Armenian Association of Social Workers NGO

PROMOTING SOCIAL INCLUSION AND SELF-RELIANT LIVELIHOOD ACTIVITIES IN ARMENIA
(P165314)

Component 2: Small Business Grants
Environmental and Social Management of Sub-Projects

February 2020
ACRONYMS

AASW  Armenian Association of Social Workers
BF&GRM  Beneficiary Feedback and Grievance Redress Mechanism
BMS  Business Management Skills
BPI  Business Plan Implementation
BP  Business Plan
CM  Case Manager
FBP  Family Benefit Program
FM  Financial Management
FMM  Financial Management Manual
E&S  Environmental & Social
JSDF  Japan Social Development Fund
MLSA  Ministry of Labor and Social Affairs, RA
MTAI  Ministry of Territorial Administration and Infrastructures, RA
M&E  Monitoring and Evaluation
NGO  Non-governmental organization
PAP  Project Affected Person
PD  Project Director
PDO  Project Development Objectives
PM  Project Manager
POM  Project Operational Manual
PPSD  Project Procurement Strategy for Development
PSA  Public Service Announcement
SEA  State Employment Agency
SG  Sub-grant
SW  Social Worker
THM  Town Hall Meeting
ToR  Terms of References
ToT  Training of Trainers
WB  World Bank
Component 2: Small Business Grants

(i) Business development sub-grants will be provided to beneficiaries. Beneficiaries will present developed Business Plans (BPs) during the graduation event of BMS trainings. The selection of at least 300 beneficiaries eligible for business development sub-grants (up to 4,000 USD) will be implemented by the Sub-Grant Evaluation Committees based on evaluation of beneficiaries’ BPs, training completion, personal characteristics/motivation, presentation interview results, and SG eligibility check and approval of final sub-grantee list. The process will be divided into two phases as well, each lasting two months and involving 150 beneficiaries.

The business plans will be presented by beneficiaries and evaluated by the Sub-Grant Evaluation Committees (SGEC). The SGECs will be established locally and consist of at least 4 members (including a representative of the local state employment agency, a representative of the marz/municipality, two business consultants, and a bank/credit organization representative (optional)). The specific composition of local SGECs will be approved by the PSC.

The SGEC will evaluate the business plan proposals according to the following criteria:

a. Feasibility of the proposed project (timeframe, finance needed, market demand, available supply chain, competition, etc.)
b. Sustainability of the proposed project
c. Adequacy of the business project budget
d. Sub-Grantee’s skills/competences, entrepreneurial attitude
e. Additional resources that can be mobilized by the beneficiary to finance the plan (optional)
f. Impact on poor people (social entrepreneurship component, optional).

Small grants will be awarded based on the procedures described in Component 2 Operational manual, according to aggregated scoring data which will include Business Plan Evaluation score by SGEC and BMS training participation feedback and personal characteristics/motivation of the applicants as assessed by business trainers/coaches and social case managers. The sub-grant evaluation process will be implemented in two phases, each lasting 2 months and resulting in awarding 150 sub-grants. The sub-grants will be implemented according to contracts signed by AASW and sub-grantees.

Sub-grant Management Operational Manual will include selection criteria, grievance redress mechanisms, sample contracts, disbursement tranches, chapters on environmental and social management of sub-grant financed activities, instructions on good E&S practice for all main types of activities eligible for sub-grant financing (e.g. hygiene-oriented instructions for hostel/B&B/guesthouse facilities, beauty parlors, food processing and food delivery; waste management for apartment renovation works, etc.), beneficiary responsibilities, monitoring and reporting mechanisms, and other issues.

The sub-grant disbursement will be done in 3 tranches to sub-grantee’s bank account. The first tranche will be 50% of the total sub-grant amount, the second one - 40% and the last one - 10% (unless the approved BP includes other specific disbursement conditions). Each tranche will be disbursed based on the proper use of the previous one as proved by the beneficiary reports (financial and narrative) and checked through monitoring activities.
(ii) Sub-Grant Applicant Eligibility.

Applicants should be or become a legal entity when applying for establishment of a business requiring legal registration or an individual, in case of business types for which legal registration is not required (such as agriculture), with the right to enter in a contractual relation with AASW.

The applicant has to fulfil the following criteria:

a. Attendance at BMS Trainings;

b. Willingness and ability to work with Project team to implement the SG Projects, according to Sub-grant management operational manual;

c. The necessary technical skills (acquired via Project supported trainings) to manage the proposed business;

d. The capability to manage and account properly for business costs.

(iii) Business development/establishment spheres (eligibility of activities).

The following small/micro business initiatives will be eligible under the sub-grant scheme in the framework of the Project:

- **Agriculture (production):** income generation activities related to the production and processing of agricultural products such as animal/beekeeping, gardening including indoor and in greenhouses, orchard keeping (only first year funding in case the results will be proven by the BP), establishment of nurseries, dried fruit/vegetable/greens production, etc.

- **Agriculture (services):** income generation activities related to the organization/establishment of supplementary/supporting agricultural services such as grass mowing, tilling, harvesting, tree pruning, transportation, storing, packaging, etc.

- **Production/processing (food/non-food goods):** income generation activities related to running of units producing/processing food (bread/pastry/sweets, semi-fabricated products, etc.) and non-food goods such are garments, furniture, souvenirs, house and garden appliances, etc.

- **Recreation, accommodation, food service:** income generation activities related to running of HoReCa² units (café, café on wheels, food delivery service, hostel/B&B/guesthouse, etc.), touristic services (rental of tents/bicycles/other touristic equipment, organization of tours/trips, etc.), establishment of camping/glamping² areas, production of packaging for food, etc.

- **Arts & culture, entertainment:** income generation activities related to running units providing services such as art & crafts, cultural heritage protection and commercialization, computer design, photo/video recording/montage, organization of events (banquets, etc.), etc.

- **Other types of services:** income generation activities related to running units providing services such as homecare/house cleaning, hairdressing, manicure and other beauty-related services, renovation of houses/bicycles/vehicles/house appliances, etc., accounting, marketing, etc.

- **Trade:** running a shop of the mobile type (goods sold using a car) – selling food and non-food items, etc.

¹ HoReCa = **Hotel, Restaurant and Catering services**
The above-mentioned activities are identified based on national economic development priority sectors, analysis of results of the previous JSDF grants and experience of other initiatives aimed at support of SME development in rural areas.

(iv) Non-eligible activities under sub-grant scheme (eligibility of activities).

The Project will not finance construction works. Only minor renovation of interiors in existing buildings may be supported. The Project will exclude any activities that would have resettlement impacts (such as acquiring private land, causing displacement, causing harm to assets or livelihoods, etc.). Use of the grant proceeds for the purchase and/or application of pesticides will also be disallowed. Small business grants may not be provided to support production of weapons, toxic and radioactive chemicals, tobacco and spirits. To ensure that only eligible activities are financed under Component 2, an adequate mechanism will be used for screening and approval of grant applications. Payments of debts (including loan interest), payment of beneficiary personal expenses (utilities, rent, school/college/university fees, etc.), and other costs not related to the business activities will NOT be eligible under the sub-grant scheme.
Environmental and Social Management of Sub-Projects

To ensure that the activities financed under Component 2 do not pose adverse environmental and social risks and impacts, the following screening, implementation, and monitoring process will be followed. The Project Team will include E&S specialist who is responsible to ensure ongoing assurance of good environmental and social practice.

(i) Screening of Sub-Grant Applications

The sub-grant applications produced by each beneficiary will be screened by the Sub-Grant Selection Committees before recommending the sub-grants to the Project Steering Committee for grant financing, which will ensure that plans do not pose adverse environmental and social risks and impacts. The initial screening for the eligibility of the sub-Project will be based on the list of non-eligible activities (see Table 1.1) that will not be considered for financing. Under Component 2, only sub-Projects mentioned under “eligible activities” that have no adverse environmental and social impacts will be approved. The E&S screening will be required for each sub-grant application by using the Form 1.1.

Table 1.1 List of non-eligible activities for grant financing

| Construction works (excluding minor renovation of the interior of existing buildings) |
| Activities that would have resettlement impacts (such as acquiring private land, causing displacement, causing harm to assets or livelihoods, etc.) |
| Purchase and/or application of pesticides |
| Production of weapons |
| Production of toxic and radioactive chemicals |
| Production of tobacco and spirits |
| Hazardous waste-generating activities |

Form 1.1. Environmental and social screening checklist for sub-grant applications

<table>
<thead>
<tr>
<th>Proposed sub-Project name</th>
<th>Brief description of sub-Project</th>
<th>Yes</th>
<th>No</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are sub-Project activities included in the list of eligible activities?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Are sub-Project activities included in the list of non-eligible activities? | If “Yes”, exclude from financing
---|---
Sub-Project approved |  

(ii) Environmental and Social Management Arrangements

Sub-Grantees will ensure that activity planning and sub-Project design and preparation are being implemented in accordance with the instructions on good environmental and social practices described in sub-grant management operational manual (e.g. hygiene-oriented instructions for hostel/B&B/guesthouse facilities, beauty parlors, food processing and food delivery, waste management for apartment renovation works, etc.). A standardized clause of good environmental and social practice requirements will be included in the sub-grant contracts. Sub-Grantees will receive sub-Project specific training on environmental and social management of sub-grant financed activities.

(iii) Environmental and Social Monitoring

The Project implementing Team will be responsible for coordinating and reporting the monitoring of sub-grant activities implementation in accordance with instructions on good E&S practice. The monitoring (including occasional spot checks) by the Project implementing team on a periodic basis will focus on how well the good environmental and social practice is being adhered to the grantees during the sub-grant planning, preparation and implementation. This will ensure that sub-grant activities are not generating any new and significant social or environmental risks. This means checking on whether, for example, animal raising activities/sub-grant and apartment renovation works have properly addressed waste issues in the design and/or implementation, and whether grantees involved in hostel/B&B/guesthouse and beauty parlors services, food processing, and food delivery have adopted hygiene-oriented practices.

(iv) Training on good environmental and social practice

Training on good E&S practice for all primary types of activities eligible for sub-grant financing will be provided to the grant recipients as part of BMS and BPI trainings and the sub-grant planning and preparation processes. The Consultants hired to deliver training and coaching to sub-grant recipients will ensure that good E&S practice is followed by the grantees during the sub-grant planning, preparation, and implementation, and that activities are not generating any new and significant social or environmental risks.

Roles and responsibilities of parties involved in Component Activities:

(i) Project implementing Team will:

- Organize screening of beneficiaries for involving in the BMS trainings;
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- Organize/coordinate the capacity building activities (BMS Training process, including training on good E&S practice for all main types of activities eligible for sub-grant financing, advisory services, coaching, follow-up), including selection of Consultants and Companies;
- Develop the needed documents related to selection and disbursement of small business grants, i.e. sub-granting manual, sub-grant contracts, and reporting forms;
- Organize evaluation of BP proposals drafted by the beneficiaries;
- Organize Sub-Grant contracting procedures;
- Transfer the approved Sub-Grant amount to the Sub-Grantees;
- Receive, analyze, and maintain the Sub-Grant acquisition reports;
- Conduct Sub-Grantee’s business systematic monitoring, including ensuring good E&S practice,
- Keep communication with local and community authorities and ensure active involvement of all stakeholders;
- Handle the Sub-Grantee claims issues for making decisions on the further relation management;

(ii) Case Managers and/or Social Workers involved in the Project will be trained to effectively address the Component activities. Particularly Case Managers and/or Social Workers will:
- Develop list of potential direct beneficiaries of Component 2 (at least 1800 FBP beneficiaries);
- Participate in screening process (tests and questionnaire) of potential beneficiaries to be involved in BMS trainings;
- Keep regular communication with beneficiaries involved in BMS trainings, provide feedback on beneficiaries’ advancement as well as on whole Capacity Building process effectiveness;
- Participate in Sub-Grantee’s business systematic monitoring;
- Provide on-going support to Project beneficiaries to increase their entrepreneurial and/or labor opportunities in their communities;

(iii) Marz and community authorities will:
- Provide technical support for Project Implementation, including relevant spaces (meeting halls, rooms, classrooms, etc.) for Project Activities;
- Participate in Project Events and Activities.

(iv) Component 2 Project Consultant(s) will be fully or partially involved in following activities based on their assignments:
- Elaboration of operation manual for the Component 2, including Capacity Building Activities (BMS training participants’ selection/screening activity, BMS Trainings, BPI trainings, advisory services, coaching and follow-up activities);
- Elaboration of outline of BMS (including for the training on environmental and social good practice), BPI training courses, and contribution to the development of their content for Project specific target group (FBP beneficiaries);
- Elaboration of the Sub-grant Management Operational Manual;
- Participation in conducting workshops (ToT) for Entrepreneurship Development Consultants to ensure BMS training and coaching;
• Provision of on-going methodological guidance and advice (on-site) on BPs evaluation and sub-grantee’s selection, as well as to effectively deliver advisory services, coaching, and follow-up activities, including trade fairs;
• Advise to the Project staff on the monitoring and evaluation of established businesses (grant acquisition, business management issues, business performance improvement, etc.);
• Participation in monitoring of Capacity Building Activities (training, coaching, etc.) and quality assurance;
• Participation in monitoring of sub-grant activities;
• Participation in relevant outreach activities (Town Hall meetings, workshops, trade fairs) and other events.

(v) **Entrepreneurship Development Consultants (BMS trainers, coaches)** will be fully or partially involved in following activities based on their assignments:
• Participation in elaboration of BMS training outline and detailed content;
• Delivery of the BMS and BPI trainings;
• Coaching/support in drafting the BPs;
• Supporting AASW in elaboration/preparation of necessary documentation (eligibility checks, final BPs, etc.);
• Participation in BP evaluation sessions;
• Provision of advisory services and coaching to Sub-Grantees;
• Consulting Sub-Grantees on record keeping, procurement, and other Sub-Grant acquisition related issues;
• Developing an electronic framework, based on MS Office for keeping records, analysis, and preparing basic reports;
• Consulting Sub-Grantees on branding and Marketing issues;
• Consulting Sub-Grantees on business project report writing;
• Implementing Sub-Grant activity monitoring;
• Consulting Sub-Grantees on the possible solutions of the issues raised via follow-up,
• Participation and running of workshops during trade fairs and other events.

(v) **Component Beneficiaries** at the different stages of the Project according to the Project logic should:
• Pass a business management skills pre-test evaluation and participate in the BMS training;
• Draft own BP proposal;
• Act in the framework of the documents developed and proposed by AASW;
• Provide their BP proposals for evaluation;
• Provide the needed information such as prerequisites and sign the Sub-Grant Contract;
• Implement all the sub-grant activities in accordance with Sub-grant Management Operational Manual;
• Keep all the records related to the sub-grant Project as recommended by the Consultants;
• Prepare and present Sub-Grant Project (business) progress reports to AASW according to their contract (with the support of Coachers/Consultants);
• Be open for the monitoring as well as follow-up visits to their business;
• Handle all the issues connected to the Sub-Grant Project (business);
• Present claims concerning the Sub-Grantee – AASW relations in proper way, if any.

**Supervision and Monitoring**

The Project staff is responsible for management and supervision of component activities. The Component Coordinator, M&E Specialist, E&S Specialist, Consultant(s), according to the scope of their responsibilities further elaborated in the relevant TORs, will implement supervision. These staff will provide technical assistance and other necessary support to the beneficiaries, to social workers/case managers, to Consultant(s), and to the contractors. The monitoring of training courses will be implemented through occasional visits to classes; through the distribution, collection, and scoring of pre- and post-course tests; and through the distribution of questionnaires to Consultants and evaluation of their responses.