the results of private sector development programme i.e. jobs, scale and income.

Phased Funding: where a general idea of an approximate final total for the investment is envisaged at the beginning of the intervention, but is broken down into smaller funding parcels *tranches* and administered within *phases* to correspond with tackling intervention based constraints in a logical order.

Preliminary Meetings: The preliminary meetings between eligible applicant and BDO for the completion of the application form.

Proposed Opening Interventions: Are best bet entry points identified and developed during the market analysis. They offer the best identified means of achieving the outputs necessary to ensure impact. As the programme progresses and where circumstances dictate and there are valid reasons why they will not succeed or may take longer than expected. They may be changed or substituted and additional interventions added to ensure that the outputs under which they sit in the logframe are achieved.

Risk Management: A systemic application of 'know how' based on experience and the use of tools such as phased funding which is built into the facilitation process to minimize risk to programme and client and maximize the likelihood of a successful outcome.

ROI (Return on Investment): A sustainability indicator of the business model, defining its level of financial independency. A Predictive Return on Investment is calculated for larger investments. A predictive ROI is based on the baseline figures obtained in the *Investment Plan* which enables the definition of the optimal share i.e. percentage % co-investment per intervention and the construction of a timeline for the breakeven point of the co-investment. It is a decision making tool in planning investments, setting targets and measuring impact.

Secondary Funding: Mainly employed for the purpose of generating scale within a maturing programme and where the initial funding of a client has led to growth or outcomes that are still subject to constraints and still require assistance to catalyse scale potential including encouraging copying and crowding in.

Social Return on Investment (SROI): Shows the benefits provided by service providers to SSLP's expressed in terms of additional income and (monetized) time saved, increased sales and reduced transaction costs. A Predictive and Actual Social Return on Investment is calculated for larger investments. It is the main means of quantifying the broader impact of an intervention on the target group i.e. SSLP's. Once raw financial data is received on-going financial calculations are made and an annual SROI calculated per investment.

Summary Market Analysis: The summary outputs of the Market Analysis:

- *Summary Market Analysis Table:* A table showing the relevance of the sector, pro poor potential and intervention potential
- *Core Market: Systemic Constraints, Cross Sectoral Drivers and Pro Poor Opportunities Table:* A table showing the above for the programme specific value chains.
- *Systemic Constraints in the Supporting Functions and Rules Table:* Presented in tabular format and relating to the programme specific value chains.
- *Sustainability Matrix:* A key component of the sustainability analysis and a key component of the Summary Market Analysis; a table detailing ‘who does/who pays’ i.e. who fulfils/performs roles i.e. donor, NGO, private sector or government and who funds it: based on the market information of players across the private, public/governmental and civil society sectors which forms part of the future market envisaged by the project
- *Gender Roles and Responsibilities Table:* Detailed for activities across the programme specific supporting functions and sectors
- *Gender Access and Control Table:* Detailed across the main resources relating to the programme specific supporting functions and sectors.

Sector Wide Behaviour Change: Changes in the wider target sector e.g. agricultural sector, with a wide variety of actors who may or may not have been directly targeted e.g. elements of government, media, business organizations, INGO’s, educational establishments, which may be fully or partly attributable to interventions and systemic changes brought about by the programme or are intended qualitative behavior changes or systemic changes planned within the intervention.

Systemic change: Change in systems that are caused by introducing alternative innovative sustainable business models at support market level (such as in private sector, government, civil society, public policy level). These changes often cause widespread indirect impact by crowding in at support market levels with impact and copying at final beneficiary level. A systemic change has three key characteristics. They have scale and influence and benefit a large number of people who were not directly involved in the original intervention. They are sustainable continuing past the end of the programme, without further external assistance. They are resilient models are adapted to continue delivering pro-poor growth as the market and external environment changes.

Tranches: Sequential parcels of funding that make up a funding phase.

Women’s Economic Empowerment (WEE): Ensuring that the women in the target group have access to but also agency over programme generated benefits. The programme management, tools and operations and monitoring system must be geared to operationalizing WEE.

1. INTRODUCTION

Note: Key terms are italicized in the manual and their definitions can be found in the glossary.

This Investment Manual is the key programme document for use by programmatic and operational Mercy Corps Alliances Lesser Caucasus Programme (ALCP) staff as a guideline for decision making, implementation and monitoring of ALCP activities.

The purpose of the manual is to fully describe the Investment Process as carried out by the Alliances Programmes under the *Alliances Investment Support Facility* and the *DRR, Gender and Governance Support Facility* based on the strategy and deliverables as outlined in the *ALCP Log Frame*. The manual is the formal written document that details the criteria, processes and operational procedures attendant in carrying out the Investment Process of the ALCP from pre application to monitoring and evaluation including: client selection criteria, the application process, investment plan development, procurement, investment disbursement and the monitoring and evaluation of the investments.

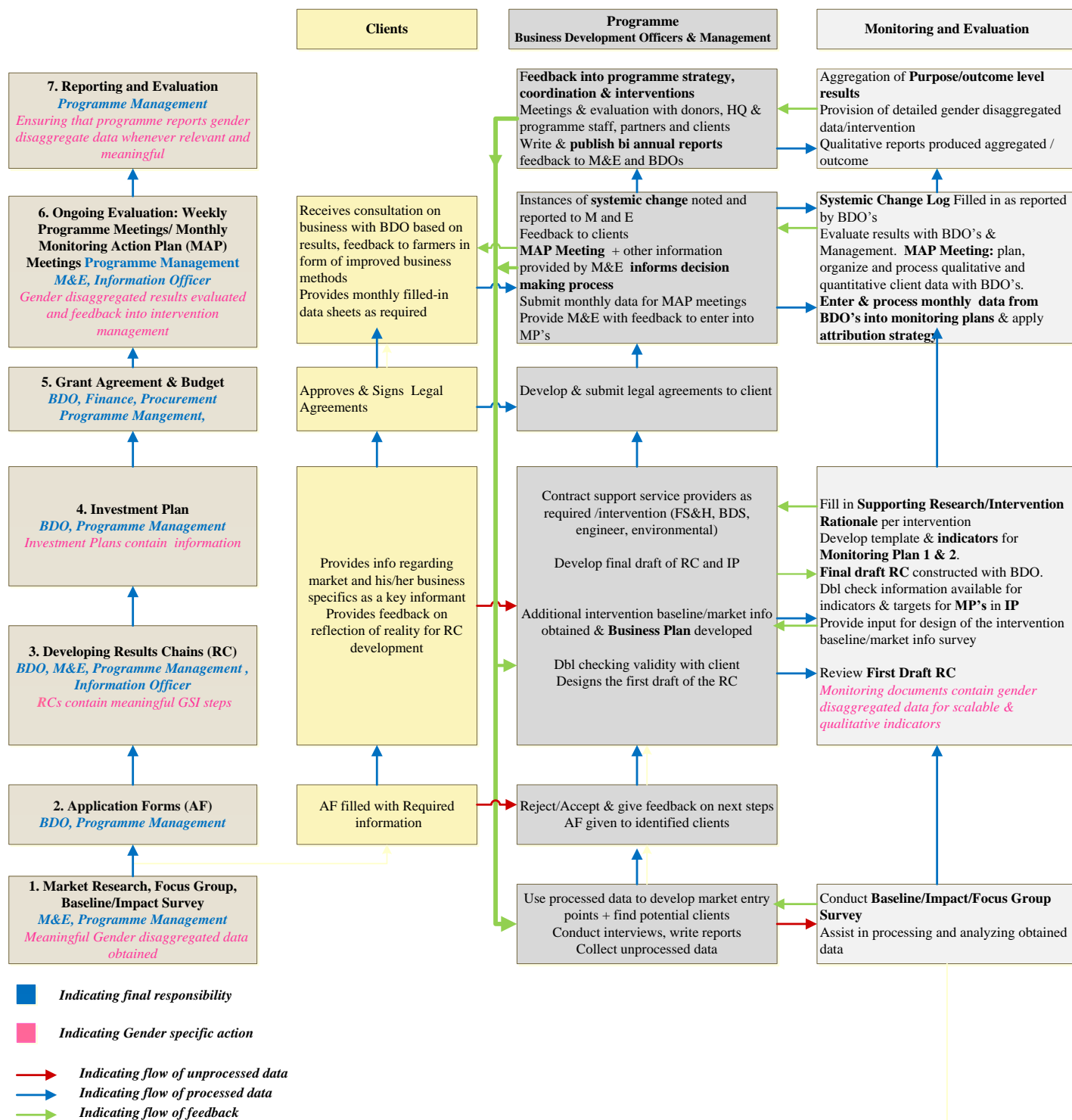
The manual clearly outlines the steps to be taken in making an investment and clearly indicates where programme forms are used and provides the templates for these forms in the Annexes.

Management and Monitoring are interlinked in the ALCP which is clearly illustrated in the *ALCP Work Flow Diagram* on the next page. The *ALCP Work Flow Diagram* provides a general overview of the process described in this manual showing the main steps of the programme process and the responsibilities and interaction between programme, M&E and client for each of these steps. This manual will reference but not go into detail about the Monitoring and Evaluation System which is described in depth in the *Alliances Lesser Caucasus Monitoring and Evaluation Manual 2015*. However a description of the system is provided in *Section 6: Monitoring and Evaluation* and an overview of the data collection, survey and impact assessment methods of the ALCP is provided in Annex 6.

Note on Structure: The structure of the programme and its operating procedures, tools and mechanisms and the extent to which these allow for flexibility, reactivity and adaptability underpin a programme's success. The ALCP is structured in a way to enable it to practice an adaptive style of management. This includes how and who are selected as team members, how they are trained and the operational culture of ongoing team dynamics. Capacity building is essential and ongoing. Open and continuous communication is key. Continuing dialogue with the donor has allowed for the development of programme mechanisms which are fit for purpose and without which flexibility and therefore success would be compromised. These include the structure and use of the *log frame*¹ and funding mechanisms i.e. the *Alliances Support Facilities* of the programme. See also *Annex 1 Operational Guiding Principles Note on Gender and Women's Economic Empowerment (WEE)*: Gender and WEE are operationalized in the programme throughout all phases of the programme cycle and are described throughout this manual. Information on operational issues related to Gender and WEE can be found in *Annex 2 Practical Steps for the Inclusion of WEE in M4P*.

¹ The programme provides *proposed opening interventions* in the logframe at the end of the inception phase, based on the best entry points for achieving the strategy as laid out in the logframe. These are flexible and others may be substituted, however they will all service the same purpose, that of achieving the output under which they belong.

Alliances Lesser Caucasus Programme Work Flow Diagram



1. CONDUCTING MARKET ANALYSIS

As a DCED audited, SDC market development project implemented by Mercy Corps Georgia in accordance with the Making Markets Work for the Poor Approach, the ALCP operates according to the *DCED Standard VI* as interpreted in the *ALCP Monitoring and Evaluation Manual Version 2 2015*², the principles as set out in *The Operational Guide to Making Markets Work for the Poor Approach Version 2*, the reporting format and schedule for Bi and Annual reports as outlined by the SDC and the Swiss Cooperation office in Georgia which is informed by the *Outcome Monitoring Concept South Caucasus*³ and operationalizes WEE as described in the DCED's *Measuring Women's Economic Empowerment in Private Sector Development Guidelines (2014)*.

According to the SDC *Outcome Monitoring Concept* in the *Inception Phase* the following survey instruments are utilized:

- Sub sector study (including market research): conducted before starting the work in a sector
- Gender analysis: conducted after the sub-sector study.

Note: following extensive work on operationalizing gender and M4P and Women's Economic Empowerment (WEE)⁴ the market analysis itself is fully gendered and includes *Roles and Responsibilities* and *Access and Control* tables in the Summary Market Analysis section. Where a discreet Gender Analysis is considered necessary it will be conducted after the main market analysis and focus group survey.

- DRR Sensitivity Analysis: conducted after the sub-sector study
- Governance is surveyed and analysed as a component of each survey instrument i.e. the sub-sector analysis, the gender and DRR sensitivity analysis.

The *Alliances Market Analysis* lays the foundation of the investment process. Careful analysis, identification and information pertaining to key market players and the market environment in which they and the programme operate, provide the key for ensuring investment in the entities which will form the entry points to allow for the creation of pro poor change in the system in line with strategy. The *Market Analysis* provides an analysis of the sub sectors in which the programme intends to work and develops a concrete sub-sector strategy with a pro-poor focus. Steps 1-10 below outline the market specific procedures and tools utilized throughout the process.

1. *Directory of Players*: This is aimed at capturing private sector actors in the sub-sectors in which the programme is operating and can also include relevant public/governmental and civil society actors.

² Please refer to the *Alliances Lesser Caucasus Monitoring and Evaluation Manual Version 2 2015* available on www.alcp.ge for a full exposition of the monitoring system.

³ See p6 of the *Outcome Monitoring Concept for the South Caucasus* (as of June 2009).

⁴ See the M4P Hub's *Guidelines for Incorporating WEE in M4P* (2012) and the DCED's *Measuring Women's Economic Empowerment in Private Sector Development Guidelines*(2014) in which the ALCP's WEE strategy and practice are outlined.

2. *Data Presentation:* Organization of data captured during the compilation of the *Directory of Players* for optimal programmatic use e.g. the development of specific data sheets and maps e.g. cheese producers, machinery service providers.
3. *Focus Group Survey:* involves the definition and the construction of a detailed profile of the target group operating in the target sub-sectors and value chains and the definition and ranking of key gender disaggregated information related to them including market access, constraints and opportunities.
4. *Key Informant Interviews:* Key market players in the sub-sectors who can provide oversight and insight into the market system informants include private sector actors, civil society, NGO's and government representatives. A *Key Informant Interview Table* is developed detailing who was interviewed, when, where and what was discussed.
5. *Use of Written Sources:* includes a wide ranging use of sources including donor reports, government statistics and research studies and media to broaden the understanding of the sub-sectors.
6. *Summary Market Analysis:* the summary outputs of the full Market Analysis form the diagnostic tools for the market assessment and are found in the *Summary* section of the Market Analysis and can only be completed at the end of the survey process. The outputs are:
 - *Summary Market Analysis Table:* Relevance of the sector, sub-sector, pro poor potential and intervention potential
 - *Core Market: Systemic Constraints, Cross Sectoral Drivers and Pro Poor Opportunities Table:* Identification and definition of the systemic constraints, cross sectoral drivers and pro-poor opportunities found in the core markets.
 - *Systemic Constraints in the Supporting Functions and Rules Table:* Identification and definition of the systemic constraints in the Supporting Functions and Rules of the core markets.
 - *Sustainability Matrix:* i.e. 'who does; who pays' based on the market information of players across the private, public/governmental and civil society sectors which forms part of the future market envisaged by the project.
 - *Roles and Responsibilities and Access and Control Tables:* Detailed for activities for men and women of the target group across the programme specific supporting functions and sectors and the main resources relating to the programme specific supporting functions and sectors.

Programmatically following the completion of the initial Market Analysis the following steps are ongoing to ensure *Continuous Market Awareness*:

7. *Impact Assessment: Including Programme Baseline, Mid and Final Impact Assessments:* The baseline data required both at the programme wide and intervention level is a vital component of the general pool of market information, some of which is statistically significant. It allows for a clear before and after assessment which is useful when triangulating market information. As impact aggregates it can have significant influence on and become part of the market system and monitoring data is of ongoing importance to the programme's continuous market awareness, when evaluating the environment.

8. *Ongoing Market Analysis*: involves continuous updating of the data sheets, maps and directories as well as more fluid information exchange between programme staff based on their interaction with clients, attendance at meetings and interactions with local and national media and market actors. When enterprises and service providers are identified it involves the production of profiles, reports and ongoing targeted market research which lay the groundwork for producing *Intervention Case Studies*. Targeted market research is conducted where a greater depth of time sensitive information is required to fully inform an intervention e.g. the market for hay including hay prices to inform a livestock nutrition intervention.
9. *Ongoing Identification of Market Opportunities*: an *Ideas Matrix* is utilized for listing potential opportunities for open discussion before following on through to the application process and the client programme relationship development. The *Ideas Matrix* forms part of the *Programme Matrix* an excel file where application and investment stages are noted and tracked. These tools are particularly useful in the preliminary stages of a new programme. However as the programme matures and entry points are established and as experience grows within staff and communication ‘thickens’ much information is passed and discussion conducted informally within the pool of implementers.
10. *Monitoring and Management Feedback Loop*: As the programme matures and impact develops regular review of impact both quantitative and qualitative per intervention, output, outcome and sector should be utilized to inform and feedback into programming. In the ALCP apart from continuous informal communication, collaboration between programming and monitoring staff on the development of surveys, indicators and results chains for the monitoring plans of each intervention, and analysis of aggregated impact for bi and annual reporting, a *Monitoring Action Plan* meeting is held bi-monthly. Management, programme and M and E staff attend and results are presented per output, by the Business Development Officer (BDO) responsible. This allows for troubleshooting and the calibration of interventions to ensure the desired outcome.

Example: An example might be that the MAP Meeting reveals that the access % for women is lower than expected for a particular supporting function given the research based assumptions of the team. Problems may be diagnosed as a data gathering problem i.e. women signing their husbands name on accessing a service or it could be a intervention design issue, i.e. marketing materials being posted in places where they are inaccessible to women.

NOTE ON CONTINUOUS MARKET AWARENESS AND THE CALIBRATION OF INTERVENTIONS AND STRATEGY

Continuous market awareness and the methods used to ensure it should be balanced to serve the needs of the programme i.e. to inform interventions and strategic decision making. As programme impact grows and *systemic changes* and *sector wide behavioural changes* are captured, impact and market information can become increasingly intertwined and wider in scope. Ongoing information inflow and analysis should be handled in a way that ensures that the programme can evaluate and use this information to boost scale and optimize leverage points for scale. Experienced staff and management will be able to understand when more information is required and when the programme has enough in hand for its current purposes. Flexibility and judgement must be applied to answer ongoing needs on an ongoing basis.

2. CLIENTS

Potential applicants to the ALCP must be eligible according to the criteria listed in Table 1 below and offer entry points to addressing key systemic constraints and capitalizing on pro-poor opportunities in line with programme objectives in order to proceed to the *preliminary meetings* and *application form* stages:

Table 1: Eligibility Criteria for application to the ALCP

Type of Business	Alliances Direct Support	Qualifications/Notes
Small Individual Farmers	No	Target Group. Will benefit from programme impact. Will access inputs as customers, improved market access as suppliers and improved access to and quality of access to public goods as citizens.
Farmer's Groups /Cooperatives/Unions/Associations	Yes	<ul style="list-style-type: none"> ❖ Significant activities in the livestock sector ❖ Significant number of suppliers or customers who are small-scale livestock producers (≥ 10 breeding females).
Large farmer/processors	Yes	<ul style="list-style-type: none"> ❖ Strong market access/or clear potential access ❖ Processing significant amounts of animal nutrition, dairy products, meat, breeding animals or rearing large numbers of livestock. ❖ Significant number of suppliers or customers who are small-scale livestock producers (≥ 10 breeding females).
Milk processors	Yes	<ul style="list-style-type: none"> ❖ Strong market access/or clear potential access ❖ Processing significant amounts of dairy products. ❖ Significant number of suppliers who are small-scale livestock producers (≥ 10 breeding females).
Slaughterhouses & meat processors	Yes	<ul style="list-style-type: none"> ❖ Strong market access/or clear potential access ❖ Processing significant amounts of meat products. ❖ Significant number of suppliers who are small-scale livestock producers (≥ 10 breeding females).
Intermediaries, traders, wholesalers	Yes	<ul style="list-style-type: none"> ❖ Strong market access/or clear potential access ❖ Trading significant amounts of meat & dairy products. ❖ Significant number of suppliers who are small-scale livestock producers (≥ 10 breeding females) and willingness to engage with them.
Service providers (Improved breed services, advice, animal breeding, trainers and external consultants)	Yes	<ul style="list-style-type: none"> ❖ Significant numbers of clients who are small-scale livestock producers. ❖ Appropriate regional services
Input suppliers (animal feed and fodder, veterinary drugs, high quality breeding cattle)	Yes	<ul style="list-style-type: none"> ❖ Significant numbers of customers who are small-scale livestock producers.
Local, Regional and National Government & Civil Society Organs & Associations	Yes	<ul style="list-style-type: none"> ❖ Policies and spheres of activity that aim to benefit the quality of and access to the public goods of the target group in line with programme strategy

APPROACHING POTENTIAL CLIENTS

The *Market Analysis* including the use of tools such as the *Directory of Players*, the *Focus Group Survey* and the ongoing collection and collation of current market intelligence related to the programme specific value chains and programme area will have produced lists of key market players and service providers.⁵ Whilst this list is not exhaustive and will be continually added to through ongoing market intelligence it will in likelihood provide sufficient entry points for programme interventions in key areas without the need for advertising, as in these cases the market players will be approached by programme BDO's. This approach is in line with a key tenet of M4P; maintaining low visibility in order to prevent market distortion.

ADVERTISING

Where however the known list of key market players for the undertaking of an activity seems limited and unrepresentative in coverage and the programme objective requires optimal representation for example in the case of identification of candidates and provision of training for a key service e.g. Business Development Service providers; targeted advertising by the programme itself can be carried out. This can include a competitive application process through public advertising utilizing the media.

NOTE ON VISIBILITY:

In line with an agreement in place with SDC any documents entering the public domain e.g. research must place the SDC logo first followed by the Mercy Corps and Alliances Logo. When maintaining low visibility in the local markets branding is kept to a minimum with the branding of the key market player becoming the visible face of the activity.

DEALING WITH SPECULATIVE APPLICATIONS

During the course of the Inception/initial phase of the programme and in conducting the market analysis and focus group research, many key market players will have become aware of the programme. Speculative applications from eligible players are welcomed. These take the form of verbal enquiries to programme staff in the field or to the office. Where ineligible potential applicants apply, BDO's will explain the programme criteria and detail why the potential applicant fails to meet this criteria.

DEVELOPING A CLIENT PROGRAMME RELATIONSHIP

The client-programme relationship is an essential element of the *facilitation* approach.

PRELIMINARY MEETINGS WITH ELIGIBLE MARKET PLAYER/CLIENT

These preliminary meetings between potential clients and the programme lay the foundation of the client/programme relationship and the development of potential future interventions and investments. The emphasis is from the beginning on developing a relationship based on mutual respect and based on entry points provided by the potential client rather than seeking to immediately define or impose programme specific objectives. However the nature of the programme and a definition of the nature of potential collaboration will be introduced by the BDO to the potential client at this point. Where eligibility is

⁵ As detailed in Section 1

confirmed and a potential intervention from the market player tallies with programme objectives and the potential client sees potential in progressing, the relationship will be cultivated and enter the application stage. As the relationship develops the clients will be introduced to key managers but maintain primary contact with the BDO who manages the outcome and output under which the intervention falls.

3. THE APPLICATION PROCEDURE

APPLICATION FORM

Potential clients who have met the eligibility criteria will proceed to filling out an *Application Form*. Please see Annex 3 for the template of the form. For most clients the process of filling in the form may be collaborative i.e. with some level of discussion and facilitated by the BDO. The BDO will review the form once filled in and point out where more information is required, explain programme related terminology or concepts or help formulate the business idea in line with programme objectives.

Note: The concept of co-investment is formalized at this stage. The Application Form contains a section asking for the nature and source of the potential co-investment by the potential client.

APPLICATION REVIEW PROCESS

Ongoing communications between all levels of staff are essential on the ALCP given the continuous inflow of information and the flexibility and reactivity of the programming. The Team Leader and Programme Managers are in constant communication on how entry points in each region or ongoing interventions are feeding into strategy. The Application Review Process within each region consists of the Programme Manager, Deputy Programme Manager and BDO's, being then communicated as a viable application to the Team Leader. Where specific technical input has not been sought beforehand in the development of the application form, technical experts may join the review process. All applications received will have been preliminarily reviewed by the BDO. The procedure will include ensuring that the proposed business idea is fully in-line with programme objectives and highlighting where more information is needed to proceed, with clear recommendations made as to the nature and means of obtaining this information and the time-frame for obtaining it. Updates will be provided as to the nature of the client/programme relationship. A meeting or several meetings may be held in which to discuss the environment in which the proposed intervention is to take place and the constraints/opportunities that the client is operating under. This may in itself involve the need for wider research and facilitation to take place. It also includes an assessment of the risk involved in undertaking the proposed intervention/investment. Each application form brought to review will be subject to one of three actions following the meeting, which appear as check boxes on the form:

- Additional data required
- Modify & Review at next Application Review Committee
- Proceed to Investment Plan stage

Note: Facilitation occurs in real life and real time, the personal problems and commitments and externalities of and affecting potential clients and their businesses often blur the implementation process. The relationship between BDO and client allows for these to be discussed and assessed as part of the facilitation process. An example would be where interests beyond the client are in operation and may have already manifested their power to affect the business in question e.g. government agencies/laws or potential investors. Part of the facilitation process involves further investigation of these broader interests and an assessment of how they affect the intervention including an assessment of the risks they pose.

REJECTING AN APPLICATION

Due to the eligibility criteria and development of a client/programme relationship most applications will be modified before being finalized. However in the instance of unsolicited applications or where external influences render a potential intervention untenable the application may be rejected. This will be done in person and followed up with a letter/email where necessary.

ACCEPTING AN APPLICATION

Once the finalized applications are accepted the client/intervention/investment moves on to the Investment Phase. The details of the successful Application will be shared in the staff meeting and begin the process of bringing M and E into the process. (See *Work Flow Diagram Section 1: Introduction* and the *ALCP Monitoring and Evaluation Manual 2015* for the full process) At this point a file is opened for the client/intervention for the contents of this file please see *Section 4: Record Keeping*.

4. THE INVESTMENT PROCESS

This section contains a description of the procedural steps of the investment process. The following *Section 5: Factors to Consider within the Co-Investment Process* gives an in-depth exposition of aspects of the co-investment instrument and its use.

The investment process comprises of the development and completion of the *Investment Plan*. On entering the Investment Process the programme carries out a deeper survey process including the assessment of the capacity of the applicant, further market analysis, the potential impact and risk including environmental factors. This process includes the commissioning of a *Business Plan*. For larger investments the programme can also undertake a Predictive Return on Investment. The results chain for the intervention will have been commenced and will be finalized with the investment plan. The Investment Plan forms the main strategic and reference document at intervention level and is used by M and E for checking the rationale of the results chain, for the construction of baseline indicators and for plugging in data for predictions.

FACTORS DETERMINING THE DEPTH OF THE INVESTMENT DEVELOPMENT PROCESS

The following factors determine the level of depth required in the *Investment Plan* development process.

Level of Entry Point and Impact Potential: Where an investment is taking place with a lead firm or at the policy level with potential impact across broader geographical areas affecting larger numbers of upstream players then considerably more time may be taken in the development process including the development

of the client/programme relationship as the complexity of factors relating to the investment will be increased. It will involve greater levels of coordination with external players and key stakeholders and broader market forces must be factored into the development of the *Investment Plan*.

Size of Investment: This is closely related to the first point. Size of investment is closely related to predicted impact. A large investment for minimal impact would highlight the need to re-think, recalibrate or reject an investment. Regular communication with the SDC National Programme Officer, in addition to the Bi Annual Steering Committee following the submission of bi and annual reports, includes case by case discussion for larger investments which fall significantly above the average expenditure per intervention per output⁶, represent new directions in programming or large capital investments for target group related public goods.

Example: Starting with a consultative forum The Advisory Committee which brings together diverse stakeholders at all levels of government, private sector and civil society, the issue of the annual transhumance route from the winter to summer pastures of up to a million livestock and running directly through three regions of SDC programming, became a main governance issue under Outcome 3 at the beginning of the first phase of programming in Alliances KK in 2011. It incorporated issues directly related to programming strategy, of animal disease control, government accountability and transparency and the development of the sheep sector. The programme involved SDC from the outset needing to develop mutual understanding and consent to operate at this scale, firstly in detailed reporting and flagging of the issue and later as facilitation surrounding the issue increased, in direct consultation with SDC over issues related to central government and the development of infrastructure on the route and on what SDCs involvement and backing would be. At one point the SDC Deputy Mission Director held meetings with central government when suggestions were made by government to appropriate programme funding without a planned framework and a response was formulated in which it was made clear a feasibility study and action plan were pre-requisites for funding. Later in the process, the SDC National Programme Officer attended a key Advisory Committee meeting where the show of SDC support was pivotal. Issues such as maintaining low visibility and leveraging SDC where appropriate as well as funding amounts and expectations have been discussed. In the development of the ALCP it was verified between the programme and SDC that larger funding amounts for infrastructure on the route would be an expected part of programme activity.

Level of Innovation: Alliances has six years of operational experience in specific sub-sectors, some interventions have proven success rates and may be replicated with relatively little risk although due diligence to reflect the unique market conditions will always occur by following the *Investment Plan* template. Where a new idea is being piloted or a new product developed, the risk is higher and more market research will be required and a broader investigation of wider market forces. It may also depending on the size of the investment require more communication with SDC. (*See above*)

⁶ As noted elsewhere some interventions e.g. dairy factories under Market Access and Terms of Trade, have been replicated, have a proven track record and represent minimal risk

INVESTMENT PLAN

The *Investment Plan* contains all the information necessary for the programme to manage and monitor the investment in line with programme strategy, and is primarily for programmatic use. It contains sections which details the investment in line with programme strategy e.g. goals, aims, impact, budget, Profit and Loss, Cash Flow and Balance sheet, work plan, consumer profile, marketing strategy, WEE strategy or gender sensitized aspect of the intervention and environmental risk factors⁷. The information for the Profit and Loss, Cash Flow and Balance Sheet are obtained by external BDS.

See Annex 4 for the *Investment Plan* template.

BUSINESS PLAN

Where the investment plan contains all the information for the programme to manage and monitor the investment and is primarily for programmatic use, the business plan allows for a broad, company specific view of the business that allows the client to understand the investment from within their business context and contribute to strengthening the capacity of the business thereby bringing down the risk of the investment and bolstering it. It also serves to triangulate and add to the information and understanding of the BDO & Programme in the development of the Investment Plan which further strengthens the investment. It is written by an external business development services company⁸ contracted by the programme the cost of which is put into the co-investment of the client up to 20%, with the rest being part of the programme co-investment. The business plan develops a vision for the investment and beyond regarding the future of the business and expounds in tandem with the client areas of traditional weakness in Georgian business; planning for varied scenarios, how to achieve goals when external factors vary, risk management, financial planning, phasing investment to growth, branding and advertising. It also ensures that ideas are grounded in reality and that the client does not get ‘lost in ideas’ whilst exploring the potential for those with promise.

CO-INVESTMENT

When co-finding with the private sector Alliances funds up to a maximum of 65%⁹ with the client obliged to co-invest up to 35%. This level of co-investment was determined at the beginning of the ALCP in 2008 through a consultation process between programme staff and donor based on reflecting on the local context¹⁰ and previous programmatic experiences in Georgia¹¹. The figure of 65%/35% reflected what

⁷The Investment Plan contains a section on whether a BEAT assessment is required or not. The Business Environmental Audit Tool (BEAT): is simple environmental audit tool, developed in the first phase of Alliances, providing a framework to analyse the impact of businesses on the environment, the potential impacts of natural hazards on their businesses, the checking of business compliance against government environmental regulations and identification of businesses for whom a full Environmental Impact Assessment (EIA) is recommended. BEAT assessments are subcontracted to local environmental service providers.

⁸ The company was chosen by an open tender, where the tender was couched in terms of seeking innovative ideas and a willingness to provide appropriate training to SME’s outside of the capital for those who could see the potential of developing the rural market. The company was then facilitated through a co-investment mechanism. This model was also used for the development of appropriate Food Safety and Hygiene Consultancy Services.

⁹ As of four years of Alliances KK the co-investment rate average is 50%.

¹⁰ Which included detailed study into the lending market.

was believed to be the right balance between the client taking the co-investment seriously but not overburdening the client or possibly negating a potential intervention.¹² Experience has borne this out and the funding percentages remain valid. The co-investment of the potential client is first outlined in the Application Form stage, this is refined and detailed in the Investment Plan development. Please see the following section for a more in depth explanation of the use of and factors related to the co-investment instrument including negotiating and tailoring the co-investment, instances when programme funding can exceed 65%, risk management and reporting on co-investment.

MAINTAINING A PRO POOR AGENDA: IMPOSING LEGALLY BINDING CONDITIONS

The Grant/Target Funding Agreement was developed in 2008 and updated in 2011 & 14 according to Georgian law by a Mercy Corps lawyer. It is the legally binding document of the investment process and attempts to ensure that business activities are carried out as envisaged in the *Investment Plan* and that the investment remains consistent with pro poor programme objectives which ensure that investments have the end effect of benefiting the target group. The conditions as set out in the grant agreement are therefore specific to each investment. The format which specifies the details of the investment made by both parties and payment schedule, includes conditions which must be fulfilled i.e. data provision, correct use of buildings/equipment, business activity being performed in the programme area and deliverables such as minimum number of farmers who must be served, minimum number of suppliers from whom milk must be collected. In the case of these conditions not being met the programme has the right to re-appropriate the assets detailed under the grant agreement. Hence the programme tries to invest in movable assets as a method of being able to recoup investment costs should the investment fail. The *Grant Agreement* also details the client's co-investment and number and date of the payment of Alliances investment tranches.

A detailed budget with information pertaining to the payment of tranches within the current phase of funding that the investment describes is a fundamental part of the grant/target funding agreement. The grant/target funding agreement is signed by the client, Head of Finance, Country Director, Team Leader and Programme Manager. Since not all legal bodies are allowed to receive a grant according to law, there are two different versions of the Grant Agreement:

Grant Agreement: For non commercial/non entrepreneurial legal entities (individuals, Associations, Unions and Friendship Societies)

Target Funding Agreement: For Individual Entrepreneurs, LTD, LLC and Cooperatives.

Note: Memorandums of Understanding (MOU's) are signed with government before entering into grant agreements.

A *Grant Agreement* template can be found in Annex 5.

¹¹ In the agricultural and business sectors.

¹² This has been borne out with experience. 50% for an initial investment for most business would be too much and the %'s seem to keep risk at an acceptable level for both parties. The funding % of the programme does tend to diminish naturally as interventions mature i.e. where an intervention has secondary funding. 50% for an initial investment for most businesses would be too much.

RECORD KEEPING

The budget forms the final package of documentation which forms a file for each intervention which includes:

- Title Page
- Application Form
- Results Chain
- Investment Plan
- Business Plan
- Grant/Target Funding Agreement including budget which details tranches to be paid within the current phase (see next section for details of tranches and phases)
- External assessments e.g. engineer reports, environmental assessments etc
- Other documentation as required by the programme e.g. tax registration documentation etc

Note: Receipts and other forms of financial documentation required as proof for the undertaking of activities as stated in the grant agreement are collected, verified and kept by finance.

PROCEEDING WITH AN INVESTMENT

The BDO responsible for the logframe outputs under which the investment sits will submit the Investment Plan for review. The finalized Investment Plan will be reviewed by the Deputy Manager, Programme Manager and finally Team Leader who will confirm that the investment and aspects such as WEE are in line with the programme strategy, logframe outcome and output under which it sits. The Team Leader maintains regular communication with the Country Director and other in-country Programme Directors which ensures that the proposed investment is consistent with the wider country strategy. Final responsibility for signing off on the investment lies with the Country Director. Once the level and nature of the co-investment is settled and once the client has accepted the conditions imposed in the *Grant/Target Funding Agreement*, the investment is disbursed.

INVESTMENT DISBURSEMENT

Once an investment is approved a memorandum or grant agreement will be signed with the client; and money transferred to the Bank Account specified by the client and according to the condition and details specified in the Grant/Target Funding Agreement. If procurement is necessary and a client has an organized structure and the capacity to purchase the specified items, then the client carries out the procurement under the supervision of Mercy Corps. If the client does not have the appropriate capacity to procure the specified items then Mercy Corps carries out the procurement involving the client in all the procedures, allowing the client to learn and follow the procedures for themselves in the future.

5. FACTORS TO CONSIDER WITHIN THE CO-INVESTMENT PROCESS

Co-investment is used by the programme as a mechanism particularly useful in thin markets to stimulate change which allows the programme a high level of control and flexibility, strong partnership and close interaction with clients and allows for adjustments to circumstances. In addition the clients' co-investment makes programme funds go further. Disadvantages can be seen as; in the case of failure, the programme is more directly responsible and that as an end in itself it is unsustainable. However as a tool as part of a process leading to a self-sustaining system it is acceptable. The following main factors are considered within the following section:

- Tailoring a client's co-investment including the instances where the programme co-investment % may be greater than 65%
- The rationale behind and method of additionally funding an existing client
- Managing risk within the co-investment process
- Reporting on co-investment

TAILORING THE CO-INVESTMENT

NEGOTIATING & STRUCTURING THE CO-INVESTMENT

IMPORTANCE OF FLEXIBILITY

It is true to say that the co-investment package is tailored to each client. The end goal of the process is to facilitate the optimum levels of business operation occasioning the least stress to the business during the transition process of the intervention. Co-investments can be in cash or in kind and can include equipment, labour, working capital, salaries and building or services directly related to the investment.

The level and nature of co-investment is determined by:

- What the clients themselves can afford.
- What and where they can best place their available resources to co-invest in the most efficient and beneficial way for them in the context of ensuring the success of the intervention and managing risk.

Flexibility is a key tenet in all dealings with clients. The co-investment of a client may sometimes be more than the required 35% where they have the means, where the natural division of contribution between programme and client dictates or where the programme is engaging in additional funding of an existing client. (See additional funding section below). Very occasionally the programme co-investment % is more in the following cases:

- Where the intervention is a pilot intervention used for testing/proving a new market idea and the initiation of and onus for this is on the programme.

- Where in the case of business support services and external consultancy services they are vital to the intervention but the market is not sufficiently developed to sustain their activity¹³.
- Where in interventions with government as a partner, with a strong focus on transversal themes, the public good aspect of the intervention broadens the potential benefit and scope of the intervention to sufficiently justify the investment.

A NOTE ON NEGOTIATION

Negotiating the co-investment package is part of the whole relationship being built up between programme and client. This relationship is one based on mutual respect and consideration. The programme must exercise sensitivity and subtlety in their dealings, being both *proactive* in terms of pursuing the programme objectives for implementing a successful intervention and *reactive* in terms of factoring in changing and external factors. They must consider how these factors may affect the client, react to the clients' needs and circumstances and adjust the interaction where necessary. The programme and staff has been structured to be able to foster this kind of relationship. From hiring local staff, to understanding ethnicity and gender, to developing and using *Co-investment Guiding Principles* (see risk management section) and *Operational Guiding Principles* (Annex 1), to an in depth market assessment and ongoing market analysis to maintain the confidence from the programme side in the fittingness of the client as entry point.

THE STEPS OF NEGOTIATING AND STRUCTURING THE CO-INVESTMENT

The negotiation and structuring process for tailoring the investment and deciding on factors such as explaining the co-investment principle, the level of co-investment and who pays for what with the client generally includes the following steps:

1. The investment required by the potential client is first outlined in the *Application Form* stage, this is refined and detailed in the *Investment Plan*, *Business Plan* and budget development. The budget reflects the means to implement the investment plan strategy. The categories included in a budget generally include the following items:
 - Equipment including transport
 - Building plans and materials
 - External services: Engineer, training and consultancy
 - Marketing
 - Salaries (usually clients contribution only)
 - Travel and accommodation (for internal experts)
 - Working Capital (usually the clients contribution only)
2. The programme ascertains that the client has the means to co-invest the minimum amount and informs the client that the programme will fund the rest.

¹³ The programme has worked hard to develop a level of sustainability in regionally appropriate external business support services, requiring some co-investment on behalf of service providers. However an imperfectly enforced regulatory environment and weak business environment mean that it is still difficult for these services outside of the capital to be self-sustaining.

3. The programme informs the client that a budget will be developed for the intervention and that part of the budget line items will be bought/ paid for/undertaken by the client and part by the programme approximating to 35% and 65% respectively.
4. The budget is developed and items detailed and apportioned to the parties according to the criteria mentioned in the *Importance of Flexibility* section above. Another main factor that is considered in the apportioning process are Mercy Corps procurement procedures. (See Section 6 *Procurement*) E.g. for a single item of more than \$20,000 the programme announces a tender, and for single items under \$5000 money is transferred to the client to a new bank account opened for the purpose for them to purchase budget line items for which appropriate financial documentation will be provided by the client.
5. Programme staff knowledge, procurement experience and external technical support is used to inform where and what is bought to ensure correct specifications and quality. Where the client is sourcing and buying equipment, the details of what and where are agreed in advance with the programme. Where the programme is procuring equipment it is also agreed in advance with the client.
6. Where building is required e.g. new dairy factory, renovation, earthworks, waste management, the services of an engineer and appropriate consultancy services are utilized to develop design, costings and monitor building processes. Where the client undertakes the building as part of the co-investment this is monitored by the engineer and financial documentation provided by the client.
7. Sometimes during the implementation process once the budget has been agreed, changes are required to the original budget. E.g. a client may source a piece of equipment at a cheaper price, a piece of equipment with a better technical specification may come on the market, during a building process unforeseen problems may be encountered. In this case the client provides a written justification and on management approval the budget is altered.

ADDITIONALLY FUNDING AN EXISTING CLIENT

Additional¹⁴ funding of an existing client is a potent tool with which to increase the efficacy of the co-investment, to engineer successful outcomes within the programme client interaction and to manage risk. It embodies the principles of flexibility and tailoring to client and context described in the previous section. Additional funding of an existing client i.e. one which has already received funding can be divided into two categories:

Phased funding: this is where a general idea of an approximate final total for the investment is envisaged at the beginning of the intervention, but is broken down into smaller funding parcels *tranches* and administered within *phases* (with a corresponding grant agreement and annex in the investment plan) to correspond with tackling intervention based constraints in a logical order.

Secondary funding: this is mainly and only occasionally employed for the purpose of generating scale where considerable scale potential is apparent, within a maturing programme and where the initial

¹⁴ It could arguably be better described as ‘flexible funding’.

funding of a client has led to growth or outcomes that are still subject to constraints and still require assistance to catalyse scale potential including encouraging copying and crowding in.

ADDITIONAL FUNDING AS RISK MANAGEMENT TOOLS IN THE CO-INVESTMENT PROCESS

The use of phased funding and secondary funding to negotiate constraints and engineer solutions which foster the greatest likelihood of success are vital aspects of risk management within the intervention. The use of additional funding for these purposes is described in detail below. Broader aspects of risk management including risk assessment and key operational tenets) are described in the following section of this chapter. (See Co-Investment Guidance Section).

USING PHASED FUNDING TO BOLSTER A SUCCESSFUL FACILITATION PROCESS

Within an intervention there is often more than one constraint and phasing is used to address the constraints of a business which are interlinked but which must be understood and dealt with chronologically to successfully facilitate the intervention. The process differs for each business depending on a wide variety of factors, however the art of facilitation¹⁵ will be to understand not only the key constraints but the order in which these constraints should be tackled to:

- Ensure the buy-in of the business
- Establish the reliability of the business
- Unlock a blockage that will enable the solution of another key constraint that may require more investments in terms of time and money and come with a higher risk.

For example a dairy business may have a problem with the demand side e.g. sales and distribution as well as with supply e.g. quality and efficiency of the supply of raw milk, however distribution and supply including food safety and hygiene constraints, must be addressed first with existing supply to ensure market access, before the central and more in-depth issue of the quality and efficiency of the supply of raw milk is tackled. The solution to solving problems within sales and distribution e.g. appropriate vehicle, branding, food safety and hygiene consultation and packaging are easier to solve, less expensive and relatively easy wins compared to tackling longer term, higher risk, problems related to improving supply. Problems related to supply which is sourced from a large number of small suppliers are more easily solved when the financial operations and business sustainability are stable¹⁶.

SECONDARY FUNDING FOR FACILITATING SCALE

Secondary funding may be conducted for the purpose of facilitating scale, where initial funding of a client has led to growth or outcomes that are still subject to constraints and still require assistance to catalyse scale potential including encouraging copying and crowding in. The validity of the use of secondary funding within an existing intervention as opposed to or in tandem with supplementary interventions that are also being conducted to stimulate scale within the sector, should be carefully scrutinized, to ensure that sustainability is not being compromised and that this is not a form of ‘intensive support’ being used to artificially and ultimately unsustainably, speed up or short cut market processes. However ‘over

¹⁵ The development of the results chain for the intervention is a key tool to aid in this process.

¹⁶ I.e. regular payments to suppliers are made and suppliers can see stability for the future and are then prepared to invest in improved production and quality.

reliance on the demonstration effect¹⁷ of the initial intervention must also be guarded against and further funding considered where the benefit is justified. In short, secondary funding should be conducted within a sustainable strategy of supplementary interventions to develop scale and be undertaken with care and a clear rationale within the context of the risks it may pose.

Factors which may influence the use of secondary funding are:

- Operating within a thin market where no other viable player exists,
- A distorted market where other viable players are also being funded,
- An operating environment in which risk has been exacerbated as the clients business has grown e.g. a client emerging over a turnover threshold which makes them liable for punitive tax rates, new risks such as hastily implemented badly thought out legislation,
- Or where investment requirements multiply to support the growth of a successful business e.g. needing to develop reliable laboratory testing facilities needed to support a veterinary supply chain as commercial and governmental laboratories are inefficient or non-existent.

Interventions where secondary funding is employed should also be conducted to limit distortion i.e. ensure that benefits accruing should where possible benefit other players. E.g. as where in the example of laboratory facilities being developed by one company it can be built into the intervention that these can be used commercially by other veterinary sector actors or where the advocacy function of a stronger market actor actively benefits other market players in the sector.

RISK MANAGEMENT IN THE CO-INVESTMENT PROCESS

Market driven interventions must be backed by appropriate research, background checking, and market micro-analysis and monitoring. Interventions must be staged to facilitate logical growth steps whilst managing risk. The following section outlines key risks within the ALCP operating environment and details programmatic guidance used to inform the co-investment process, developed through the experiences of Alliances programming since 2008:

The main tools¹⁸ used in the co-investment process to manage risk which are described in detail in the respective sections of this manual are:

- Ongoing market monitoring and analysis.
- Strong programme client relationships including selecting the appropriate client to begin with.
- Very strong emphasis and development per intervention of *Intervention Results Chains & Investment Plans* based on market analysis to ensure logic, strategy and implementation of the intervention.
- Negotiating and structuring an appropriate co-investment package.
- Using external business support services, which include the development of a business plan in the planning and development stage to triangulate and inform decision making.

¹⁷ See pages 37 and 38 of the *Section 4: Intervention in The Operational Guide For The Making Markets Work for The Poor (M4P) Approach Second Edition*.

¹⁸ Please refer to the respective sections of the manual for full descriptions of these

- Strong integration of M&E and Programme staff in the development of intervention monitoring which in addition to developing tailored monitoring appropriate to programme and client needs, adds another check of the intervention rationale.
- Use of service contracts for support services to clients' pre and post investment in FS+H, BDS, Environmental consultancy services and technical services.
- Use of tranches within phases to reduce risk: in line with the logical progression of activities and intervention rationale (see previous section)
- Trying where possible to pay for movable assets to allow for the removal or transferal of assets should the terms of the grant agreement be unfulfilled.
- Introduction of advanced BDS consultancy to on-going clients. Marketing, cash flow, strategic planning etc.
- Use of legally binding grant agreement to stipulate conditions of the co-financing e.g. activities, budget, client data provision.
- Bi-Monthly *Monitoring Action Plan meetings* where Business Development Officers present their results per outcome including difficulties and inconsistencies to management and monitoring. Allows for ongoing troubleshooting.
- Good assessment of operating environment risk and adherence to the points of *Co-investment Guidance*, see next section.

RISK MITIGATION IN THE ALCP ENVIRONMENT

In the ALCP programme the following risks have been assessed.

Table 2 Risk Matrix Including Level of Risk

Types of Risk	Risk Rating
Economic	<i>Low- Medium:</i> the economy seems to be in fairly stable condition. Inflation has remained relatively stable over the first phase of the programme from 6-9%/yr. Access to affordable agricultural loans is erratic and donor programming has the potential to distort markets e.g. the subsidizing of farmer cooperative products.
Social	<i>Low:</i> Ethnicity and religion and their effects on gender offer potential risks to the success of implementation in the expanded programme areas particularly in Ajara where a majority Muslim population resides in the programme target areas. However successful strategies for managing this risk have been operationalized.
Environmental	<i>Medium:</i> Extreme weather events such as hail, mini cyclones, floods and drought and weather related disasters such as floods and mud slides have the potential to wreck immediate havoc on both the target group and key market players such as SME's. Extreme weather events have badly affected one intervention in the absence of adequate insurance, and in 2012 hay prices were vastly inflated by untimely rains. Ajara is particularly badly affected by weather related disaster and many eco migrants in SJ and KK come from Ajara. a region well known for DR's and eco migrants
Animal Disease	<i>Medium:</i> animal disease remains a serious and unpredictable risk both economically and more broadly to human health in the case of Zoonoses ¹⁹ .
Political	<i>Medium to High.</i> The signing of the EU Association Agreement has led to hastily implemented and non-

¹⁹ Disease which may be passed from animal to human.

	consultative legislation in a rushed approximation process often highly damaging to the nascent growth garnered in the emerging private sector.: The political status on a national, regional and local level affects the programme as the level of stability has a deep reaching effect on legislation and enforcement and directly effects levels of corruption, cronyism and nepotism or simply a lack of enforcement by officials within their remit. It also deeply effects the levels of sustainability within the system and whether changes made will endure or be changed again affecting the programme at legislative level e.g. FS&H, the stakeholder level, continuously changing relationships and at client level e.g. unfair business practices informally backed or not stopped by official representatives within their remit.
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CO-INVESTMENT GUIDANCE

The following points guide programme co-investment practice. Knowledge based on experience informs interventions and reduces the co-investment risk:

Entry Points higher up the value chain will generate greater impact for less input: larger businesses who have higher business capacities are more efficient in terms of time, energy and investment inputs from the project, than interventions with small businesses. Larger businesses can coordinate with and leverage smaller businesses lower down the value chain and more numerous in the region ensuring a greater multiplier effect. *Roki Ltd* the veterinary input supplier is the best programme example. *Roki* utilize veterinary pharmacies as entry points to a new market segment with an improved outreach and distribution model, better services and ultimately increased sales.

Lead Players do not necessarily offer the best bet: a caveat to the above is that a high position in the value chain or existence as the lead firm in the sector and the potential this might offer in terms of impact does not automatically offer the optimum partner for facilitation. The programme should submit the lead player to the same level of scrutiny and evaluation as any other partner and not accept a lesser amount of buy-in than is expected from players lower down the value chain. Larger firms can have more complex agendas and can be subject to more controlling interests all of which may not match the programmes mandate as indeed the programmes may not match the firms. The programme has some experience of a lack of buy-in in several facilitation attempts possibly due to the idea of working with an NGO as part of corporate social responsibility mandate and the attraction of ‘easy money’ forming the grounds of initial interest rather than a commitment to change. This can manifest as an unwillingness to alter business models or commit resources or personnel to a proposed intervention. In addition these firms are further from the target group and many interventions will require a commitment to changes which may not be able to offer considerable quick wins. Furthermore motivations such as immediate profit margins or a disinclination or inability to alter internal structures may be stronger motives than less immediate returns with a stronger social component. However it is important that the programme continues to monitor opportunities with larger players in the market system which may offer mutually beneficial impact.

Working with Tbilisi (capital city) based operations can be a challenge: the urban rural divide is stark in Georgia and the information available, perceptions formed about and lack of staff capacity concerning knowledge and understanding of the countryside and rural clientele can be a source of constraint. The programme experience of several Tbilisi based businesses is that they

are unable to shift their focus, their service provision or their style of information provision and marketing to a format which would make sense in the rural regions and properly generate a rural consumer base.

Start ups are more risky: In common with business all over the world, entering the market is difficult and risky often requiring years of investment and effort before a profit is seen. In Georgia out of one hundred businesses registering as new, only five are still operational in two years time²⁰. A common reasons for this is limited working capital, the bulk having being invested in infrastructure and development leaving an insufficient amount of working capital which will cover the best case scenario but not allow for dips or problems. For the programme, understanding this scenario means that other criteria which focus on assessing the added value of the start-up must also be used in judging the business e.g. that the new business occupies a key point of the value chain or market system or that the product or service will influence the operating environment considerably as a model or that ethnicity or gender gains mean that it is tackling a hitherto invisible or inaccessible problem.

Quality external business support services are essential for supporting interventions and sharing risk: this includes sector specific consultancy such as technical consultancy, food safety and hygiene consultancy and environmental consultancy as well as broader business related services such as planning and marketing which are essential in bolstering the interventions and ensuring that decision making and risk is spread and based on concrete outputs, advice and evaluation that is independent from and adds to the internal programme decision making process.

Competent, business orientated management is key to the success of an intervention: a product might seem to offer huge potential, a cheese maker be an expert technician or a business owner be embedded in his or her community in a key location, but without a business mind driving the business idea, understanding forward planning, staffing efficiencies, phased planning etc the intervention will struggle.

Understanding ethnicity is essential: the value chains in the programme area are highly influenced by ethnicity, sheep both meat and wool are mostly the remit of Azeri's and larger cheese producers in KK and SJ either Adjarian's or Armenians. Understanding these value chains includes understanding the ethnicity of the groups that control them and the influences this has on issues such as gender and the role of women in the market system, gaining market information and finding ways to communicate successfully and construct appropriate activities in the facilitation process.

Understanding the role and remit of women is essential to success: in some interventions without a deep understanding and ability to calibrate interventions to target women they will fail, a case in point being interventions related to dairy and the supply of clean and safe milk, where whilst milk is sourced from SSLP's and whilst women are responsible for milking, understanding how to engage and offer solutions to businesses to reach and work with them, is paramount.

Regions/Municipalities differ and having an awareness of their differences is key to developing a successful strategy: some due to their location near to larger grassland resources for example Tsalka, Akhalkalaki and Ninotsminda offer the highest potential for key value chain related interventions in meat and dairy, others offer more scope for the consummation of services, or products through large urban markets, or the production of animal nutrition due to a higher

²⁰ 400,000 companies have been registered in Georgia since the collapse of the Soviet Union and 60,000 are registered as tax payers today. Geostat January 1st 2012

concentration of crops and irrigation (e.g. Gardabani). As the geography of the programme expands, the synergies and differences between municipalities and regions can be exploited to develop enhanced marker interventions.

Poor rural infrastructure, such as roads and access to resources such as running water and poor government public services are still fundamental constraints to the overall impact of interventions. Access to running water remains a huge constraint for rural women in attempting to maintain basic hygiene while milking and transport costs from remote locations where grassland resources are ample increase transaction costs. Lack of access to basic internet provision or public health notifications of zoonoses are examples of external constraints which must remain high on the advocacy agenda.

Insecurity in the market system is still high: political insecurity, extreme weather events, drought and animal disease mean that the market system is still highly insecure for both SME's and the target group.

REPORTING ON THE CO-INVESTMENT

In line with DCED Guidelines the programme's bi and annual reports are with the full consent of the donor made publically available on the ALCP programme website www.alcp.ge

Within the bi and annual reports all monitoring data related to impact is reported down to output level. *Qualitative Impact per Outcome for the Reporting period* which includes information on systemic changes is in Annex 1. Spending for the programmes *Investment Support Facility* is detailed in *Chapter 4 Finances and Management* and includes the current co-investment percentage and a breakdown of how much and on what investment has been spent, disaggregated for programme and client.

With regard to the performance of specific interventions and data concerning the amount of co-investment from programme and client see:

Annex 2: Perspectives of ALCP Stakeholders; arranged per output, includes quotes from clients themselves as well as customers of and suppliers to the clients.

Annex 3: List of New Interventions Undertaken in the Reporting Period; including company name, contact person, location, description of business, a co-investment breakdown and percentages.

Annex 4: Dynamics of Scale and Scalable Indicators per Intervention and Sector: which includes, Net Attributable Income Change (NAIC), Scale and Jobs as well as sustainability indicators such as (Return on Investment) ROI and Social Return on Investment (SROI)

Following the submission of the report a *Steering Meeting* is held with programme manager and donor to discuss the report. Regular more informal communication is held between the SDC National Programme Officer and programme Team Leader and senior managers concerning ongoing and planned interventions, particularly where larger investments (both in terms of size and scope) are planned. See *Section 4: Size of Investment* for more details.

6. PROCUREMENT:

The following section details the Mercy Corps procurement guidelines for Goods and Services utilized by the ALCP.

PURPOSE AND SCOPE

These guidelines outline policy and procedures for all procurement activities. The guidelines establish the minimum required standards for all procurement activity.

GENERAL STATEMENT

Mercy Corps should commit to implementing and maintaining the highest standards of efficiency and integrity in the purchase of goods and services. The overriding objective for all procurement activity is the prompt and effective provision of materials and services to the Programme's beneficiary populations in compliance with SDC specifications.

KEY ELEMENTS

ROLES AND RESPONSIBILITIES / SEGREGATION OF DUTIES

Segregation of duties is defined as the division of tasks and responsibilities such that no one person controls a process from beginning to end and that transactions are reviewed independently at various points during the process to prevent errors, discrepancies or fraud. Individuals assigned to the various tasks in the procurement process should be independent of each other both in function and relationship. To ensure an appropriate segregation of duties in the procurement cycle, it is encouraged to apply following roles:

The Programme requiring goods or services originates a request to procure a good or service. The management of the programme provides pre-approval to purchase based on delegated authority.²¹

The Procurement Department is responsible for the establishment of the partner standardized operating procedures that:

- ❖ Locate sources of supply consistent with Local, Mercy Corps and SDC specifications and regulations.
- ❖ Avoid the purchase of unnecessary items.
- ❖ Meet budgetary constraints and requests of programs.

Based on a **fully approved** Purchase Request (PR) Procurement Department may:

- ❖ Initiate, conduct, and conclude negotiations for the purchase of programme goods and services.

In the course of its duties, the Procurement Department has a responsibility to:

²¹ In addition to the following procedures external international consultants selected by the programme are referred to HQ and go through the Consultant Agreement Process with attendant procedures and paperwork.

- ❖ Recommend changes in quality, quantity, or type of material requisitioned and suggest suitable alternatives if it is in the best interests of the Programme, Mercy Corps and the SDC.
- ❖ Develop and support Programme to establish standard specifications and processes for purchase and contracting of goods and services to provide improved service, quality pricing, and reduce time and administrative costs.
- ❖ Maintain adequate documentation of purchase transactions and procurement contracts for archival and audit purposes.
- ❖ Ensure that purchase orders and contracts are subject to appropriate reviews and approvals, and contain all necessary information, terms and conditions, and signatures to adequately protect and Mercy Corps authority matrix, Mercy Corps and SDC policies and regulations.

The procurement department has no authority to approve purchases. The department may only *return* for correction, documentation for the following (but not limited to) reasons: insufficient information, ineligible goods or service, not feasible, or in violation of SDC specifications. When field offices receive goods, procurement staff are responsible for verifying the receipt of goods and ensuring the goods conform to order specifications.

The Finance Department independently reviews the purchasing documentation to verify that there is a budget and sufficient funds are available. It also ensures that records are complete and comply with Local, Mercy Corps policies and SDC regulations. Finance is responsible for preparing payments and properly recording transactions in the financial records. Finance has no authority to approve purchases. The department may only *return* for correction, documentation for the following (but not limited to) reasons: insufficient information, ineligible goods or service, not feasible, or in violation of Local, Mercy Corps and SDC specifications.

COMPETITION

All procurement transactions shall be conducted in a manner providing open and free competition to the maximum extent practical. Mercy Corps personnel shall be alert to organizational conflicts of interest as well as non-competitive practices among contractors that may restrict or eliminate competition. Awards at all levels shall be made to the vendor whose bid or offer is responsive to the solicitation and is most advantageous to Mercy Corps in terms of price, quality and service. Solicitations shall clearly establish all requirements that the bidder must meet for the offer to be evaluated. Solicitations shall be evaluated based on objective criteria established before solicitations are sought.

PRICE AND COST ANALYSIS

An appropriate price and cost analysis shall be performed and documented in connection with every procurement action. Price analysis will generally take the form of a comparison of quotations, market prices or other indices. Cost analysis should ensure that each element of cost is reasonable, allowable under Local, Mercy Corps and SDC regulations, and allocable to projects based on relative benefit.

DOCUMENTATION AND TRANSPARENCY

Mercy Corps is committed to maintaining a fair and transparent process in the procurement of goods and services. Accordingly, all steps in the procurement process shall be documented in writing using the forms outlined in this document and signed by the appropriate authorities. The documentation shall provide a clear audit trail and shall be made available as requested by, auditors or SDC representatives.

CODE OF CONDUCT

Interacting with outside entities engaged in the selling of goods and services is an activity that is potentially vulnerable to fraud. It is necessary to protect Alliances and Mercy Corps and all members of staff by formulating and adhering to:

- ❖ The guidelines outlined in this manual.
- ❖ Clearly defined local procedures for authorizing requests, expenditure and invoices, obtaining quotations and tenders and disposing of assets.
- ❖ A code of conduct that explains and promotes the adoption of ethical behaviour during all purchasing activity.

All Mercy Corps employees designated with purchasing or contracting authority should understand and observe the Code of Conduct detailed below.

1. Give first consideration to Mercy Corps' best interests, objectives and policies.
2. Staff conduct should not foster suspicion of any conflict between professional duty and personal interest.
3. Decline personal gifts or gratuities from current or potential suppliers.
4. Grant all competitive suppliers equal consideration as Mercy Corps and SDC specifications permit.
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier and/or be willing to submit any major controversies to arbitration or other third-party review, insofar as the established policies of Mercy Corps permit.
7. Promote fair, ethical, and legal trade practices.
8. Treat all information received from suppliers in the strictest confidence.

CONFIDENTIALITY

The prices, terms and conditions under which many of Mercy Corps suppliers trade are the result of negotiations and mutual trust building. It must be understood by all staff (both Programme and Support) that strict confidentiality is observed with supplier information. Under no circumstances should any contractual or pricing information be divulged to external sources or used as a 'benchmark' for independent negotiations. In some cases, such disclosure may constitute a breach of contract, specifically, a breach of confidentiality or such provisions. This behaviour undermines Mercy Corps' reputation as an honest and responsible organization.

VENDOR SELECTION

The purpose of evaluation and comparison of quotations, offers, and proposals is to determine which vendor has the lowest price for a given set of acceptable specifications and/or conditions. When determining if a quotation / offer / proposal is acceptable, non-price factors (specifications and conditions) must also be considered. Having done so, the lowest acceptable quotation, offer, or proposal should be selected. Non-price factors to be considered in an evaluation for the purpose of determining the

best acceptable quotation, offer, or proposal as specified in the Request for Quotations shall include where applicable:

- ❖ Compliance with technical specifications, relevant international standards and technical norms.
- ❖ Compatibility with existing equipment and standardization plans or policies.
- ❖ Compliance with required time schedules.
- ❖ Delivery times.
- ❖ Payment terms.
- ❖ Guarantees or warranties, availability of spare parts, after-sales services and training.
- ❖ Life-cycle aspects covering maintenance and operating costs.
- ❖ Capability, capacity, financial standing, past experience and performance of the vendor and its local representative.
- ❖ Compliance with Local, Mercy Corps and SDC regulations (e.g. source and origin issues).

Care should be taken to thoroughly review each supplier or vendor's quotation, offer, or proposal in order to detect problems at an early stage. In the event of a miscalculation in a quotation, offer, or proposal, the unit price will prevail. If it is clear beyond doubt that a mistake has been made, the Procurement person may permit the bidder to withdraw, but not alter, the offer or proposal. Quotations, offers, or proposals for complex goods and services should be submitted to the originator of the Purchase Request for technical evaluation; however, all pricing information should be removed from the offers and proposals prior to the technical evaluation. This can also be done during the quotation analysis meeting.

When considering the award of a high-value transaction to a vendor with whom the Mercy Corps has little or no previous experience, a pre-award survey may be performed to obtain information regarding the capability, capacity and financial standing of the vendor under consideration. This can be conducted internally, or by hiring specialized experts for survey. All steps, arguments, and considerations involved in the decision making process of quotation analysis and vendor selection must be fully justified and documented. The Purchase Order or Service Contract shall be awarded to the qualified vendor or supplier whose quotation, offer, or proposal is evaluated to be the cheapest and meets the requirements. Any criteria specified in the solicitation documents, such as quality, delivery time, payment terms and compatibility with existing equipment, may be used to evaluate quotations, offers, and proposals.

CONSULTANTS

A consulting agreement prepared by the HQ Human Resources Department is required for all international consultants whose cumulative services exceed \$600 per calendar year. A consultant is considered an international consultant when he or she is a citizen of any country other than the country in which the work is performed. Consultants hired from neighbouring countries who are not U.S. or U.K. citizens may be considered as local consultants. Due to legal and reporting considerations, HQ Human Resources has the sole authority to issue international consulting agreements exceeding this threshold. In addition, all addendum's and cancellations are to be issued by HQ Human Resources. Consulting agreements shall be signed based on the HQ Approval Authority. Country Directors may not sign international consulting agreements.

PROCEDURES FOR THE PROCUREMENT OF GOODS

DEFINITION OF GOODS

The term “Goods” in this manual will be used for merchandise, supplies and commodities that will be purchased by Mercy Corps for later use through the procurement process described below.

HOW TO INITIATE A PURCHASE

All procurement will be made following sound purchasing practices as defined by Mercy Corps internal regulations (see below) regardless of the purchase cost. Procedures and documentary requirements become more stringent as purchase costs increase.

SMALL VALUE PURCHASES

Up to the estimated value of USD 100, the Procurement Staff – or in extraordinary circumstances – Administration or Programme staff can obtain an operational cash advance for making small value purchases directly or through the Procurement Department.

Regular purchases

Purchases with an estimated value of USD 101 or more are initiated by submitting a completed Purchase Request Form to the Procurement Department.

Requesting Officers (Originators) have a responsibility to:

- ❖ Furnish the Procurement Department with all information and specifications necessary to make a correct purchase.
- ❖ Ensure the Purchase Requests include full budget and account information.
- ❖ State an estimated price for the request (based on prior knowledge, a quotation or a budgeted amount).
- ❖ Ensure that Purchase Requests are fully reviewed and approved by the relevant managers.

A complete and approved PR constitutes the authority for Procurement to begin the procurement process. The various procedural steps for different expenditure levels are explained in the process chart below.

DOCUMENTING THE PROCUREMENT OF GOODS

All procurement activities must be fully and transparently documented. A completed purchase must be supported with a fully cross-referenced “stand alone” file. Documentation must be completed fully and accurately in every case. Any anomalies or deviation from policy or procedure in a purchase must be documented with a signed (at minimum, by the Procurement staff) explanatory “note to the file”. Full supporting documentation must answer any question that an auditor or external examiner may pose, without the necessity to refer to Procurement or Finance staff for explanation.

PURCHASE REQUEST

The Purchase Request (PR) is the internal mechanism used by Mercy Corps to document:

- ❖ The nature of required materials or services.
- ❖ The maximum commitment for the purchase.

- ❖ The review and approval process.

The completed and approved PR is the authorization for Procurement to initiate the purchasing process.

REQUEST FOR QUOTATION

Quotation collection methods must be standardised, to ensure efficiency and transparency. The Request for Quotation (RFQ) form ensures that all suppliers receive the same information, ensuring the quotation collection process is transparent. It can also translate the names of items, if completed in both English and local language. The RFQ will detail all requirements that the supplier must meet for an offer to be evaluated by Mercy Corps. Complete information should be provided including, but not limited to, quantity, description, delivery requirements, special conditions, drawings, specifications, quotation due date, etc. Supplier offers accepted for evaluation must contain at a minimum:

- ❖ Supplier Name
- ❖ Supplier address and contact information
- ❖ A quoted price
- ❖ The date of the quotation
- ❖ The validity period of the quotation
- ❖ Indication of source and origin
- ❖ The name, title and contact information of the individual issuing the quotation
- ❖ Official stamp of supplier
- ❖ Date of delivery

QUOTATION ANALYSIS

The Quotation Analysis is the document used to summarize and compare supplier offers. It also documents and details justification of the selection of a given supplier.

PURCHASE ORDER

The Purchase Order is the document confirming all details of a purchase to be made from a supplier and once accepted by the supplier, represents a legal commitment between Mercy Corps and the supplier.

GOODS RECEIVED NOTE

Mercy Corps should designate a person responsible for receipt and documentation of materials from a vendor.

TENDERING AND CONTRACTING PROCEDURES

TENDERING: TYPES OF BID SOLICITATION

Supplier bids or quotations may be solicited in a number of ways depending on the type and value of the intended purchase and the time frame available to make a purchase.

Open	Invitation to all interested suppliers, invitation published in appropriate national or international publications or trade journals. Low bid or Value for Money (VFM) offer
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accepted. Used for procurement of goods²² with a value exceeding \$45,000 or contracting of services above the value of \$45,000.

Invitational (or Restricted) Known suppliers contacted (based on past performance quality and related factors), low bid or VFM offer accepted. Used for procurement of goods with a value between \$20,000 and \$45,000 or contracting of services with a value between \$5,000 and \$45,000. Generally yields reasonable price offers, though it does take time for preparation and delivery and involves a moderate amount of work.

In all methods, tender documentation and the conduct of procurement staff must be transparent. Any perception of unfair or corrupt practices may well discourage reputable suppliers with the effect that Mercy Corps may not receive the best products or prices.

CONTRACTS

A “contract” must take the form of a document that details every aspect of an agreement. While verbal agreements are very difficult to enforce and prove; for this reason the **Mercy Corps will work only with written contracts.**

PROCUREMENT FILING PROCEDURES

Every step of the procurement process must be clearly and transparently documented. The guidelines below must be implemented. Mercy Corps requires a complete set of procurement documentation to support payments made. This documentation will be inspected by Mercy Corps, internal and external auditors and also form part of the “checks and balances” of the procurement process. This documentation will also support any financial reports. In general, the originals of the procurement forms and documents will be forwarded to the Finance department, with a copy of these documents held by the logistics and procurement departments. A complete ‘stand-alone’ file will include:

PURCHASES BETWEEN THE VALUE OF USD 100 TO USD 500

- ❖ Copy of Purchase Request Form
- ❖ Copy of Invoice(s)/Receipt(s)
- ❖ Copy of Goods Received Note
- ❖ Copy of Payment Disbursement Voucher stamped PAID by Finance Department.

PURCHASES BETWEEN THE VALUE OF USD 501 TO 5,000

- ❖ Copy of Purchase Request Form
- ❖ Copy of Request for Quotation – written specifications to vendors
- ❖ Copy of at least 3 bids or approved justification for not receiving 3 bids for purchases
- ❖ Copy of Quotation Analysis Form
- ❖ Copy of Goods Received Note
- ❖ Copy of Supplier’s invoices, waybills, delivery notes or other documentation.
- ❖ Copy of Payment Disbursement Voucher stamped PAID by Finance Department.

²² This applies to single and multiple items.

PURCHASES ABOVE THE VALUE OF USD 5,000

- ❖ Copy of Purchase Request Form
- ❖ Copy of Request for Quotation – written specifications to vendors
- ❖ Copy of at least 3 bids or approved justification for not receiving 3 bids for purchases
- ❖ Copy of Quotation Analysis Form with attached Compliance Check Report
- ❖ Copy of Purchase Order
- ❖ Copy of Goods Received Note
- ❖ Copy of Supplier's invoices, waybills, delivery notes or other documentation.
- ❖ Copy of Payment Disbursement Voucher stamped PAID by Finance Department.

CONTRACTS AND TENDERS

- ❖ Copy of Invitation to Tender – written specifications to vendors
- ❖ In case of open tender a copy of the advertisement of the Invitation to Tender
- ❖ Copy of at least 3 bids or approved justification for not receiving 3 bids for purchases
- ❖ Copy of Quotation Analysis Form with attached Compliance Check Report
- ❖ Copy of signed and approved contract and/or tender documents.
- ❖ Copy of completion report from the Originator's Programme Department, validating each payment.
- ❖ Copy of the contractor's invoice for each (i.e. advance, partial or final) payment.
- ❖ Copy of Payment Disbursement Voucher stamped PAID by Finance Department.

SOLE SOURCE PROCUREMENT

Sole Source purchasing refers to a fully documented process of procurement where either limited or no competition was available at the time. Each sole source procurement action must have a documented, legitimate reason for the sole source procurement.

- ❖ When the item or service to be purchased is truly unique and is available only from a single source;
- ❖ When the SDC authorizes such a purchase based upon documentation submitted prior to initiation of the purchase;
- ❖ When competition is solicited but only one quotation or proposal is received;
- ❖ When an emergency precludes the use of normal competitive procedures.

7. MONITORING AND EVALUATION

ALLIANCES: A RESULTS ORIENTATED MONITORING SYSTEM

The Alliances monitoring system has been developed in compliance with SDC's *Outcome Monitoring Concept* and *DCED Standard VI* as interpreted in the *ALCP Monitoring and Evaluation Manual Version 2 2015*²³ for:

- Measuring programme progress against objectives
- Usage as internal management tools
- Informing interventions and learning
- Feeding into and satisfying SDC reporting requirements
- Involvement in international community of practice.

REPORTING

The ALCP bases its reporting on the reporting format and schedule for Bi and Annual reports as outlined by the SDC and the Swiss Cooperation office in Georgia. Reports are published once approved by the donor on the ALCP website www.alcp.ge Please also see *Reporting on Co-Investment* Section 5 for more details.

COMPONENTS OF THE MONITORING SYSTEM:

The following section broadly outlines the main components of the monitoring system. Please also see *Appendix 4 ALCP Survey Instruments* for more details.

Gender Sensitized Results Chains: the *Programme Log Frame* is translated into a *Results Chain(s)* diagrammatic representations of the logical progression of the changes/impact that the programme expects to instigate in the market system at the intervention and outcome level through programme interventions. Key change steps which are necessary to ensure that interventions deliver impact to women and men are included in the results chains and shaded in pink.

Gender Overt Results Chains: Developed for an intervention which targets women specifically, to tackle a key cross cutting constraint barring women from benefiting from programme impact.

Monitoring plan: Consisting of an overview page, Intervention Rationale and Summary of Supporting Documentation, Monitoring Plan 1 Quantitative, Monitoring Plan 2 Qualitative, data sheets interview logs etc, shows precisely what is to be measured and how it is to be measured, and enables the tracking of whether these changes are happening. It includes a table containing specific indicators and the time schedule when they shall be measured, the means of their verification, baseline data, progress to date, data validation date and the person responsible for ensuring completion. A measurement plan is designed for each intervention with the timing of data collection established /intervention data collected from service providers being transferred to the plan.

²³ Please refer to the *Alliances Lesser Caucasus Monitoring and Evaluation Manual Version 2 2015* available on www.alcp.ge for a full exposition of the monitoring system.

MAP Meetings: A bi-monthly meeting, where BDO's aggregate impact to date per output for which they are responsible, with the help of the M and E team and present it to each other and management bi-monthly. *MAP's* operationalize; broad staff ownership of M&E, communication between M and E staff and Programme Staff ongoing troubleshooting of issues which ensue and ongoing of calibration of intervention (management and monitoring) based on data.

Outcome Level Indicators: are detailed in an *Outcome Monitoring Plan*. Outcome level indicators are key elements of the monitoring system and show the corresponding measurement for each box of the Outcome Level Results Chains. They enable the programme to highlight and measure progress of the common scalable indicators for the whole outcome.

ROI (Return on Investment): A Predictive and Actual Return on Investment can be calculated for larger investments. Predictive and Actual ROI's can be calculated. A predictive ROI is designed based on the figures obtained in the *Investment Plan* which enables the definition of the optimal share i.e. percentage % of our co-investment per intervention and timeline for the breakeven point of the co-investment. It is a decision making tool in planning investments and setting targets and measuring impact.

Social Return on Investment (SROI) : A Predictive and Actual Social Return on Investment can be calculated for larger investments. It is the main means of quantifying the impact of an intervention on the target group i.e. SSLP's. It shows the benefits provided by service providers to SSLP's expressed in terms of additional income and (monetized) time saved increased sales, reduced transaction costs. Once raw financial data is received on-going financial calculations are made and a biannual SROI calculated per investment.

Surveys: Including programme wide and intervention specific baselines, impact assessment and additional research. See Annex 6 for full details of the data collection, research and impact assessment carried out on the ALCP.

Systemic Change Log: Table detailing instances of systemic change as logged per intervention or more broadly in the sector, data is cross checked with that entered into monitoring plans.

MONITORING AND EVALUATION IMPLEMENTATION

The ALCP ensures that all programme staff i.e. BDO's are cognisant of the project log frame and the resultant *Results Chains* and utilize them for informing their activities during programme implementation. They are involved in collecting and analysing information relevant to the interventions and portfolios that are their remit. The bi-monthly MAP Meeting ensures the management and monitoring feedback loop. The *Monitoring and Evaluation and Research Coordinator* works closely with Monitoring Officers and BDO's to develop intervention level results chains and indicators, ensure the timely collection of data as outlined in the *Monitoring Plan* and modify and adapt results chains and indicators as the programme develops.

ANNEX 1: OPERATIONAL GUIDING PRINCIPLES

Strategy and Structure: The structure is designed to react to changes in the operating environment, and has sustainability and the transfer of programmatic functions to market players as its goal. Regularly reviewed results chains elaborating the means to fulfil the programme strategy as outlined in the logframe form the foundation programmatic tool, bolstered by ongoing market analysis and constant feedback through mechanisms such as the monthly Monitoring Action Plan meetings which ensure that impact is monitored and troubleshooting can occur. Results are fed into the DCED Audited Results measurement system and consequently back into reporting and the calibration of management strategy. Business support services and consultancy are a cornerstone of the facilitation strategy with continuing emphasis under the ALCP on developing the quality and sustainability of the sector. The co-investment mechanism remains in use as a transformational tool which is closely monitored to identify when other financial mechanisms become more appropriate. The ALCP also pursues facilitated linkages for appropriate value chain actors with financial institutions. Risk is carefully managed and the process of protecting investments described in the risk management section.

Staffing: The programme recruits local staff with local knowledge, established networks and where possible private sector experience as it is important to know how to negotiate with businesses and where a potential intervention might sit within a business context. M4P programmes require practitioners with the right kind of understanding, flexibility and skills. Qualities include fluidity, perspicacity, and the ability to adopt, adapt and respond.

Harnessing Institutional Experience, Knowledge and Capacity: Institutional capacity, knowledge and experience developed over the course of the six years of Alliances programming are harnessed within the ALCP. Capacity building of staff in M4P programmes is one of the most potentially constraining elements of successful implementation. Long term Alliances staff have received DCED, M4P, Mercy Corps Leadership and Gender training and financial training which must be fed back into the ALCP. The ALCP makes full use of and will continue to nurture, the talent and expertise that has developed over the six year of Alliances programming.

Investment in Capacity: Mercy Corps' experience has shown that the key to embedding the approach is early and ongoing investment in staff capacity. The market development approach requires excellent motivated and highly independent staff with superior analytical skills who take time to develop. Internal capacity building trainings for staff and partners in M4P, internal procedures, gender, report writing, conducting research, monitoring and evaluation, and the facilitation approach are examples of training topics which will be covered when developing staff under the ALCP.

Mobilizing Institutional Capacity: Key staff are employed in new programme regions ensuring the transfer of institutional knowledge. A key facet of this is the use of peer learning and shadowing for new staff pairing them with experienced opposite numbers, bringing exiting staff to new regions at key points to guide staff in processes and conducting exchange visits.

Market intelligence, research, analysis: This is an ongoing process as the market continuously evolves. One of the key principles of Mercy Corps Alliances in implementing systemic interventions is that of

flexibility and adaptation: that is changing tactics according to changing conditions in order to achieve the objective. It is important for the programme to remain nimble enough to respond to opportunities that crop up in a fluid market environment.

Low profile: Alliances has learnt from experience that the benefits of a low profile in the majority of interventions outweigh those of publicizing the project. Beneficiaries react differently when they know that activities and initiatives stem from an NGO rather than an existing business or the local government. This is a sustainability mechanism by giving a position of power to local market actors and not undermining their markets or interests, avoiding dependency on the programme from the clients/beneficiaries.

Planning to mitigate risk: Market driven interventions must be backed by appropriate research, background checking, and market micro-analysis and interventions staged to facilitate logical growth steps whilst managing risk. (See risk management section.)

Inclusion of WEE into M4P: See Annex 2

ANNEX 2: PRACTICAL TIPS FOR THE INCLUSION OF WEE IN M4P

TEAM BUILDING AND ETHOS

1. It is important to build team confidence and ownership of gender and WEE leading to a permanent change in perception which includes harnessing existing knowledge and experience and good practice in M4P and expanding it to include gender and WEE in M4P.
2. Teams should develop clarity in thinking surrounding gender and WEE, acknowledging the need for rigour and comprehensive analysis into key gender areas of relevance to the programme. A key part of the above is maintaining clarity among team members of what gender and M4P is for. Confusion and a perceived pressure which sometimes surrounds thinking on and perceptions of gender, should be stripped away and focus put instead on seeing poor women and poor men as merely part of the target group, albeit a group with often different needs and constraints. Perceived problems for women can lead to 'not being able to see the wood for the trees'. This results in gender and WEE programming becoming static rather than forward moving on issues where change can be effected.
3. Understanding should be developed amongst all team members of the relevance of gender in the programme, their remit to it and the extent to which they can effect change. The development of an understanding of where gender sits, where the opportunity for WEE lies and the ability to identify the key WEE entry point or key constraint from amongst other constraints is crucial amongst team members but particularly for the Team Leader. There must be an understanding that *gender and WEE will always be considered*: in every sector scoping survey, every piece of analysis, every intervention, all data collection and every report. However *depending on circumstances and the remit of the project this will vary according to sector and intervention* and that where WEE can only be marginally affected in a sector, as long as due diligence has been done in analysis, intervention design and implementation, this is acceptable.

TOOLS AND TECHNIQUES

4. Without adequate research and analysis WEE cannot be properly effected or the full impact potential of an intervention exploited. Ongoing support to staff should include guidance in good research practices. The key factor that teams must grasp is that without the requisite analysis it is impossible to structure an intervention correctly to achieve this impact.
5. Teams must have knowledge of the most basic gender tools i.e. the **Access and Control Matrix** and the **Roles and Responsibilities Matrix**. **Gender Sensitized Results Chains**²⁴ (GOI's), are the main tool in ensuring that WEE activities are integrated into the programme cycle. Once the analysis has been done the results chains can be constructed with a separate box, boxes or chain of steps to address the key constraints affecting women under that particular intervention. These will lead to the same outcomes and impact as the rest of the intervention. In a **Gender Overt Intervention**²⁵ (GOI) the whole results chain will be constructed as normal with however the impact being specific to women as the target group²⁶.

²⁴ ©Alliances Programme 2014

²⁵ ©Alliances Programme 2014

²⁶ Although the impact does often provide benefits to men indirectly.

6. Better calibration of GSI's and GOI's are dependent on sophisticated definitions of target groups based on thoughtful analysis. Attention must be paid to all demographic aspects to develop effective gender sensitized and gender overt interventions, including ethnicity, age, and rural and urban differences.

MONITORING AND EVALUATION & REPORTING

7. Improved mechanisms within the M&E system enable teams to plan, monitor and feed data back into the calibration and better targeting of existing interventions.

The use of gender sensitized results chains will result in monitoring plans with better defined indicators for women which will in turn improve data availability on women. Once gender sensitized boxes and their attendant indicators are in place in the results chains and monitoring plans this provides options for aggregating impact for women across interventions in addition to the jobs, scale and income aggregated at outcome level. In addition to ensuring that all relevant data is gender disaggregated, attention should be paid to the qualitative monitoring system and ensuring that baseline information is gathered on qualitative indicators to allow a before and after comparison. Qualitative indicators will be ascribed to the gender sensitized boxes in the gender sensitized results chains, in addition to the quantitative indicators ascribed to them, for key changes in behaviour according to the definition of WEE. At output, outcome and impact level WEE indicators may be inserted where appropriate.

8. Capacity must be built to understand, generate & use WEE indicators.

The generation of WEE indicators requires an understanding of what to measure, how to measure it and how to report it. It is reliant on a solid M&E platform based on robust research and analysis, timely data collection and gender disaggregated data for all relevant data as a minimum. WEE indicators have to go beyond gender disaggregated indicators and measure the change effected for women in terms of not just access but choice, decision making or increase in control over resources or life chances. This is easier for programmes to measure in the public sphere e.g. public decision making; otherwise impact assessment will largely be at the HH level²⁷ and require HH level surveys. Adequate research and analysis therefore throughout the whole programme cycle is a **MUST** as the data must be available for the teams to make a **before and after comparison as well as having the relatively sophisticated data and understanding of what is happening at the HH level in order to be able to measure it later on.**

GENERATING WEE INDICATORS²⁸

The process of generating WEE indicators can be simplified by the use of a three step process:

1. Clearly transcribe the GDD indicator.
2. Clearly expound/voice the assumption that is being made in terms of the impact of the particular GDD indicator on WEE.
3. Convert the assumption into the relevant WEE indicator.

Three **examples of this process of generating WEE indicators are shown below.** As with all indicators these should be SMART²⁹:

²⁷As many of the changes related to empowerment are linked to control, choice and decision making in the HH.

²⁸ 3 step WEE indicator Generation process © Alliances Programme 2014

²⁹ Specific, Measurable, Attainable, Relevant & Time bound.

Example 1: Aim: To measure the increase in decision making and increase in choice due to information/knowledge and skills accessed by women:

Gender Disaggregated Indicator

women have access to new skills and knowledge/information through training centre/technical training.

Assumption

women are using the skills and knowledge gained through the training centre to access jobs, or skills and knowledge are allowing # women to make a choice on livelihood options.

WEE Indicator

Skills and knowledge enable # women to have choice over accessing jobs or new market opportunities.

Example 2: Aim: To measure the increase in decision making over the use of income by women through their increased income from improved market access.

Gender Disaggregated Indicator(s)

women who have been linked to an improved market for a commodity and have increased NAIC.

Assumption:

women have access to and bring money into the HH and are empowered through having a measure of control over it.

WEE Indicator

of women who have make decisions regarding HH expenditure.

As with all indicators the impact will be made much more meaningful **by the addition of appropriate qualitative data which should be collected from informants on an annual basis** as shown below:

Example 3: Of the XXX women who were facilitated to have improved access to market and had increased NAIC as a results, 75% have reported that they have far more control over the use of the income from the commodity which they produce and supply themselves now that the factory they supply is buying daily/weekly/monthly and they are sure of a sale. Women have reported that it is easier for them now as and that they have more respect within the HH as the factory is well respected in the community. Women have reported that they have been able to invest in better equipment (empowered to invest in livelihood) they have been able to pay for extra tuition for their children and pay for health and dental treatment for children previously too expensive etc (empowered to invest in family).

9. A mechanism for regular (ideally bi monthly) discussion of monthly impact per intervention should be instituted, with all figures gender disaggregated for trouble shooting, capacity building, and feedback of impact into the calibration and better targeting of interventions.

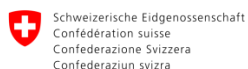
A bi monthly meeting where data is presented by each respective theme coordinator and discussed by the team as a whole is a pre requisite of gender and WEE mainstreaming which requires a well-functioning management and M&E system which possesses the requisite feedback loops from data and analysis of the data into management. It is also of course good management practice for teams to have a greater ownership of their data but is particularly necessary in gender & WEE where constraints are generally more hidden, often more persistent and may require facilitation to be more frequently calibrated to achieve the desired results. Each Business Development Officer/Portfolio Managers/Theme/sector or value chain coordinators should be responsible for 'caretaking' the data

generated from their interventions in tandem with the M&E officer. This should/may include data entry and should definitively include the manipulation, presentation and basic analysis of the data by the theme coordinator. This data will be gender disaggregated and when feeding back from appropriately gender sensitized or overt interventions will when collected and analyzed regularly, be able to serve as a management tool for ongoing calibration of the intervention. For example too low a figure for women when compared to the target will immediately alert key staff to a problem and the analysis of this problem. Discussing figures on a monthly basis will allow for contextual and programmatic insights to be used to interpret the data and may result in finding 'hidden' beneficiaries or people benefitting indirectly, which again may result in re calibrating an intervention or undertaking a piece of research to further understand an aspect of an intervention which once understood may unlock the potential for further impact.

10. Better reporting should be developed in which reporting on women and men is a given and which highlights the way in which interventions have been calibrated to overcome key constraints to women and the specific impact on women generated as a result. This will include a synthesis of quantitative and qualitative data (including the impact from WEE indicators), showing how impact contributes to the goal of the intervention and the project goal.

In the same way that all analysis, planning and design should incorporate gender and WEE as a matter of course, so should reporting. Improved qualitative and quantitative data pertaining to all relevant WEE interventions should be available and included in reports clearly showing the specific roles of women within the intervention and the impact upon them. The resulting full and meaningful picture of women within the targeted sector will further improve the programmatic understanding and capacity of the team.

ANNEX 3: APPLICATION FORM



ALCP

Alliances Lesser
Caucasus Programme

Date received:/miRebis TariRi:

Application #:/klientis #:

1. Enterprise Background / sawarmos monacemebi

Company Name/kompaniis dasaxeleba		Contact person and position / sakontaqto piri da misi pozicia	
Value Chain RirebulebaTa jaWvi	Livestock / mecxoveleoba <input type="checkbox"/> Other / sxva <input type="checkbox"/>	Address misamarTi	
Type of Enterprise sawarmos tipi	<input type="checkbox"/> Primary Production/pirveladi gadamuSaveba	Municipality municipaliteti	Gardabani.gardabani <input type="checkbox"/>
	<input type="checkbox"/> Wholesaler/biTumad movaWre		Marneuli/marneuli <input type="checkbox"/>
	<input type="checkbox"/> Trader/movaWre		Bolnisi/bolnisi <input type="checkbox"/>
	<input type="checkbox"/> MCC/rZis Semkrebi punqti		Tsalka/walka <input type="checkbox"/>
	<input type="checkbox"/> Intermediary/Suamavali	Phone / telefoni	Tetritskaro/TeTriwyaro <input type="checkbox"/>
	<input type="checkbox"/> Processor/gadamamuSavebeli	Email / E el- fosta	Dmanisi/dmanisi <input type="checkbox"/> Other/sxva <input type="checkbox"/>
	<input type="checkbox"/> Agricultural Service Provider/sasoflo sameurneo servis provaideri		
<input type="checkbox"/> Other:/sxva:			

Please indicate the period of functioning of the enterprise / miuTiTeT sawarmos funqcionirebis periodi

- ☐ At this time enterprise is not functioning / am droisTvisa ar funqcionirebs;
☐ Functioning / funqcionirebs _____ ☐ Month/Tve ☐ Year / weli.

Please provide a brief description of your enterprise (Also indicate experience of your enterprise) / mokled aRweroT Tqveni sawarmo (miuTiTeT sawarmos samuSao gamocdileba):

Please provide the following details about the legal status of your enterprise: / gTxovT mogvawodoT Semdgomi detalebi Tqveni sawarmos iuridiuli statusis Sesaxeb:

Legal Status /iuridiuli statusi	
LTD / Sps	<input type="checkbox"/>
Cooperative / kooperativi	<input type="checkbox"/>
Friendship society / amxanagoba	<input type="checkbox"/>
Noncommercial legal entity / arasamewarmeo iuridiuli piri	<input type="checkbox"/>

NGO / arasamTavrobo organizacia	<input type="checkbox"/>
Not registered/dauregistrirbeli	<input type="checkbox"/>
Farmers group / fermerTa jgufi	<input type="checkbox"/>
Other: / sxva:	<input type="checkbox"/>

How many people do you employ? / ramdeni adamiani gyavT dasaqmebuli?

	Full Time / sruli ganakveTi	Part Time/Seasonal / naxevari ganakveTi/sezonurad
Male / kaci		
Female / qali		

Estimated Annual Turnover:
sawarmos/organizaciis wliuri brunva: _____ \$/GEL

What activities are you involved in and what % of your revenue do they comprise:/ ra saqmianobebSi xarT CarTuli da Tqveni Semosavlebis ramden %-s Seadgens?

Activity / saqmianoba	Revenue /Semosavali %

What relationship do you have with small-scale farmers? (≤ 10 breeding female): / rogori saxis urTierToba gaqvT mcire mecxovele fermerebTan (≤ 10 sanaSene furi) ? :

Suppliers / mommarageblebi ☐ Consumers / momxmareblebi ☐ Members / wevrebi ☐ Other / sxva ☐
Non / aranairi ☐

If you do not have any relationship with small scale-farmers, why? / Tu aranairi urTierToba ar gaqvT mcire fermerebTan, ratom? _____

Number of small-scale livestock producers (≤ 5 breeding females) who are using your services : / daaxloebiT ramdeni fermeri Rebulobs Tqvens momsaxurebas da ramdenad xSirad?

Per day / week / month / year / დღეში / კვირაში / თვეში / წელიწადში

2. Outline of the new investment idea / axali sainvesticio ideis aRwera

1. Outline of new business idea/s. / axali biznes ideis aRwera.

2. What Investment/Assistance from Alliances does your business idea require? / ra saxis investireba /daxmareba esaWiroeba Tqvens bizness?

3. How will this investment benefit your business? / ra sargebeli eqneba Tqven bizness am investiciidan?

4. How will this investment benefit small-scale livestock producers? / rogor sargebels miiReben mcire mecxovele fermerebi am investiciidan?

3. Estimated Financial Support Required / moTxovnil gaangariSebuli finansuri daxmareba

5. Financial Support (Estimated): / finansuri daxmareba (gaangariSebuli):

<i>ALCP KK Investment / ALCP KK-s investicia</i>	
<i>Item/Activity / nivTi / saqmianoba</i>	<i>Estimated Cost / gaangariSebuli Rirebuleba (GEL)</i>
<i>Subtotal / sul</i>	
<i>Clients Co-Investment / klientis Tanamonawileoba</i>	
<i>Item/Activity / nivTi / saqmianoba</i>	<i>Estimated Cost / gaangariSebuli Rirebuleba (GEL)</i>
<i>Subtotal / sul</i>	
<i>Total / sul</i>	

6. Where will your financial contribution come from? (bank loan, capital, friends. investors?) /
miuTiTeT Tqveni Tanadafinansebis (naRdi fulis) wyaros warmomavloba:
(sakuTari Semosavlebi, sesxi bankidan, sesxi megobridan, sxva)

7. When you will approximately require assistance? / daaxloebiT rod is dagWirdebaT daxmareba?

Year/ weli	
Months / Tve	

Applicants Signature/ aplikantis xelmowera _____ /

☐ Additional data required / საჭიროა დამატებითი მონაცემები

☐ Modify & Review at next Application Review Committee Meeting / შესწორდეს და განხილულ იქნას შემდეგ
სააპლიკაციო ფორმების კომისიის სხდომაზე

☐ Proceed to Investment Plan Stage / გადაყვანილ იქნას საინვესტიციო გეგმის ფაზაში

Programme Signature/ პროგრამის ხელმოწერა _____ Date/თარიღი _____

Programme Notes:/ პროგრამის შენიშვნები:

ANNEX 4 INVESTMENT PLAN



Investment Plan / საინვესტიციო გეგმა

<i>Investment Name &#</i>	investiciis dasaxeleba
<i>Date Received-Date Finalized</i>	miRebis TariRi – dasrulebis TariRi
<i>Date of Intervention Completion:</i>	intervenciis dasrulebis TariRi
<i>Outcome :</i>	rezultati
<i>Output:</i>	Sedegi
<i>Activity:</i>	saqmianoba



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



1.Client Profile / მონაცემები კლიენტის შესახებ					
Company Name /კომპანიის დასახელება			Contact person and position/ საკონტაქტო პირი და მისი თანამდებობა		
Value Chain / ღირებულებათა ჯაჭვი	Livestock/მესაქონლეობა <input type="checkbox"/> Other / სხვა <input type="checkbox"/>		Contact Information/ საკონტაქტო ინფორმაცია		
Type of Enterprise/ საწარმოს ტიპი	<input type="checkbox"/>	Primary Production/პირველადი გადამუშავება			e-mail:
	<input type="checkbox"/>	Wholesaler/ბითუმად მოვაჭრე			
	<input type="checkbox"/>	Trader/მოვაჭრე			
	<input type="checkbox"/>	MCC/რძის შემკრები პუნქტი	Municipality/მუნიციპალიტეტი	Gardabani/gardabani <input type="checkbox"/> Marneuli/marneuli <input type="checkbox"/> Bolnisi/bolnisi <input type="checkbox"/> Tsalka/walka <input type="checkbox"/> Tetritskaro/TeTriwyaro <input type="checkbox"/> Dmanisi/dmanisi <input type="checkbox"/> Other/sxva <input type="checkbox"/>	
	<input type="checkbox"/>	Intermediary/შუამავალი	Legal Status/iuridiuli statusi	<input type="checkbox"/> LTD/შპს <input type="checkbox"/> Cooperative/კოოპერატივი <input type="checkbox"/> Friendship society/ამხანაგობა <input type="checkbox"/> Noncommercial legal entity/ არაკომერციული იურიდიული პირი <input type="checkbox"/> NGO/არასამთავრობო <input type="checkbox"/> Not registered/დაურეგისტრირებელი <input type="checkbox"/> Farmers group/ფერმერთა ჯგუფი <input type="checkbox"/> Other:/ სხვა:	
	<input type="checkbox"/>	Processor/გადამამუშავებელი			
	<input checked="" type="checkbox"/>	Agricultural Service Provider/სასოფლო სამეურნეო სერვისის პროვაიდერი			
<input type="checkbox"/>	Other:/სხვა:				
Position/თანამდებობა	Part time/ნახევარი განაკვეთი		Full time/სრული განაკვეთი		
Male/მამაკაცი					
Female/ქალი					
Customer Numbers Including SSLP's If possible please provide data for the last 3 years data. Please provide a target for the following year (factoring in investment)/ კლიენტთა რაოდენობა მცირე მეცხოველე ფერმერთა ჩათვლით თუ შესაძლებელია გთხოვთ წარადგინოთ ბოლო 3 წლის მონაცემები. გთხოვთ უჩვენოთ შემდეგი წლის სამიზნე					
	2013	2014	2015	2016	
Number of all farmers/ფერმერთა რაოდენობა					
Number of SSLP's (Small Scale Farmers owning 10 cows or less)/მცირე მეცხოველე ფერმერთა რაოდენობა (10 ან ნაკლები ძროხა					
Number of other customers: Medium and Large Scale Farmers / სხვა კლიენტების რაოდენობა: საშუალო და დიდი ფერმერები					
Females / qalebi (%)					

2. Description of Current Activities/მიმდინარე საქმიანობათა აღწერა

2.1 Description of Ongoing Business & Market/მიმდინარე ბიზნესისა და ბაზრის დახასიათება

Name:

Place: Type of business:

of Employees:

of years in operation:

Supply side:

Demand side:

Gender roles:

2.2 Product Description (if applicable)პროდუქტის დახასიათება (თუ შესაძლებელია)

2.3 Problem Description/პრობლემათა აღწერა

Describe the constraints faced by the business making the investment necessary/აღწერეთ ის პრობლემები და ხელშემშლელი პირობები რომლებიც იწვევენ ინვესტირების აუცილებლობას

3. Investment Overview/ინვესტიციის მიმოხილვა

3.1 Goal of the Investment/ინვესტიციის მიზანი

Include the key systemic constraint(s) the investment is addressing/იმ საკვანძო სისტემური ხელშემშლელი პირობების ჩათვლით რომლისკენაც მიმართულია ინვესტიცია

3.2 Main Outcomes of the Investment/ინვესტიციის მთავარი შედეგები

Describe the specific aims/აღწერეთ სპეციფიური სამიზნეები

3.3 Gender Sensitized Aspects of the Intervention / intervenciis genderulad aqtiuri aspeqtbi

Describe how this intervention will be gender sensitized /aRwereT Tu ramdenad iqneba es intervencia genderulad aqtiuri

3.4 Expected Impacts as a Result of this Investment /ამ ინვესტიციის შედეგად მიღებული მოსალოდნელი შედეგები

By the end of Phase 2 of the programme: February 2017:

- Sales/გაყიდვები -

Baseline:

Targets:

- Suppliers, volume and value of customers (Location and number)/მომწოდებლები, კლიენტთა ფასეულობა და მნიშვნელობა (ადგილმდებარეობა და ნომერი)
Buyers:

Baseline:

Targets:

- Sales area/გაყიდვების არეალი
- Effect on Small-Scale Livestock Producers/გავლენა მცირე მეცხოველე მეწარმეებზე
Quantitative:

Qualitative:

3.5 Exit Strategy / bazris datovebis strategia

Please include details of intervention activities to promote scale, sustainability and the potential for crowding in /uCveneT intervenciis saqmianobebis detalebi masStabis, mdgradobisa da potencialis gamyarebis gasazrdelad

4. Budget/ბიუჯეტი

4.1 Description of Assets to be Purchased/

Please present information about assets/equipment to be purchased. Describe the technology to be used during the project implementation, price and characteristics, which of the assets are new and second hand/გთხოვთ წარადგინოთ შესასყიდი აქტივების/აღჭურვილობების შესახებ მიმდინარე ინფორმაცია. აღწერეთ პროექტის განხორციელებისათვის საჭირო ტექნოლოგიები, ფასები და მახასიათებლები, რომელი აქტივია პირველადი და/ან მეორადი მნიშვნელობის.

4.2 Itemized Budget/ბიუჯეტი

Please provide with the project budget according to the table below indicating required assistance and own contribution/ხოვთ წარადგინოთ პროექტი ბიუჯეტთან ერთად ქვემოთ მოყვანილი ცხრილის მიხედვით, მიუთითეთ საჭირო დახმარება და საკუთარი თანამონაწილეობა

#	investiciis saxe/Investment Type	sazomi erTeuli / Unit	raodenoba/Q uantity	sul (lari)/Total (GEL)	ALCP KK investicia (lari)/ ALCP KK Investment (GEL)	klientis kontribucia (lari)/Client Contribution (GEL)
1						
2						
	sul xarjebi / Total Costs					
					%	%

Source and % of Enterprise Contribution/საწარმოს კონტრიბუციის პროცენტი და წყარო				
Own resources/ საკუთარი სახსრები	Loan from the bank/ სესხი ბანკიდან	Investors/ინვესტორები	Friends support/ მეობრის დახმარება	Other/სხვა
<input type="checkbox"/>	<input type="checkbox"/> Indicate Bank)/ (მიუთითეთ ბანკი)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Marketing & Information Management / marketingi da sainformacio menejmenti

Include gender sensitized information/activities.

5.1 Target Market and Planned Sales/სამიზნე ბაზარი და დაგეგმილი გაყიდვები

Buyers/customers:

Baseline:

Targets:

5.2 Competitors/კონკურენტები

Description of competitors/კონკურენტების აღწერა

5.3 Customers/Clients / მომხმარებლები / კლიენტები

Brief description of consumers; agreements with clients presented would be a bonus/ მომხმარებელთა მოკლე აღწერა; ხელშეკრულებები კლიენტებთან ჩაითვლება უპირატესობად

5.4 Marketing Strategy /marketinguli strategia

Describe the marketing strategy and include the strategies that will ensure take up of the service or product and the activities that will ensure the inclusion of female customers / arwereT marketinguli strategia da daurTeT strategia romelic uzrunvelyofs servis is an produqtis ganviTarebas da mdedrobiTi sqesis momxmarebelTa CarTulobas

5.5 Information Management / sainformacio menejmenti

Please describe the methods in which the programme will manage information for maximum impact to the programme and to the benefit of the intervention and target group / aRwereT meTodi romelSic programa ganagebs informacias programaze, intervenciebsa da samizne jgufebze maqsimaluri zegavlinasaTvis

Programme to Client:

Client to Programme:

6. Investment Implementation Plan/investiciis ganxorcielebis gegma

6.1 Work Plan/ სამუშაო გეგმა

Please fill in the table showing per quarter (and by month if possible) the key activities to be undertaken as part of the investment implementation./ შეავსეთ მოქმედებათა გეგმის ცხრილი, მიუთითეთ პროექტის განვითარების თვითოეული ნაბიჯი, ეტაპი და ვადები ბიუჯეტის მიხედვით.

Quarterly Activities (From start date of intervention add months if details available)/ კვარტალური საქმიანობები (ინვესტიციების პირველი დღიდან დღიდან, მიუთითეთ თვეები თუ შესაძლებელია)	Description of Key Activities/ საკვანძო საქმიანობების აღწერა

6.2 Capacity Building/შესაძლებლობათა ამაღლება

Indicate all necessary capacity building including trainings that may be required for new staff, also indicate if any events aimed at sharing experience or information with other similar entities are planned./უჩვენეთ ყველა საჭირო თრენინგი რომლებიც შესაძლოა ესაჭიროებოდეს ახალ პერსონალს, აგრეთვე მიუთითეთ არის თუ არა დაგეგმილი გამოცდილების გაზიარების ან მსგავსი ორგანიზაციებიდან იფორმაციის მიღების საქმიანობები.

6.3 Possible risks/შესაძლო რისკები

Please outline all possible risks that may hinder project implementation/ მიუთითეთ ყველა შესაძლო რისკები რომლებსაც შეუძლიათ ხელი შეუშალონ პროექტის განხორციელებას.

Possible risks can be:

7. Cash-flow/ P&L Sheets/Balance Sheet/ფულადი ბრუნვის უწყისი/ მოგება დაზარალი

7.1 Summary Cash-Flow and Profit and Loss / ფულადი ბრუნვის ჯამი და მოგება და ზარალი

Please fill in Annex 1 Cash-flow and Profit and Loss and Balance Sheet and summarize in the tables below/დანართ 1 – ში ჩაწერეთ ფულადი ბრუნვის უწყისი, მოგება–zarali და ბალანსი და შეაჯამეთ ქვემოთ მოყვანილ ცხრილში

Summary Cash Flow/ფულადი ბრუნვის უწყისის შეჯამება				
	2011	2012	2013	2014
Turnover/ბრუნვა				
Gross Profit/მთლიანი მოგება				
Overhead Expenses/ზედნადები ხარჯები				
Profit / მოგება				
Closing Balance/საბოლოო ბალანსი				

Profit and Loss Data

If possible please provide data for the last 3 years. Please provide your targets for the following year./

მოგება – zaralis მონაცემები

თუ შეგიძლიათ წარმოგიდგინეთ უკანასკნელი 3 წლის მონაცემები. უზვენეთ თქვენი შემდეგი წლის სამიზნეები.

	2011	2012	2013	2014
Revenue from enterprise transactions/ შემოსავალი საწარმოს საქმიანობიდან				
Variable costs / ცვლადი ხარჯები				
Total variable costs / სულ ცვლადი ხარჯები				
Invested income/ინვესტირებული შემოსავალი				
Fixed costs/ფიქსირებული ხარჯები				
Taxes/გადასახადები				
Total fixed costs/ სულ ფიქსირებული ხარჯები				
Gross before tax/ სულ გადასახადების გარეშე				
Total costs / sul xarjebi				
Income Tax/საშემოსავლო გადასახადი				
Net gross/სუფთა შემოსავალი				

Summary Balance Sheet/mokle sabalanso uwyisi

ASSETS/aqtivebi				LIABILITIES/valdebulebebi			
	2012	2013	2014		2012	2013	2014
Current Assets/ ამჟამინდელი აქტივები				Current Liabilities/ ამჟამინდელი ვალეები			
Fixed Assets/ ფიქსირებული აქტივები				Shareholders' Equity / მეწილეთა თანასწორობა			
Total / სულ				Total / სულ			

8. Environmental Factors/გარემო ფაქტორები

Describe the place where the project will be implemented; indicate the destination from the nearest source of water (river, lake etc.), Cultural and historical monuments (Churches, monasteries, cemeteries etc), Irrigation water and any other facility from environmental point of view. Waste management/აღწერეთ ადგილი სადაც განხორციელდება პროექტი; მიუთითეთ მანძილი უახლოეს სველ წერტილამდე (მდინარე, ტბა და ა.შ.), კულტურულ ან ისტორიულ ძეგლამდე, მნიშვნელოვან შენობამდე. უჩვენეთ დასუფთავების მოგვარების გზები.

BEAT Required/ საჭიროა გარემოზე ზემოქმედების შეფასების სახელმძღვანელო	Yes/კი <input type="checkbox"/> No/არა <input type="checkbox"/>	Comment/კომენტარი
--------------------------------------------------------------------------------------	--------------------------------------------------------------------	-------------------

Applicants Signature/აპლიკანტის ხელმოწერა _____ *Date/თარიღი* _____

☐ Additional data required/საჭიროა დამატებითი მონაცემები

☐ Modify & Review at next Investment Review Committee/

შესწორდეს და განიხილოს შემდეგ ინვესტიციის განხილვის კომიტეტზე

☐ Proceed to Grant Agreement/გაფორმდეს საგრანტო ხელშეკრულება

Programme Signature/პროგრამის ხელმოწერა _____ *თარიღი* _____

Programme Notes: / პროგრამის შენიშვნები:

Appendix for Additional Phases

Problem Description and History of Intervention So far

Insert a short problem description/history to justify why the additional phase is necessary start with key constraints and add detail in bullet points: Insert the reasons for the additional investment which will be related to generating scale and sustainability Indicate why this client should have additional funding rather than funding a different entity. Use the log frame Outcome and Outputs and their respective indicators to guide your justification: Refer to page numbers in main IP rather than repeat information.

Main Outcome of the New Phase

Specify how the intervention will promote scale and sustainability building on the original investment

Main Outcomes

Use results chain (bullet points)

Insert Main Activities

Use results chain (bullet points)

Targets for this Phase

Insert a table with baselines and targets based on the respective indicators

	Original Baseline	Impact to date (% of phase 1 targets)	Targets for 2015	Targets for 2016
Number of all farmers/ფერმერთა რაოდენობა				
Number of <u>SSLP's</u> (Small Scale Farmers owning 10 cows or less)/მცირე მეცხოველე ფერმერთა რაოდენობა (10 ან ნაკლები ძროხა)				
Number of other customers: <i>Medium and Large Scale Farmers</i> / სხვა კლიენტების რაოდენობა: <i>saSualo da msxvili fermerebi</i>				
Women / qalebi (%)				

Budget

Insert a budget table indicating activities and % co-financing of client and programme. NB it should be more than 40% for additional phases.

#	investiciis saxe/Investment Type	sazomi erTeuli / Unit	raodeno ba/Quan tity	sul (lari)/Total (GEL)	aliansebi-qq investicia (lari)/ Alliances- KK Investment (GEL)	klientis kontribucia (lari)/Client Contribution (GEL)
1						
2						
3						
	sul xarjebi / Total Costs					
					%	%

ANNEX 5: GRANT AGREEMENT TEMPLATE

grantis xelSekruleba #XXX

winamdebare xelSekruleba dadebulia q. Tbilisi, XXX wlis XXX (ricxvi, Tve) Semdeg mxareebis Soris:

saerTaSoriso arakomerciuli organizacia `mersi qorfs~-is saqarTvelos warmomadgenloba (SemdgomSi, “grantis mimcemi”), iuridiuli misamarTi XXX. faqtiuri misamarTi XXX registirebuli XXX saqarTvelos iusticiis samministroSi, saidentifikacio kodi XXX, warmodgenili misiis direktoris XXX mier da

(klientis informacia: misamarTi, registracia, warmomadgenelis saxeli da gvari da a.S.) XXXXX

winamdebare xelSekrulebaSi “grantis mimcemi” da “grantis mimRebi” erToblivad moixsenieba, rogorc `mxareebi~.

preambula

vinaidan, mxareebi acnobiereben winamdebare xelSekrulebis socialur da ekonomikur miznebs;

vinaidan, “grantis mimRebi” acxadebs da garantias iZleva, rom mas gaaCnia SesaZlebloba da kvalifikacia proeqtis misi wilis amocanebisa da miznebis gansaxorcieblad qvemoT miTiTebul vadebSi;

vinaidan, “grantis mimcemi” acxadebs, rom am xelSekrulebis farglebSi “grantis mimRebisaTvis” gadacemuli an am ukanasknelis mier SeZenili sawarmoo saSualebebi, Semosavali, fuladi saxsrebi an sxva qoneba gamoyenebul unda iqnas winamdebare xelSekrulebiT gaTvaliswinebuli amocanebisa da miznebisaTvis.

amdenad, mxareebi Tanxmdebian winamdebare xelSekrulebaSi gansazRvrul pirobebe:

“grantis mimRebi” gamoiyenebs Sesyidul saSualebebs winamdebare xelSekrulebiT gansazRvruli pirobebiT.

mxareebi moqmedeben saqarTvelos kanonmdblobis Sesabamisad.

GRANT AGREEMENT # XXX

The present agreement is prescribed in Tbilisi on XXX (day, month) , XXX (year) by and between following parties:

Georgian representation of "Mercy Corps", (hereafter referred to as “Grantor”), registered on XXX and re-registered in the Ministry of Justice of Georgia on XXX, identification code XXX having its legal address at XXX Tbilisi, Georgia, represented by its Country Director Mr. XXX

and

(Client`s information: address, registration, representative`s name, surname and etc.) XXXXX

The “Grantor” and the “Grantee” shall collectively be referred to in this Agreement as the “Parties”.

PREAMBLE

Whereas parties acknowledge social and economic objectives of this agreement.

Whereas “Grantee” states and guarantees that he/she has the ability and qualification to meet the requirements of the agreement in the below indicated time-frame.

Whereas “Grantor” states that the funds and property transferred to or purchased by the “Grantee” in the scopes of this agreement must be used for the purposes and objectives, outlined herein.

Therefore, Parties agree on the terms and conditions stipulated herein:

“Grantee” shall use the purchased equipment according to the terms of agreement.

Parties shall adhere to the applicable legislation of Georgia.

muxli 1. grantis odenoba

1. sagranto xelSekrulebis (klientis dasaxeli) (XXX dan XXX mde) biujetis saerTo Rirebuleba Seadgens **XXX** (Tanxa sityvierad) lars.
 - “grantis mimcemis” Tanamonawileoba aris **XXX** (Tanxa sityvierad) lari (X%), romelic gaicema X tranSad:

✓ **I tranSi – XXX lari**

aRniSnuli TanamonawileobiT unda moxdes **XXX**. aseve im valdebulebebis srulad Sesruleba romlebic gaTvaliswinebulia danarT #1-Si (proeqtis biujeti) da danarT #2-Si (sainvesticio gegma).
2. “grantis mimRebis” Tanamonawileoba aris **XXX** (Tanxa sityvierad) lari (X %), riTac unda moxdes **XXX** xarjebis gaweve, aseve **XXX**.

im biujetis farglebSi, romelic mocemulia am xelSekrulebis danarT 1-Si (“proeqtis biujeti”), “grantis mimcemi” valdebulebas ar iRebs aunazRauros “grantis mimRebs” is xarjebi an gadascas mas dafinansebis saxiT sawarmoo masalebi, romlebic aRemateba am valdebulebiT gaTvaliswinebul Tanxas.
3. “grantis mimcemi” itovebs uflebas daibrunos grantiT gacemuli Tanxa, Tu ki ver moxdeba danarT #1-Si (“proeqtis biujeti”) da danarT #2-Si (sainvesticio gegma) gaTvaliswinebuli valdebulebebis Sesruleba da Tanxis miznobrivi xarjva, an/da moiTxovos ~grantis mimRebis~ mier grantis TanxiT SeZenili moZravi/uZravi qonebis an/da masalebi, misi Tanadafinansebis farglebSi, romlebic detalurad gawerilia xelSekrulebis danarT #1-Si (“proeqtis biujeti”) da winamdebare xelSekrulebis 1 muxlis me-2 punqtSi (Tanamonawileobis CamonaTvalSi) Tuki “grantis mimRebi” ar Seasrulebs winamdebare xelSekrulebis me-3 muxlSi (mxareTa uflebebi da valdebulebebi) gaweril valdebulebebs, rac “mcire kavkasiis aliansebis qvemo qarTlis programis” warmatebiT mimdinareobisTvis aris saWiro.
4. proeqtis warmatebulad ganxorcielebis mizniT grantis mimRebi valdebulia uzrunvelyos danarT 2-Si (sainvesticio gegma) aRniSnuli punqtebis gaTvaliswineba.

1. AMOUNT OF GRANT

1. The total amount of the budget of this Grant agreement # **Name of the client** (from XXX to XXX) is **XXX** (amount in words) GEL.
 - The co-investment of the “Grantor” is **XXX** (amount in words) GEL (X%), which will be transferred in X tranche (s):

✓ **I tranche – XXX GEL**

This co-investment will be used to cover necessary expenses for the XXX and all other expenditures listed in appendix #1 (Project Budget) and appendix #2 (Investment plan)

2. The co-investment of the “Grantee” is **XXX** (amount in words) GEL (X %), which will be used to cover XXX expenses and also XXX

According to the budget, which is provided in the Appendix 1 (“Project Budget”) of this agreement, the “Grantor” does not take the responsibility to reimburse the expenses or give inputs to the “Grantee”, which exceed the amount specified according to this commitment.

3. The “Grantor” reserves its right to take back transferred money if the “Grantee” does not spend the total funding which is given in the appendix 1 (Project Budget) and appendix 2 (Investment Plan), or/and to take back the movable/non-movable assets and materials that were foreseen in the appendix 1 (“Project Budget”) within the budget of the co-investment and in the article 2 of clause 1 (list of co-investment activities) if the “Grantee” does not implement activities prescribed in clause 3 of this agreement (Parties’ Rights and Liabilities) for the successful implementation of the “Alliances Lesser Caucasus Programme”.

4. In order for successful implementation of the terms of this agreement the “Grantee” is liable to comply with all activities detailed in the appendix 2 (Investment Plan).

muxli 2. proeqtis zogadi aRweriloba

1. winamdebare xelSekrulebiT gansazRvruli dafinansebis gadacema miznad isaxavs Sveicariis ganviTarebisa da TanamSromlobis saagentos mier dafinansebuli da `mersi qorfs~is mier ganxorcielebuli `mcire kavkasiis aliansebis qvemo qarTlis programis“-s farglebSi, waaxalisos fizikuri pirebi da organizaciebi _ da Seuqmnas maT saqmianobis arsebulze ukeTesi pirobebi, rac pirdapir aisaxeba maTi saqmianobis Sedegebzec da proeqtis mizania xeli Seuwyos (klientis dasaxeleba) XXX

muxli 3. mxareTa uflebebi da valdebulebebi

1. “grantis mimcemi” valdebulebas iRebs uzrunvelyos “grantis mimRebisaTvis” winamdebare xelSekrulebiT gaTvaliswinebuli qonebis, an fulis drouli da sruli miwodeba, dafinansebis mimRebis mier misi saqmianobis Sesaxeb informაციის srulad miwodebis SemTxvevaSi.
2. proeqtis xangrZlivobaa XXX Tve, romelic ZalaSi Sedis xelis moweridan da gagrZeldeba XXX Tvis ganmavlobaSi.

proeqtis dasawyisi: XXX (Tve), XXX weli.
proeqtis dasaruli: XXX (Tve), XXX weli.

3. “grantis mimRebi” proeqtis msvlelobis procesSi iRebs valdebulebas rom:

- uzrunvelyofs: (aq unda daiweros pirobebi) XXXXX

4. ”grantis mimRebi“ proeqtis msvlelobis procesSi iRebs valdebulebas warmoadginos finansuri dokumentacia Tanxis miznobriv gaxarjvasTan dakavSirebiT, „grantis mimcemis“ mier grantis saxiT gacemul Tanxaze, anu valdebulebebis Sesrulebaze, romlebic detalurad aRwerilia danarT #1-Si (“proeqtis biujeti”), aseve warmoadginos xarjvis damadasturebeli finansuri dokumentacia Tavisi gaxarjuli biujetis saxiT Sesrulebul valdebulebebzე, rac aseve detalurad aRwerilia danarT #1-Si (“proeqtis biujetis”) moTxovnidan 10 dRis vadaSi.
5. grantis gacema iwarmoebis X tranSad.
6. “grantis mimcemi” iRebs valdebulebas “grantis mimRebisaTvis” winamdebare xelSekrulebiT gansazRvruli Tanxis gadaricxva ganaxorcielos ~grantis mimcemis~ moTxovnidan 10 kalendaruli dRis ganmavlobaSi.

2. PROJECT DESCRIPTION

1. According to the grant agreement, the funding is aimed, under the scope of SDC funded “Alliances Lesser Caucasus Programme in Kvemo Kartli” implemented by “Mercy Corps”, at encouraging physical persons and organizations to ameliorate and create better conditions for them which directly will reflect in positive outcomes and the purpose of the project is to facilitate (Name of the client) XXX

3. RIGHTS AND RESPONSIBILITIES OF THE PARTIES

1. The “Grantor” takes liability for ensuring timely delivery of the money or the equipment described in the agreement to the “Grantee”, based on the disclosure of all the relevant information of the Grantee’s business.
2. Project duration is XXX months, which is valid after the agreement is signed and lasts for XXX months.

Project starting date: XXX (month), XXX (year)
Project Completion Date: XXX (month) ,XXX (year)

3. During the project implementation period the Grantee takes liability to:

- Provide: (here should be written terms of agreement) XXXXX
4. During the project implementation period the “Grantee” takes liability to provide all required monitoring data to the “Grantor” on a monthly basis according to the activities listed in appendix 1 (“Project Budget”), also to provide spending verifying financial documentation of the “Grantee’s” co-investment, that is listed in appendix 1 (“Project Budget”), within 10 days period.

7. “grantis mimcemi” iRebs valdebulebas konfidencialurad Seinaxos “grantis mimRebis” mier misTvis miwodebuli informacia am ukanasknelis saqmianobis Sesaxeb.
8. “grantis mimRebi” uzrunvelyofs winamdebare xelSekrulebiT SeZenili uZravi/moZravi qonebisa da masalebis dacvasa da miznobriv gamoyenebas, aseve is valdebulia yvela gadasaxadze romelic SeiZleba gamowveuli iyos grantis saxiT miRebuli qonebis Tu Tanxis administrirbazე saqarTvelos moqmedi kanonmdeblobis Tanaxmad, da aRniSnulis Sesaxeb igi valdebulia acnobos “grantis mimcems.”
9. “grantis mimRebi iRebs valdebulebas winamdebare xelSekrulebiT gaTvaliswinebuli grantis safuZvelze SeZenili uZravi/moZravi qoneba da masalebi gamoiyenos miznobrivad da dauSvas “grantis mimcemi” warmomadgeneli proeqtis miznobriobis Sesamowmeblad da misi monitoringis gansaxorcieleblad.
10. “grantis mimRebi” imoqmedebs am xelSekrulebis da saqarTvelos kanonmdeblobis Sesabamisad.
11. “grantis mimRebma” unda warudginos “grantis mimcems” an mis mier gansazRvrul nebismier pirs yovelTviuri angariSis eleqtronuli versia yoveli momdevno Tvis 5 ricxvamde. yovelTviuri angariSi unda moicavdes mxareebis Soris SeTanxmebul yvela sakiTxs da unda iyos warmodgenili SeTanxmebuli formatiT.
12. grantis mimRebis mier dasabuTebis gareSe angariSebis droulad ar warmodgena SesaZloa gaxdes winamdebare xelSekrulebis Sewyvetis safuZveli me-4 muxlis debulebebis Sesabamisad.
5. Grant will be transferred X tranche
6. The “Grantor” takes liability for transferring money described in the agreement to the “Grantee” in 10 calendar days after the “Grantee” requests the funds.
7. The “Grantor” agrees to keep all the information related to the “Grantee’s” business confidential.
8. The “Grantee” ensures secure and proper use of the movable/non-movable assets and materials described in the agreement being purchased by “Grantor,” also the “Grantee” will pay all due taxes payable on the funding in line with acting Georgian legislation and disclose this information to “Grantor.”
9. The “Grantee” takes liability to use the equipment according to the scope of the agreement, and agrees to allow “Grantor’s” representative in order to check the proper use of the finances and movable/non-movable assets and materials and agrees to participate in related monitoring activities.
10. The “Grantee” shall act according to this target funding agreement and Georgian Legislation
11. A Monthly Report shall be issued to the Grantor or any person designated by the Grantor, electronically before the fifth day of the consecutive month. The Monthly Report shall address the issues as agreed by the parties and shall be made in accordance with the agreed format.
12. Unjustified failure by the Grantee to timely submit reports shall be basis for termination of this Agreement in accordance with provisions of Article 4.

muxli 4. xelSekrulebis Sewyveta

1. winamdebare xelSekruleba Sewydeba misi vadis amowurvisa

4. TERMINATION

1. This Agreement shall be terminated at the

da mxareTa mier nakisri valdebulebebis srulad Sesrulebis Semdeg.

2. winamdebare xelSekruleba Sewydeba misi moqmedebis vadis dasrulebis SemTxvevaSi, rac gansazRvrulia me-3 muxlis me-2 punktSi, garda im SemTxvevebisa, rodesac igi gagrZeldeba mxareTa konkretuli SeTanxmebis safuZvelze.
3. “grantis mimcemi” uflebamosilia Sewyvitos xelSekruleba, Tu “grantis mimRebi” dasabuTebis gareSe ver Seasrulebs proeqtis miznebs, Setyobinebis miRebis Semdeg da ver Seasrulebs xelSekrulebiT gaTvaliswinebul saqmianobas an Setyobinebis miRebidan 30 dRis ganmavlobaSi ver warmoadgens damakmayofilebel axsna-ganmartebas; an Tu dafinansebis mimRebi dasabuTebis gareSe ar warmoadgens yovelTviur an saboloo angariSs da Setyobinebis miRebis Semdeg kvlav ar warmoadgens maT an Setyobinebis miRebidan 30 dRis ganmavlobaSi ver warmoadgens damakmayofilebel axsna-ganmartebas.
4. winamdebare xelSekruleba SeiZleba Sewydes mxareTa mier sxva mizezTa gamo, romlebic miTiTebuli ar aris aq, magram gaTvaliswinebulia amave mxareTa Soris, an maT warmomadgenelTa mier amave saganze dadebul sxva SeTanxmebebsi.
5. winamdebare xelSekrulebis Sewyvitis sxva samarTlebrivi safuZvebi ganisazRvreb saqarTvelos moqmedi kanonmdblobiT, razedac mxarem aseTi ganzraxvis Sesaxeb werilobiT unda Seatyobinos meore mxares 2 (ori) kviriT adre.

muxli 5. gardamavali debulebebi

winamdebare xelSekruleba Sedgenilia saqarTvelos kanonmdblobis moTxovnaTa Sesabamisad. xelSekrulebis ganuyofel nawils warmoadgens danarTi #1 (proeqtis biujeti); danarTi #2 (sainvesticio gegma); danarTi #3 (Tanxis moTxovnis forma) da aseve aliانسis saaplikacio forma. Tu winamdebare xelSekrulebis romelime debuleba miiCneva Zaladakargulad an baTilad, amgvარი baTiloba gavlenas ar iqoniebs xelSekrulebis sxva nebismieri debulebis iuridiul Zalasa an kanonierebaze. mxareebi yvela mizanSewonil zomas miiReben, raTa Secvalon amgvarad baTili debulebebi msgavsi Sinaarsis iuridiuli Zalis mqone debulebebiT.

winamdebare xelSekrulebaSi cvlilebebis an damatebebis Setana SesaZlebelia mxolod werilobiTi formiT mxareTa uflebamosili warmomadgenlebis xelmoweriT.

execution of the liabilities of the parties taken by the agreement.

2. This Agreement shall be terminated at the expiry of its term, indicated in Clause 3, unless specifically extended at the agreement of the parties.
3. The “Grantor” can terminate the Agreement, if the “Grantee” fails, without justification to fulfill the purpose of the project for which finances has been made, after being given a notice, still fails to do so or to furnish a satisfactory explanation within 30 days of the receipt of the letter; or if the “Finanee” fails without justification, to submit its quarterly or annual reports, after being given a notice by letter, still fails to do so or to furnish a satisfactory explanation within 30 days of the receipt of the letter.
4. This Agreement may be terminated by the Parties for other purposes not indicated here, but stipulated in other agreements, on the same subject matter made between the same parties and their counterparts.
5. This Agreement may be terminated for other legal grounds determined by the Georgia legislation in force. The Party has to notify the other Party about such intention in writing 2 (two) weeks prior to termination.

5. MISCELANEOUS PROVISIONS

1. This Agreement is produced according to the law of Georgia.
2. Indivisible part of the agreement represent Appendix #1 (Project Budget); Appendix #2 (Investment Plan); Appendix #3 (Money Request Form) and also Alliances application form.
3. In the event one or more provisions of this Agreement for whatever reason will be held invalid, such invalid provision shall not affect any other provision of this Agreement and the Parties shall negotiate in good faith to replace the invalid provision by such provision as has the effect nearest to the provision being replaced.

winamdebare xelSekruleba Sedgenilia inglisur da qarTul enebze Tanabari iuridiuli Zalis mqone 2 (or) egzemplarad. aRniSnul enebS Soris nebismieri Seusabamobis SemTxvevaSi, qarTul enaze Sedgenil variants eniWeba upiratesi Zala. TiToeul mxares gadaecema xelSekrulebis erTi egzemplari.

xelSekrulebis mxareebi Seecdebian molaparakebis gziT gadaWran xelSekrulebidan gamomdinare nebismieri dava. im SemTxvevaSi, Tu aseTi wesiT davis mowesrigeba ar moxerxda, dasas ganxilavs saqarTvelos sasamarTlo.

muxli 6. xelSekrulebis ZalaSi Sesvla

winamdebare miznobrivi dafinansebis xelSekruleba ZalaSi Sedis mxareTa mier misi xelmoweris dRidan.

4. This Agreement may be modified only in written by signing of the authorized representatives of Parties.
5. This Agreement is executed in English and Georgian languages in 2 (two) original copies having equal legal power. In case of ambiguity between the English and Georgian versions, the Georgian language version shall prevail. Each Party is given 1 (one) Copy of the Agreement.
6. The Parties shall undertake all reasonable measures to solve any disputes, controversies or claims between the Parties arising out of or in relation to this Agreement amicably. In case of failure to reach a peaceful solution such disputes, controversies and claims shall be finally settled by the courts of Georgia.

6. VALIDATION OF THE AGREEMENT

This agreement is valid from the date the parties sign it.

zemoaRniSnulis dasturad, mxareebis uflebamosili
warmomadgenlebi xels aweren winamdebare xelSekrulebas:

(klientis dasaxeleba) XXXXX
sabanko rekvizitebi:

warmomadgenlis saxeli gvari
representative`s name, surname

xelmowera: -----
Signature:
TariRi: -----
Date

In witness whereof, the authorized representatives of the
Parties of this Agreement sign the agreement:

(Client`s name) XXXXX
Bank information:

`mersi qorfs~-is warmomadgenloba saqarTveloSi
Mercy Corps representation in Georgia

misiis direqtori/ Country Director

xelmowera: -----
Signature:
TariRi: -----
Date

Tim lideri/ ALCP Team Leader

xelmowera: -----
Signature:
TariRi: -----
Date

qq programis menejeri/ Programme Manager

xelmowera: -----
Signature
TariRi: -----
Date

finansuri direqtori/ Finance Director

xelmowera: -----
Signature:
TariRi: -----
Date

ANNEX 6: ALCP DATA COLLECTION, RESEARCH & SURVEY INSTRUMENTS

Programme Wide				
Surveys & Tools	Study Topic	The role/function in the system	Methodology applied	Timing
Market Analysis	Sectors and value chains targeted by the programme on national and local level	<p><i>Strategic planning:</i> contributes to programme &/or sector strategy along with focus groups surveys.</p> <p><i>Attribution:</i> Gathers information for all relevant key change indicators prior the programme affect (before analysis)</p> <p><i>Secondary use:</i> Builds a foundation for the on-going analyses.</p>	<p><i>Tools:</i> desk research, key informant interviews.</p>	Beginning of programme or new phase in new area and ongoing.
Focus Group Surveys	Baseline Assumptions Testing/Early Impact	<p><i>Strategic planning:</i> Documents the perspectives, trends, attitudes and day to day activities of female and male farmers in relation to the supporting functions, core markets and rules of the sub sectors of the livestock market in which the programme operates, namely the dairy, beef and sheep and honey sectors. .</p>	<p><i>Tools:</i> semi structured questionnaire</p> <p><i>Target Population:</i> Households involved in livestock husbandry in target communities</p> <p><i>Sampling:</i> based on: altitude, number of households involved in livestock husbandry in target communities, other criteria like: number of producing and processing enterprises in target communities. Sample should reflect ethnic/religion composition of the target population.</p>	Beginning of programme or new phase in new area.
Programme Baseline Assessments	Baseline assessment of main scale and income, indicators.	<p><i>Strategic planning:</i> contributes to programme &/or sector strategy along with focus groups surveys.</p> <p><i>Attribution:</i> Gathers information for all relevant key change indicators prior the programme affect (before analysis)</p> <p><i>Secondary use:</i> Builds a foundation for the on-going analyses, and enables a justifiable continuous monitoring system.</p>	<p><i>Tools:</i> fully structured questionnaire;</p> <p><i>Target Population:</i> Rural Population in target area;</p> <p><i>Sampling:</i> Random, with Multi-stage cluster (Clusters: 1. Municipality, 2. Ethnicity and/or Religion).</p> <p><i>Data type:</i> rotating panel Statistically representative for the region: With confidence interval</p>	Beginning of programme or new phase in new area.
Programme Impact Assessments	Programme Impact assessment for changes of main scale and income, indicators. Assessment of all interventions simultaneously as interventions from 3	<p><i>Attribution:</i> Impact assessment data along with baseline data measures the programme impact and builds a robust part in the triangulation of the data. Homogeneous affected and non-affected groups are compared for obtaining the impact.</p> <p><i>Secondary use:</i> further justifies and</p>	95%, and significance level 5%;	End of phases and stand by phase analyses.

	outcomes are implemented to leverage synergy between them.	corrects (if needed) programme used assumptions and calculation methods		
WEE studies	Studies agency i.e. control and ability to use resources along with the main quantitative (access, income) indicators.	<p><i>Strategic planning:</i> Validates program assumptions regarding women taken from the baseline for roles and responsibilities, access and control. Deepens understanding to calibrate interventions accordingly. Deepens understanding of cross cutting problems faced by women in the region – for designing Gender Overt Interventions.</p> <p><i>Attribution:</i> captures attributable changes in WEE indicators</p> <p><i>Secondary use:</i> Finding key information for better structuring WEE questions for the Impact Assessment.</p>	<p>The same methodology as for baseline and impact assessment surveys is applied. The only differences are:</p> <ul style="list-style-type: none"> - Only women respondents are interviewed; - Questionnaire is designed according to the study topic. 	End of Phase
Systemic Change Log	Studies programme caused indirect changes in markets systems like: sector growth, copying and crowding in	<p><i>Strategic planning:</i> Used for understanding broader interactions and generating further scale. Describes business model replicability and the likelihood of the sustainability of intervention results</p> <p><i>Attribution:</i> Programme reports on the changes which are caused by the programme</p> <p><i>Secondary use:</i> Captures key behaviour changes</p>	Table into which instances of systemic change reported by clients & programme staff and other market actors are logged and verified for attribution before being entered into the MP's	Ongoing