



GOVERNMENT OF NEPAL



EUROPEAN UNION



Ministry for Foreign
Affairs of Finland

AGRI-BUSINESS SUPPORT GUIDELINE

**RURAL VILLAGE WATER RESOURCES MANAGEMENT
PROJECT – RVWRMP - III**

July 2019

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ACRONYMS

| | |
|--------|--|
| AC | Air Condition |
| AWP | Annual Work Plan |
| CBO(s) | Community Based Organization(s) |
| CLA | Chief Livelihoods Advisor |
| EU | European Union |
| GOF | Government of Finland |
| GON | Government of Nepal |
| GWRO | Gaupalika Water Resources Officer |
| IG | Income Generation |
| LED | Local Economic Development |
| LF | Livelihood Facilitator |
| LIP | Livelihood Implementation Plan |
| LMBIS | Line Ministry Budget Information System |
| LO | Livelihood Officer |
| LP | Livelihood Promoter |
| ME(s) | Micro-enterprise(s) or Micro-entrepreneur(s) |
| MIS | Management Information System |
| MUS | Multiple Use of Water System |
| NGO(s) | Non-governmental Organization(s) |
| NPR | Nepalese Rupee |
| PEC | Proposal Evaluation Committee |
| PIG | Project Implementation Guidelines |
| PPP | Public Private Partnership |
| PSU | Project Support Unit |
| RM | Rural Municipality |
| RM-CAO | Chief Administrative Officer of Rural Municipality |
| RMAU | Rural Municipality Agriculture Unit |
| RMPMC | Rural Municipality Project Management Committee |
| RVWRMP | Rural Village Water Resources Management Project |
| SBS | Step-by-Step |
| SIYB | Start and Improve Your Business |
| SLF | Senior Livelihood Facilitator |
| SLS | Sustainable Livelihood Specialist |
| SVB | Supervisory Board |
| TSU | Technical Support Unit |
| VC | Value Chain |
| WASH | Water, Sanitation and Hygiene |
| WRA | Water Resources Advisor |

I. INTRODUCTION

1.1 Rural Village Water Resources Management Project (RVWRMP-III)

The Rural Village Water Resources Management Project (RVWRMP) is a project running from 2016 to 2022. The project is jointly financed by GON, EU and GOF with local contributions from RMs and beneficiaries. The project is designed to reduce poverty, increase food security, and improve lives in Nepal. RVWRMP will address challenges and promote improvement through four main Result Areas:

R1: Institutionalised community capacity to construct and maintain community managed water supply and adopt appropriate WASH technologies and sanitation and hygiene behaviour

R2: Improved and sustainable nutrition, food security and sustainable income at community level through livelihoods development

R3: Increased resilience to disasters and climate change as well as promotion of climate change mitigation and adaptation

R4: GON institutionalised capacity to continue integrated water resources planning and support to communities in implementing and maintaining WASH and livelihood activities

1.2 The RVWRMP Approach to Support for Agri-business Development and Promotion

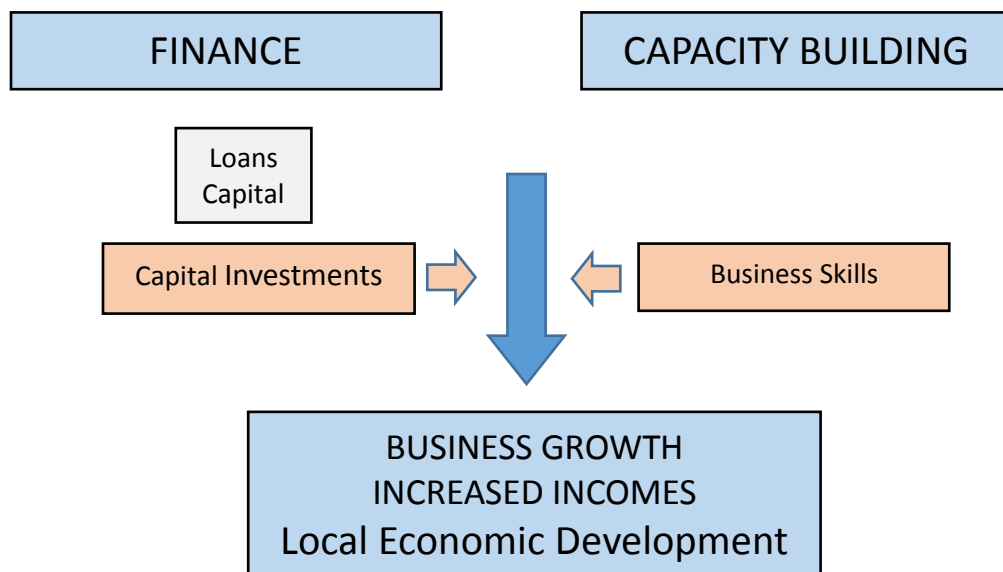


Figure 1: Agri-business support for agri-business and Local Economic Development

RVWRMP will support the Agri-business development and promotion activities leading to private sector led growth, encouraging competitiveness in agriculture and agricultural services, interventions to enhance food security, increase the capacity of cooperatives, and strengthening institutions to increase the access of women and disadvantaged groups to rural advisory services. Extra funds may be provided directly by the Rural Municipalities on a case-by-case basis. The ultimate goal is to articulate the local actors in supply and demand chains for an integrated form of Local Economic Development from which many people can benefit.

All RVWRMP support will be performance-based in nature to maximize capacity building, sustainability, and verifiable results. There must be a clear relationship between implementation tasks, milestones, and disbursements. Characteristics of performance-based activities include:

- Results oriented
- Technically sound
- Clear relationship between implementation plan tasks, milestones, and payment
- Contains verifiable results
- Cost-sharing element

The ME support will target Nepali farmers, cooperatives, producer groups, and community based organizations in specific sectors, districts and local levels, in order to:

- increase productivity and enhance competitiveness,
- expand access to services, including technical, extension and financial services
- improve the business environment
- support women and disadvantaged groups

With the overall objective to improve the livelihoods and food security of the population RVWRMP will consider activities that provide assistance to producers for improved crop management, introduce productive infrastructure and technology that address a specific constraint to productivity and quality and activities that improves the service delivery.

Each activity is directly linked to a key result area in RVWRMP's overall implementation approach, specifically the value chain activities with a focus on pro-poor value chains and linkages to project supported irrigation and MUS systems. Where possible activities or sectors prioritized in the LIPs (Livelihood Implementation Plans) will be supported.

Eligible activities include, but are not limited to:

- Technical services and infrastructure for value chains; for example, producing post-harvest cold storage and collection centers, creating micro- and drip irrigation systems and assisting with the development of marketing centers
- Material and infrastructure support for Cooperatives

- Activities that generate the development of new financial products such as microfinance products and micro-insurance for rural clientele, women, and disadvantaged groups through existing cooperatives.
- Assistance to farmer and water users groups
- Funding for PPPs
- Other activities that promote and support RVWRMP objectives

Ineligible activities are described in Section 2.5

1.3 RVWRMP supported activities linked to Agri-business Development and promotion

Strengthening of agriculture and related services (financial, extension) for Local Economic Development in the RMs is one of RVWRMP's main objectives. RVWRMP is presently supporting regular activities in the RMs on Agri-business development and promotion under its Income Generation and Value Chain activities (previously called Advanced Livelihoods during Phase I and II). All these activities are integrated and support the overall project objectives and RVWRMP target groups, including cooperatives, water users, irrigation and MUS users, service providers, farmer groups and women and disadvantaged groups specifically.

Main Value Chain activities have been started in several districts and RMs, these activities are in the following districts:

- Large Cardamom value chain in Dailekh district (potential also in Bajhang)
- Vegetable value chain in Dadeldhura district
- Citrus value chain in Kailali and Doti districts
- *Chiuri* (butter-tree) value chain in Darchula district
- Ginger value chain in Kailali and Doti districts

Smaller value chain activities may be initiated from RM side and supported by RVWRMP such as the following ongoing:

- Seabuckthorn (Darchula, Humla)
- Lokta paper
- Potato processing (Bajhang, Darchula)
- Honey (Dadeldhura)
- Dairy (Dailekh)
- Spices (various districts)
- Fruit tree production such as apple, walnut (various districts)

RVWRMP supports the RM Agriculture Section and cooperates to implement joint activities in trainings and material support, such as poly-houses. Cooperation between user groups and the RM Agriculture Section is encouraged.

RVWRMP supports 55 cooperatives in all 10 districts. Agri-business linkages to Cooperatives or Cooperatives managing agri-business are an excellent opportunity to provide extra support from project side.

1.4 Roles and Definitions

The following roles and definitions are provided to assist users in interpreting RVWRMP's guidelines and regulations when preparing solicitations, reviewing applications, and monitoring implementation.

Agreement: A legal instrument that governs allocation of funds under concerned RM/RVWRMP, and defines roles and responsibilities of the beneficiary under the Agri-business support program.

Applicant: A potential beneficiary that submits a Proposal

Beneficiary: An association/community/cooperative that submits a proposal to concerned RM/RVWRMP for funding support.

Cost Sharing: Project costs financed with cash or in-kind contributions separate from RVWRMP and RM funding. Also referred to as co-investment.

Deliverables/milestones: Key targets that should be met by completion of the activities.

Implementation Plan: The document submitted as part of a potential proposal. The implementation plan specifies the beneficiary's goals and objectives as well as the proposed program that will be implemented using RVWRMP ME development and promotion funding.

Proposal: A written document in form and substance conforming to the requirements of these guidelines, which outlines in detail the activity(s) being proposed by a beneficiary for funding under the agri-business support program consisting of the full proposal.

Proposal Evaluation Committee (PEC): The mandate of the Proposal Evaluation Committee is to review and evaluate proposal based on the selection criteria. The PEC then makes a determination as to whether the proposal should move forward to negotiation, approval, and final approval, or if the proposal is rejected as unsatisfactory according to established criteria. The PEC consists of four voting members. The members are: CAO of RM, RM agriculture section chief, Account chief of RM, LO/WRA and GWRO. If any of the voting members are absent, they may designate an alternate staff member to take their place.

Support Agreement: An agreement between the beneficiary and RM/RVWRMP, containing objectives, activities and overall budget.

II. ELIGIBILITY REQUIREMENTS FOR MICRO-ENTERPRISE SUPPORT

2.1 Eligible Organizations

RVWRMP Agri-business support may be extended to 1) private Nepali community based organizations such as Cooperatives, and Farmer groups, Beneficiaries may include:

- Cooperatives
- Producer (farmer) groups
- Community Based Organizations (CBO)

Individual Value Chain entities like legally registered firms or companies are eligible by the agri-business support through a cooperative if there are clear benefits for producer groups in the value chain. The cooperative as share-holder in the company is an option to be analyzed.

All beneficiaries of the ME support activities will have to be based in one of the 27 core-RMs of RVWRMP. The project will not start any activities outside of these 27 RMs, with the exception of activities linked to MHP construction and end-use development, for which the initial activities are planned to start mid-2019 in 5 RMs in Bajura and Humla.

The majority of the primary and secondary beneficiaries of the Agri-business support activities (as well as Income Generation and Value Chain activities) are expected to overlap in some form with the Water Supply beneficiaries (total of 351,000). RVWRMP strives to implement integrated activities, with the Water Supply Schemes (drinking water and irrigation) at the center.

2.2 Conditions of Eligibility

- Beneficiaries must be organizations existing under the laws of the Government of Nepal and must be registered at RM level.
- The proposed activity must respond to the goals and objectives of RVWRMP described in Section 1 and contain expected outcomes and results consistent with and linked to RVWRMP's results framework, specifically activities linked to value chains supported by the project will be more eligible for support.
- Applicants must have established outreach capabilities with linkages to the beneficiary group(s) identified in the program description, which is reflected in the proposal
- Beneficiaries must be based in one of the 27 core-RMs of the project.
- Beneficiaries must be able to provide co-sharing in kind or in cash.

2.3 Ineligible Organizations

RVWRMP Agri-business support may not be extended to the following:

- Private businesses that are not clearly linked to collective benefits
- Organizations that are not legally registered
- Government entities
- Political parties, groupings, or institutions or their subsidiaries and affiliates
- Organizations that advocate, promote, or espouse anti-democratic policies or illegal activities
- Faith-based organizations whose objectives are for religious purposes, and whose main objective for the grant is of a religious nature

2.4 Eligible Activities

Agri-business activities funded by RVWRMP will meet the following general criteria.

- Activities supported by RVWRMP must promote the overall RVWRMP objectives set forth in Section 1. RVWRMP support is designed to further the project's overall vision of strengthening the foundations for rapid, sustained and inclusive economic growth, enhancing food security, reducing poverty, and improving the lives of the Nepali people, specifically women and disadvantaged groups.
- Ideally, Agri-business development and promotion activities will meet multiple project results.
- Project support will cover only necessary and allowable costs linked to the execution of the activity. These may include construction (collection center, storage, shop etc.), small and medium equipment and machinery, goods such as new types of seeds and planting materials
- Activities can only begin upon signature of the agreement between the beneficiary and RVWRMP. Costs incurred before execution of the agreement will not be reimbursed.

2.5 Ineligible Activities and Unallowable Costs

Project funds cannot be utilized for the following:

- Sub-awards or contracts
- Private ceremonies, parties, celebrations, or "representation" expenses.
- Purchases of restricted goods
- Any purchases or activities deemed unnecessary as determined by RVWRMP, including any expenses that are not directly linked to the implementation of the proposed project.
- Previous obligations and/or bad debts.
- Fines and/or penalties.
- Indirect costs such as overhead costs

2.6 Examples of Activities / Menu of Options

The following potential support items serve as examples of project support towards Agri-business Development and Promotion by RVWRMP.

Infrastructure:

- Collection center for the temporary storage of products to be sold to regional markets, this can be just a shed to protect against rain and sun or improved structures with a room, office and grading space
- Cooperative structure such as office, meeting room, storage, shop etc
- Storage structures for agriculture produce, including cold storage with AC equipment
- Poly and net-houses

Materials and equipment

- Crates and bags for produce
- Weighing scale
- Small mechanized equipment for plowing
- Vehicle for transport
- Honey extractor
- Solar or mechanical dryer, including cardamom improved dryer
- Cutter, slicer (Ginger)
- Chilling machines for dairy
- Storage racks, cupboards
- Tables, chairs, desks etc
- Computer equipment and printer
- Packing materials such as bottles, boxes etc
- Bottling equipment
- Micro- and drip-irrigation materials
- Improved planting materials
- Shading materials
- Specialized processing equipment, such as for *Chiuri* processing
- Specialized dairy equipment
- Agricultural tools for farmers
- Building materials
- Water pump for irrigation, solar/ electric.
- Generator for agri-business

Training support with a direct relation to agri-business investments in the RM (if this cannot be provided separately by the project).

- Short term consultants
- Training courses
- Study visits and tours

III. MATCHING FUND SOLICITATION AND APPLICATION PROCESS

3.1 Identification of Potential Beneficiaries

Beneficiaries will be identified and selected by the project based upon planned activities in the RM Annual Plan, available potential beneficiary institutions, expected impact, and beneficiary eligibility. As RVWRMP and RM based staff have an excellent knowledge of the conditions in their respective RM, they have the best insight on which potential beneficiaries will have the maximum impact for the project outcomes.

RVWRMP staff may carry out small assessments to further decide on eligibility of certain potential beneficiaries.

3.2 Proposal Form

As described in this section, the development of a full proposal requires input on the part of the beneficiary. The full proposal submission consists of the following documents:

- Completed proposal and budget forms
- Copy of valid Nepali registration certificate for cooperative or CBO
- Implementation plan or chronology of activities and results
- Any other supporting document(s) as requested

The proposal forms provide a standardized format for review of the major elements of the proposed activity. Based on the review and evaluation of the information presented in the proposal, the Proposal Evaluation Committee (PEC) will either approve or reject the proposed activity.

The Full Proposal Form and detailed instructions are contained in the Annexes. Major elements of the proposal include:

- Section I (Basic Information). The beneficiary provides basic contact information and information regarding the status of the organization.
- Section II (Project Description). The beneficiary describes overarching program elements such as objective of the activity and the linkage to RVWRMP's objectives, results and indicators for measuring results, the activities' beneficiaries, and plan for disseminating activity deliverables.
- Section III (Project Implementation Plan). This section covers information regarding project implementation and descriptions of each task. Each task must be:
 - Complete and sound.
 - Integrated and scheduled with dependent tasks.
 - Assigned to a responsible party.
 - Defined in terms of resources required.

- Concluded with a viable milestone of achievement-milestones must be linked to results.
 - The tasks listed must show a logical, thoughtful approach to the overall implementation plan. Tasks should describe actions and be logically sequenced.
- Section IV (Experience and Capacity). Beneficiary describes previous or ongoing experience implementing similar activities. This is a critical factor in assessing the capacity of the beneficiary to implement the activity. Beneficiary also provides contact information of references that can speak to the applicant's past performance and capabilities.
 - Section V (Cost and Budget). This includes a summary of the information provided in the application budget forms, and includes total fund request, beneficiary's cash or in-kind contributions (cost sharing) for the activity, and contributions from other sources (co-funding) for the activity. Within the budget notes, the beneficiary also describes any other donor funding currently received and that may result in issues of duplication.
 - The budget forms, when properly completed, reviewed, and approved, serve as the mutually agreed-upon "road map" for activity financial management. All activity costs must be identified.
 - It is important that the budget clearly indicates where specific project funds are to come from (e.g., RVWRMP, co-funding by another donor, or the beneficiary's cost sharing contribution). Furthermore, contribution from other donors and grantees resource commitment will be investigated and documented
 - Sustainability of the proposed activity is of primary importance and must be addressed in this section. Specifically, the beneficiary must demonstrate how the activity will be sustained and how the beneficiary will be able to financially support the activity when RM/RVWRMP support is finished.

3.3 Submission and Processing

Full proposals are to be submitted directly to the RVWRMP RM-team. Upon receipt of a proposal, the GWRO or his/her designee will systematically process the proposals according to RVWRMP's internal procedures.

IV. PROPOSAL EVALUATION AND SELECTION

This section describes the procedures to be followed by RM/RVWRMP during the evaluation and selection process. In all cases, the WRA and GWRO or designee will guide the review and approval processes, and monitor that the RVWRMP database is being updated consistently. The process step-by-step checklist outlines the various steps and approvals to be obtained during the evaluation and approval process.

4.1 Initial Screening of Proposals

The purpose of the screening process is to quickly identify eligibility or ineligibility of activities for further evaluation by RVWRMP. The GWRO or designee will review the proposals to ensure all documentation as required has been submitted and that the organization is eligible to receive project support.

If a potential beneficiary has not submitted all required paperwork then the GWRO will provide a new deadline for submission of missing items. Incomplete proposals will not proceed to the evaluation stage.

4.2 Evaluation Criteria

All proposal regardless will be evaluated according to RVWRMP's project principles of design and approach, impact, sustainability, results orientation, and cost efficiency, using the specific criteria set forth below. The criteria below comprise an illustrative example, the scorings may be more detailed under each (sub)-heading.

| EVALUATION CATEGORY | RATING -POINTS (100 TOTAL) |
|--|---------------------------------------|
| 1. Technical quality | 55 POINTS |
| Feasibility of Design and Technical approach | 30 |
| Impact on Target Group | 10 |
| Gender and Social Inclusion | 5 |
| Past Performance | 10 |
| 2. Organizational capacity | 30 POINTS |
| Management and Programmatic capacity | 15 |
| Sustainability/Financial Self-Reliance | 15 |
| 3. Cost | 15 POINTS |
| Cost Efficiency | 10 |
| Cost share | 5 |

1. Technical Quality

- **Feasibility of Design and Technical Approach:** The quality and feasibility of the application in terms of the viability of the proposed technical approach, (i.e., the proposed technical approach can reasonably be expected to produce the intended outcomes), appropriateness of the proposed methodology, innovativeness, and the work plan for achieving project objectives to offer

significant impacts on agriculture and economic growth in the targeted RM. The technical approach must directly contribute to the achievement of RVWRMP's expected results and performance under the activity, and must be measurable under one or more of the RVWRMP's indicators.

- **Impact on Target Group/Return on Investment:** The extent to which the proposed activity corresponds to the needs of target group(s) and will directly benefit them. Assure that the target group (secondary beneficiaries) are integrated with other project activities such as water users, cooperative members, home garden beneficiaries, etc.
- **Gender and Social Inclusion:** The extent to which the funded activity addresses gender, ethnic minority and caste considerations and youth and represents a strong commitment to these groups as beneficiaries.
- **Past Performance:** Previous or ongoing experience implementing similar activities. This examines an beneficiary's track-record, which is a critical factor in assessing the capacity of the beneficiary to implement the activity.

2. Organizational Capacity

- **Management and Programmatic Capacity:** Evidence of the capability to undertake and accomplish the proposed activities. The proposal should demonstrate the beneficiary's effectiveness in terms of internal structure, technical capacity, and key personnel.
- **Sustainability and Financial Self-Reliance:** The extent to which the supported activity will result in building and strengthening the capacity of the community and local organizations, and whether the activity itself is sustainable or will stimulate sustainability of the organization.

3. Cost

- **Cost Efficiency:** The degree to which budgeting is clear and reflects best use of organization and project resources.
- **Cost share:** The local contribution reflects commitment by the targeted beneficiaries and local institutions. Any beneficiary to be supported under the project is obligated to make a cost-share contribution towards the implementation of the activity. Higher cost-shares than the minimum will result in a higher score.

4.3 Cost Sharing

Cost-sharing is mandatory for all beneficiaries otherwise stated or approved by the project. The minimum cost-share contribution is 50% for all activities supported through the RVWRMP Agri-business support program. The cost-share is intended to increase ownership by creating a financial stake in the success of the program. The cost-sharing is not intended to be a restriction to organizations and RVWRMP staff will work with prospective beneficiaries to assist in finding appropriate means to cost-share activities, either in-kind, cash or co-sharing from third parties.

The nature and amount of this contribution must be clearly defined in the grant application. The applicant must identify the means to verify this contribution. In their grant applications, applicants should distinguish between co-funding that is already committed and co-funding that is only anticipated.

In-kind contributions such as equipment, local materials, etc., can be counted as cost-share and a reasonable and fair value must be attributed by the applicant to this contribution so that it can be properly recognized. The fair value of voluntary labor can also be considered as cost-sharing based. It is recognized that this may be the only type of contribution that many small, local business and CBOs would be able to provide.

4.4 Review of Proposals and Selection of Prospective Grantee

All applications will be reviewed by the Proposal Evaluation Committee (PEC) consisting of CAO of RM, WRA/LO, RM Agriculture section chief, RM account chief and GWRO, using the evaluation criteria and scoring as mentioned in 4.2. The PEC may convene as appropriate to the needs of the project.

The WRA/LO and GWRO will provide guidance and instructions to the PEC regarding the evaluation process, the confidentiality of the process and expected integrity and professionalism of evaluators. The PEC will have the score-sheets and proposals available. In addition, every PEC member will sign and submit a non-disclosure/non-conflict of interest certification.

4.5 Pre-award Responsibility Determination (Financial and Administrative Assessment)

The purpose of a pre- responsibility determination is to determine whether the beneficiary possesses the managerial capacity to plan and carry out activity implementation. The GWRO or designee must conduct the pre-award responsibility determination to determine if the recipient has the necessary management competence to plan and carry out the proposed activities. No agreement shall be signed unless the project makes a positive determination regarding the management, financial, and administrative capacity of the beneficiary organization.

A formal pre-award survey usually includes a visit to the beneficiary's office, residence or business, though a visit may be made at any time during the application process. During this visit the GWRO or designee meets with the potential beneficiary to learn more about the administrative and financial management systems, etc.

4.6 Support Agreement Review and Signature

The GWRO will inform the successful applicant of the award in writing and will send the beneficiary two original copies of the Support Agreement.

The GWRO will discuss with the beneficiary the Terms and Conditions of the agreement, relevant RVWRMP regulations, and relevant RVWRMP program procedures, including

but not limited to those relating to mutual expectations during activity implementation. This is to ensure full understanding on the part of the beneficiary and RVWRMP staff regarding how the implementation shall proceed and to ensure that the agreement accurately reflects this understanding. The beneficiary must fully understand and accept all aspects of the Support Agreement.

After discussion with the beneficiary, the beneficiary will sign and the GWRO will have the three completed original copies of the Support Agreement signed by RM CAO and then send to the TSU office, where the WRA, will counter-sign the documents. One original copy of the agreement will go to the beneficiary, one will be at the RM office and one copy will be kept on file in the RVWRMP PSU office.

V. AGRIBUSINESS SUPPORT MANAGEMENT PROCESS

5.1 Step-by-step process described

Step 1: Project staff identify potential beneficiaries on the basis of RM Annual Plans; past, ongoing or new RVWRMP projects and beneficiary groups in WASH, irrigation, MUS or MHP; value chains in the RM.

Step 2: The potential beneficiaries are visited and requested to submit proposals for specific investments in the value chains and agri-business.

Step 3: Interested potential beneficiaries submit a full proposal form for review and evaluation.

Step 4: The PEC evaluates the received proposals. If the proposal is rejected, the applicant will be formally notified. If the proposal is approved, the applicant will be notified and the proposal will proceed to negotiation and possible approval.

Step 5: The GWRO or designee makes a pre-award responsibility determination and, if positive, drafts the support agreement. If the pre-award responsibility determination is not positive the GWRO may recommend that an activity will not be supported or recommend certain special requirements.

Step 6: The GWRO/WRA/LO drafts the appropriate documents to move forward with the beneficiary. The GWRO compiles all support documentation for submission to the RMPMC for review and approval.

Step 7: The RMPMC reviews all grant information, making necessary changes and ensuring compliancy. If approved by RMPMC, the documents are signed by RM-CAO.

Step 8: The support agreement is prepared by GWRO and signed by Grantee and RM-CAO

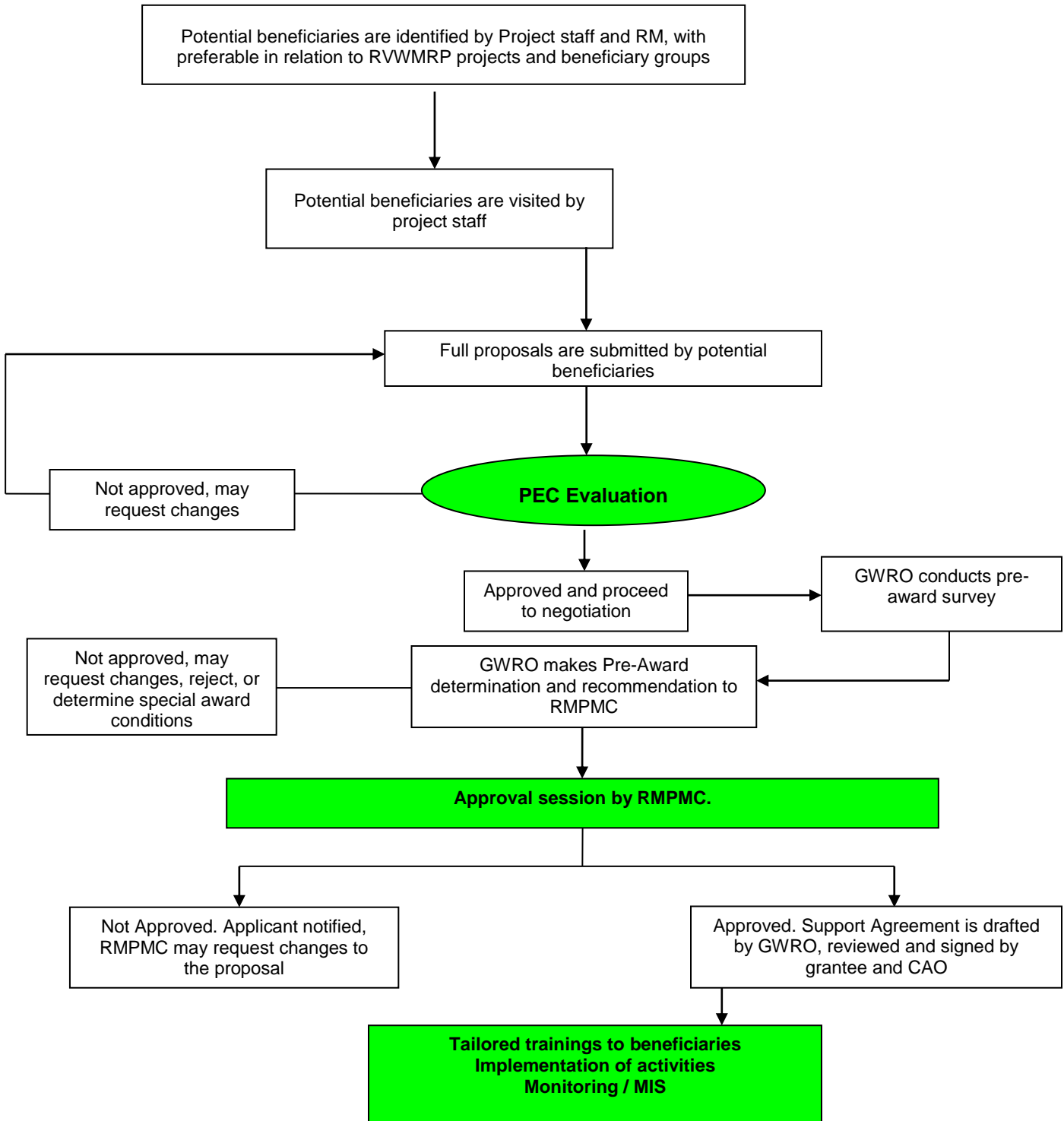
Step 9: Tailored training(s) will be provided to the Beneficiaries by the Project (business planning, SIYB etc.) if needed

Step 10: Activities are carried out as in the Support Agreement

Step 11: Monitoring to be carried out by RM and Project based upon information in the Support Agreement on results and indicators. Regular monitoring and final completion monitoring including financial. Further annual monitoring visits may be carried out for project purposes.

Step 12: After completion of all activities, a final report will be prepared by GWRO and submitted to RMPMC

5.2 Step-by-step process visualized



VI. AGRI-BUSINESS SUPPORT IMPLEMENTATION PROCESSES

This section describes the implementation and support management processes undertaken by the beneficiary and RVWRMP once the support agreement has been signed.

6.1 General Implementation Responsibilities

Beneficiary implementation responsibilities: Upon the signing of a grant agreement, the applicant becomes the “beneficiary” Consistent with the Terms and Conditions in the support agreement, the beneficiary agrees to comply with the procedures contained in these guidelines. The beneficiary must give full cooperation to RVWRMP staff in the oversight of the activities. The beneficiary will submit requests for reimbursement and reports on a periodic basis as specified in the support agreement.

RVWRMP implementation responsibilities: Also upon signing, RVWRMP will begin to exercise its management responsibilities. The RM and Project will oversee the performance of the activities through review of deliverables, site visits, and regular review of reports in close collaboration with the relevant technical staff member(s). The GWRO will oversee financial compliance, while the technical staff members will monitor technical performance including. RVWRMP will support the beneficiary processing the reimbursements based on receipts or deliverables agreed to in the support agreement.

6.2 Monitoring and Evaluation

RM/RVWRMP will use a variety of mechanisms to monitor beneficiaries' performance, including evaluating end-of-activity results, conducting site visits of activities underway, and reviewing periodic reports. Beneficiaries are required to report data to feed into RVWRMP's Result Framework.

The technical staff involved and the GWRO are responsible for verifying that reports are received on time, reviewing them for completeness, and monitoring progress against indicators. If there are problems in implementation, and/or the verifiable program milestones have not been met, RM/RVWRMP will decide the appropriate action to be taken.

The support agreement will specify the reports required for a given activity. In addition to financial and management reports, recipients may also be required to submit the following:

- Quarterly progress report
- Completion report including detailed expenditure

6.3 Flow of Funds

The flow of funds will follow standard RVWRMP procedures as detailed in the Project Implementation Guidelines (PIG) of the project.

Funds have to be annually requested and planned by the RMs with support from RVWRMP as in the normal planning procedure. Overall Agri-business support activities will be planned in the Annual Work Plans (AWP) as is routine for all project activities. Activities will also be entered into LMBIS (Line Ministry Budget Information System) under the heading of “Micro Entrepreneurship Development”

For FY 2076/77 a total of 11 RMs have budgeted funds under this heading with a total budget of GoF/EU of NPR 14,600,207.

The AWP's will be approved by the SVB (Supervisory Board) in September, 2019.

Funds will be disbursed in local currency (Nepalese Rupees), based on a disbursement schedule presented and agreed to by RVWRMP for allowable costs and/or achievement of milestones. Disbursements may also be made directly to a supplier. Under no circumstances will any payment be made in cash or to the account of a beneficiary. The various types of grant instruments have corresponding payment methods, described as follows:

A. Payment via Expense Reimbursement

This is payable to the beneficiary upon presentation of bona fide receipts for allowable expenses incurred. The project will issue a reimbursement to beneficiaries based on costs incurred as verified by receipts when the beneficiary submits these receipts to the RM/RVWRMP (RMSU Office) along with the documentation listed below:

- **Budget statement:** This is a budget summary statement the grantee provides RM/RVWRMP indicating the cumulative expenses against the approved budget. The figures in this summary report must match the approved budget as per the agreement.
- **Detail of expenses:** The beneficiary is required to provide RM/RVWRMP the details of all expenses.
- **Supporting documentation:** Supporting documentation for expenses will consist of official invoices. Any documentation not supported by an official invoice must contain an explanation about why an invoice is not being provided. Once received from the beneficiary, all documentation will be reviewed by the GWRO, and assigned technical staff member(s). The request will either be approved or processed as submitted by RM-Account section, or returned to the grantee for further clarification and/or documentation.
Three quotations are needed for separate budget items of NPR 50,000 and more.

The beneficiary will normally receive reimbursement within two weeks after the above documentation has been approved. Errors in documentation may lead to delayed disbursements.

B. Payment via Direct Vendor Payment

The program may issue payments directly to the vendor(s) on behalf of a beneficiary for goods and/or services delivered to the beneficiary. On a case-by-case basis, RM/RVWRMP will make direct payments to suppliers on behalf of a beneficiary. In such cases, the beneficiary must be able to demonstrate that: (a) the goods or services are clearly specified in the approved proposal and are contained in the final support agreement budget, (b) the goods or services are allowable, and reasonable, and (c) the source selection was based on adequate price competition. Arrangement for direct payment will be recommended by the GWRO and made by RM-Account section chief or designee in accordance with project financial guidelines and procurement policies and procedures.

Payment will be made based on bona fide invoices, including a signed statement by the grantee, confirming that the goods and services have been received from the vendor.

6.4 Audit and Records Maintenance

The beneficiary shall assume full responsibility for effective and proper administration of any funds. RM/RVWRMP reserves the right to audit the beneficiary recipient as described herein, and in the agreement.

RM/RVWRMP reserves the right to conduct an audit or review of the activities at any time for any reason. The beneficiary shall maintain books, records, documents, and other evidence relating to the RM/RVWRMP support for ME development and promotion.

6.5 Purchase of Non-Expendable Equipment

RM/RVWRMP will normally purchase equipment directly from suppliers or will assist the beneficiary in the procurement. Equipment purchased directly by RM/RVWRMP or by a recipient will adhere to appropriate governing restrictions (e.g. meeting local financing regulations).

Title will vest with the beneficiary and equipment must be maintained and used by the beneficiary for the purpose proposed. Stolen equipment must be reported to the police immediately.

6.6 Branding Requirements

Standard RVWRMP branding is required for all beneficiaries in the form of stickers, logos, etc.

VII. TERMINATION, SUSPENSION, AND MODIFICATION OF ACTIVITIES

7.1 Termination and Suspension

Per the support agreement, RM/RVWRMP reserves the right to terminate or suspend any activities for the reasons listed below. If termination or suspension is considered, it should only be undertaken after a full discussion with SLS, WRA and RMPMC and other involved parties.

Termination and suspension may be:

With consent of beneficiary: RM/RVWRMP may terminate or suspend the supported activities, in whole or in part, with consent of the beneficiary. Both parties shall agree upon termination/suspension conditions, including effective date and, in case of partial terminations, the portion of the support to be terminated. The agreement to terminate will be in writing.

Upon request of the beneficiary: The beneficiary may terminate the support activities in whole or in part upon sending a written notice to RM/RVWRMP. The notice must specify the reason for termination, the effective date, and, in case of partial termination, the portion to be terminated. If in the opinion of RM/RVWRMP a partial termination will mean that the purpose of the activity will not be achieved, RM/RVWRMP may terminate the complete support.

For convenience: RM/RVWRMP may terminate or suspend the activities, in whole or in part for any reason based on the convenience of RM/RVWRMP. Under a termination for convenience, RM/RVWRMP will reimburse the beneficiary for all costs incurred at the time of termination.

Where possible RM/RVWRMP will attempt to provide the beneficiary with 15 days advance notice of any suspension or termination.

Reasons for termination include:

Termination for material failure: RM/RVWRMP may terminate or suspend the support activities at any time, in whole or part, upon written notice to the beneficiary, whenever it is determined that the beneficiary has materially failed to comply with the Terms and Conditions of the agreement.

Financial insolvency of the beneficiary: RM/RVWRMP has the right to terminate in whole or in part, or suspend activities should the beneficiary recipient become insolvent during performance of the activity.

For convenience: Described above.

Procedures for Termination:

Termination or suspension initiated by RVWRMP:

- **Step 1:** The GWRO, in coordination with the assigned technical staff member(s) will present the case for Termination or Suspension to the RMPMC
- **Step 2:** If the RMPMC approves a letter will be sent to the beneficiary outlining the problems observed and providing an explanation of a possible termination or suspension of the activities and soliciting to present solutions to resolve the problem (s).
- **Step 3:** The beneficiary will have 5 days to respond in writing. During this period the beneficiary may analyze options with RVWRMP staff.
- **Step 4:** Upon receipt of a written response from the beneficiary, or in the absence of a written response within the 5 days period, the RMPMC, in consultation with the GWRO and technical staff, will make a final determination as to termination or suspension and the conditions and timing for such termination and suspension. Once the decision is made, another letter will be sent to the beneficiary informing the final determination and stipulating the last date by which eligible expenses may be incurred and under what conditions additional disbursements, if any, will be permitted.

Termination or suspension initiated by beneficiary:

- **Step 1:** The beneficiary may present the case verbally to the GWRO and/or the assigned technical staff member(s). The beneficiary will, in writing, request for termination or suspension to RM/RVWRMP, with arguments for the necessity of that action, and proposed terms (timing, eligible costs, etc.) for termination or suspension.
- **Step 2:** The RMPMC will have 5 business days to respond in writing, during which time they will consult with RVWRMP staff, the beneficiary, or third parties. If the RMPMC accepts the request for termination, they will outline the conditions for termination or suspension (timing, eligible costs, etc.). If the RMPMC does not accept the request, they will outline actions to be taken to improve the likelihood of the support activities achieving the results expected.
- **Step 3:** The beneficiary will have 5 business days to respond in writing to RM/RVWRMP.

7.2 Modifications

RM/RVWRMP may modify an activity at will in exceptional cases. Normally, any modification of an agreement requires the mutual written endorsement of the beneficiary and RMPMC in the form of an agreed modification.

The modification may have an impact on the program activities or budget or may be related to budget-alignment.

7.3 Alternative Dispute Resolution

Arbitration – In the event that any dispute arises concerning any aspect of a support agreement that is not specifically addressed in the Terms and Conditions, it is hereby

agreed that the matter will be presented to the original PEC for that beneficiary and the RMPMC will be the final and binding arbitrator of such dispute.

VIII. SUPPORT COMPLETION CLOSEOUT

8.1 Activity Completion Date

All activities financed with RM/RVWRMP funds will be completed or cease on the completion date specified in the agreement, unless the project provides approval of extension in writing.

8.2 Completion Report and Closeout

Under the Terms of the ME support agreement, the beneficiary will be required to submit a short completion report to RM/RVWRMP within 30 days after completion of activities. RVWRMP staff will support the beneficiary in the writing. The report will include the following sections:

- A. Technical Narrative Report section, this section includes:
 - o A summary of the activity objectives and achievements. A summary of the activity implementation process, lessons learned, and recommendations.
- B. Justification if any deliverable or milestone was not accomplished.
- C. Financial Report Section.

Finally, the completion report shall be submitted to the GWRO and assigned technical staff member(s) for review and approval. If the technical staff or GWRO determines that the report is inadequate or incomplete, the report will be returned to the grantee for rectification and resubmission.

If the completion report is deemed acceptable and all other requirements have been met, the GWRO or designee will prepare a Completion Certificate, which upon signature by the beneficiary and RM-CAO serves to formally close the activities.

8.3 Disposition of Equipment

For non-expendable equipment over NPR 50,000, as referenced above, the beneficiary will be required to maintain inventory and submit an inventory list to the GWRO.

ANNEX A

Proposal Form

This is an external form for completion by beneficiary institutions.

RM/RVWRMP will assist beneficiaries in understanding the proposal process, and can provide coaching in proposal development at the request of the beneficiary. Annexed to this document is an MIS Indicator Form that should be completed by the project at the time of submission of the proposal. You will be provided with a detailed budget format that should be completed and submitted with your proposal.

This Proposal Form can be completed in English or Nepali language.

Section I. Basic Information

1. Name of your organization/micro-enterprise/group/CBO/Cooperative:
2. Date organization was founded:
3. Contact information:

| | |
|----------------------------------|---------------|
| Key contact person(s) and title: | |
| Office address: | Office phone: |
| Mobile: | Fax: |
| E-mail: | Website: |

4. Describe briefly your organization and its purpose:

Section II. Program Description

5. Title of your proposed activity:
6. Objective of your proposed activity:
7. Background: What is the issue or problem that your activity will address? Why is it critical to address this issue?
8. Describe your activity in detail (or attach a project description).
9. On a form annexed to this application, please list the results to be achieved and the indicators you will use to measure success. In addition to quantitative indicators, you may also suggest others ways to measure success or impact.

Section III. Implementation Plan

10. Anticipated duration of your activity:

| | |
|---|--|
| Overall length (total number of months) | |
| Start and end date (day, month, and year) | |

11. Main tasks, with estimated start and end dates for each task. Please include all events, trainings, publications, etc.

| Description of Main Tasks | Start & End Dates |
|--|-------------------|
| Task 1: | |
| Task 2: | |
| Task 3: | |
| Task 4: | |
| Task 5: | |
| Task 6: | |
| Task 7, etc: (please add rows as needed) | |

12. Location(s) of the activity (add more rows as needed).

| # | District | (Rural) Municipality | Ward |
|---|----------|----------------------|------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |

13. List personnel who will be involved in implementing this project
14. List board members (or founding members if you do not have a formal board of directors) and key staff (president, directors, treasurer, etc).

Section IV.

15. Experience implementing similar activities:
16. List three independent relevant professional references:

Section V. Cost

17. Estimated cost in NPR per the attached budget:

| | |
|--|---------------|
| Amount requested from RM/RVWRMP: | NPR _____ |
| In-kind or cash contribution: | NPR _____ |
| Other donors or third-party resources: | NPR _____ |
| Total Estimated Cost | NPR _____ |

By affixing my signature below, I certify that to the best of my knowledge, the information provided in this proposal is accurate and correct:

Submitted by (name and title): _____

Signature: _____ Date: _____

Annex B - RVWRMP ME support Budget Template

Name of Applicant:

Title of Proposed Activity:

| | | | | | Budget in NPR | | | |
|---------------------------------|-------|-------------|------|-------|---------------|------------------|---------------|-------|
| Line Item | Units | Description | Rate | Total | RVWRMP / RM | Own contribution | Other Sources | Total |
| I Labor Costs | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| II Equipment / Machinery | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| III Local Materials | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| IV Small Items | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| V Other Costs | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

ANNEX C

| IMPLEMENTATION PLAN | | | | | | | | | | | | | | | | |
|---|--|--|---|---|---|---|---|---|---|---|----|----|----|--|--|--|
| Activity List each activity. Please be as specific as possible. Use additional pages if necessary. | Target Audience (if applicable) Who is the audience targeted for the activity? | 12 Month Timeline Place an X in the appropriate box to indicate the months of the activity. | | | | | | | | | | | | Person(s) Responsible Who is responsible for implementing the activity? | Evaluation Indicators How will you measure the success of the activity? | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |

ANNEX D
RURAL VILLAGE WATER RESOURCES MANAGEMENT PROJECT – RVWRMP-III
Proposal Evaluation Form

Name of the Organization:

Activity Title:

| Evaluation Category | Rating Points | Score | Remarks |
|--|----------------------|--------------|----------------|
| 1. Technical Quality | 55 | | |
| Feasibility of Design and Technical Approach | 30 | | |
| Impact on Target Group ¹ | 10 | | |
| Gender and Social Inclusion | 5 | | |
| Past performance | 10 | | |
| 2. Organizational Capacity | 30 | | |
| Management and Programmatic Capacity | 15 | | |
| Sustainability/Financial Self-Reliance | 15 | | |
| 3. Cost | 15 | | |
| Cost efficiency | 5 | | |
| Cost Share | 10 | | |
| Overall Rating | 100 | | |

Evaluated by

Date.....

¹ In case the applicant is a private company there must be supporting documents to clearly show the benefits for producer groups or cooperative members.