

Final Guidelines for Sub- project Concept Note (SCN) for Infrastructure Investment

A. BASIC INFORMATION

This Guideline has been prepared in pursuant with the CAA Article of Association (Clause 9 Cha 2007), Standard Operating Procedure (SOP, 2008) and Business Plan (BP, 2008) to facilitate the CAA members and Management Team to prepare and screen the project for Commercial Agriculture Fund (CAF) award.

1. Sub-project Concept Note [SCN] is a brief of the project concept developed and submitted by CAA members for CAF infrastructure grant in a prescribed format. The SCN will:

- a] Allow CAA members/applicants to submit a proposal in summary form for preliminary assessment of the concept without the need to prepare a Sub-project Detailed Proposal (SDP) that requires much efforts, and
- b] Allow the CAA Offices to manage initial review process so as to identify a short list of the concepts notes those are worth pursuing to the level of SDP.

The SCN is to be submitted to CAA Branch Office by DDC expressing an interest to develop a SDP for CAF Grant.

This guideline explains the Pro Forma of the SCN. The SCN is a short document that follows the specific guidelines and criteria prescribed in the CAA operating documents (such as CAA Business Plan and SOP) and needs to be carefully composed so that the concepts developed are self explanatory.

2. Preparation of SCN and Page Limit

The SCN should be prepared according to the format described in this guidelines and should include a completed logical framework [also known as a *log frame*] and necessary documents. It is advised to complete the Log frame first, and then the text of the Concept Note. Guidance for preparing the Log frame is provided in **Annex 3**. The Concept Note should not exceed 10 pages excluding the Appendices.

3. Priority Area

The SCN under the infrastructure investment, generally, be within one of the following indicative areas as identified by CAA and announced in the call (Box 1).

Box 1: Indicative List of Items under CAA Infrastructure Grants

- (i) Construction of small collection centers,
- (ii) Small markets (haat bazaar),
- (iii) Ropeways/suspension bridges,
- (iv) Farm-to-market road construction, improvement including culverts and swing bridges,
- (v) Small-scale cold/cool storage,
- (vi) Storage facilities
- (vii) Small Irrigation and
- (viii) Other thematic area added by the CAA Board

The selected investments must have maximum demonstration impact on the community and other agriculture stakeholders. All community related investment supports will be provided to the targeted

community through DDC and that must explicitly demonstrate how their proposed investments will enhance the agriculture value chain by strengthening linkages between farmer groups and markets.

4. Necessary Documents to be submitted with SCN

The SCN should be submitted along with following documents required with neatly compiled in a paper file in the order as indicated in Table 1.

Table 1: Types and Number of Copies of Documents to be submitted with SCN

SN	Necessary documents	Copies Required
1.	Minute of the DDC with consensus decision to request the CAA for undertaking the project,	2
2.	Minute of the participating communities to undertake the project under cost-sharing arrangement with the DDC and CAF (at least 10 % either in kind or cash or both),	2
3.	Minute of the DDC/VDCs with commitment to finance at least 15% of the total cost estimate in the form of technical services, field appraisal, and assessment	2
4.	If DDC has already entered into an agreement with other organizations and donor agencies to receive support to implement a part/component of the proposed project/investment, it will be necessary for the DDC to duly mention such an arrangement and include the copy of the agreement,	2
5.	If DDC or any other development organizations have undertaken feasibility studies in the past about the prospective community infrastructure project, it will submit its copy to the CAA together with the request,	2
6	Dully filled Log frame of SCN (in the given format)	2
7	Institutional Profile of the member institution and collaborating partner/s (if there is any) indicating Physical Facility, Human Resources, Financial Turnover etc.	2
8.	Commitment letter on free land contribution by relevant stakeholders (if land required)	2

5. Call of SCN and grant limit

Generally, the grant applications will be assessed in a trimester basis to select and evaluate the SCN. The selected SCN members should submit the SDP within a month. However, if a particular SDP requiring additional time for submitting Environmental Impact Assessment (EIA) or any other technical documents may be allowed extra time. A DDC can submit SCN which would not exceeds the \$80,000 for single project and cumulative unit of \$320,000 during the project period.

6. Sub-project Implementation Duration

Generally one year duration is given for the execution of the selected sub-projects. Extra time may be granted by the CAA Board, in special circumstances, depending upon the nature of activities.

7. Eligible Expenditures and Contingency

Expenditures on service fees and expenditures on travel and incidental expenses charged at cost, incurred wholly and exclusively on an eligible service/travel usage of CAA approved facilities will be eligible for 75 percent grant support. Of the remaining 25 percent, DDC will have to finance 15 percent in the form of technical services, field appraisal and assessment while 10 percent of the investment cost has to be generated by the beneficiaries in the form of labor and in-kind contribution. Salaries for staff employed by the supported institution and pre-operative costs are not eligible, nor are recurrent costs such as royalty fees. No expenditures on fixed assets (such as procuring land) or computers can be supported. The land required to build different infrastructure has to be arranged by the community/DDC/VDCs. In exceptional cases, the land leasing cost for the project period (i.e. Dec 2012) may be approved by CAA Board for few infrastructures. Contingency is termed as unforeseen expenses of the project. The expense may accrue to the project due to external factors such as natural calamities and other unexpected social factors. The contingency cost is up to 5 percent of the total proposed budget.

8. Sub-project Selection Process and Criteria

CAA District Branch (the District Review Committee) will review and evaluate the submitted SCN at first hand, in line with the Sub-project Selection Criteria developed by CADP and approved by ADB and CAA Board and coverage of the project. The initial process will serve as the basis for screening-in subprojects for further developing into detailed proposal or conversely for screening-out those that do not meet one or more of the selection criteria. District Branch will determine if the proposed subprojects based on the documents and field verification:

- (i) satisfies the CAA subproject selection criteria¹
- (ii) segregate the type of investment
- (iii) potentially viable based on described activities
- (iv) the stakeholders involved can initiate, develop and manage the proposed project with grant facility and
- (v) Sustainability of the project.

Following the field verification and discussion in the District Review Committee, CAA District Branch may decide to:

- Reject the SCN with written justification or ;
- Return it to the respective DDC for upgrading or completeness, or
- Forward the Concept Note to the CAA Main Office

Upon receive of the SCN from the District Branch, CAA Head Office (the Appraisal Committee) will review it and will submit to the Board with its view. The Board after review may decide to:

- Reject the application with justification
- Return it to the respective DDC for upgrading or completeness
- Recommend for submission of Detailed Sub-project Proposal with /without minor/moderate modification

¹ The eight sub-project selection criteria as per SOP include: i) Add value to agricultural products ,ii) benefit other stakeholders and the community as a whole, iii) improve the market chain efficiency, iv) incorporate "public good" content, v) have strong demonstration effects on the rest of the community, vi) have the potential to increase incomes and opportunities of the poor and/or other disadvantaged groups such as women and low caste groups, vii) technically sound and has the potential to be financially viable, as requisites for sustainability and viii) have no detrimental effects on the environment once implemented.

B. SCN FORMAT AND CONTENTS

The following table gives more explicit guidance on how to fill the particular SCN content in the boxes. The proposed format is available in the CAA Main Office Secretariat, Biratnagar and CAA Branch Offices and can also be downloaded from the CAA website: <http://www.caa.com.np>. **The SCN must be presented in the formats as given below.**

Sub-Project Summary (Complete the Summary Box Based on detail description of the relevant Section)

1. Sub-Project Name/ Priority Area	(A title which concisely matches with the CAA priority area [related to section B 1.1 (ii)].
2. Implementing Agency	(Institution with overall responsibility for Sub-Project implementation (related to section B 2.1): Name: Address: Telephone: Fax: Email:
3. Name and Address of Member Institution	Name: Address: District: VDC/Municipality : Ward No and Tole :
4. Collaborator[s]/Partners	Collaborating organizations /partners (related to section B 2.2):
5. Project Location	Specify the District: VDC/Municipality: : Ward No and Tole
6. Beneficiaries	Number and types of beneficiaries (related to section B 1.1 (iv)).
7. Total Cost of the Project	Total budget required to implement the full-term project (related to section B 3).
8. Cost sharing	CAF/CAA: DDC: Community: Others (Specify):
9.0 Duration of the Project	Total duration of implementation (related to Section B 6).

1. Sub-project Description

1. 1 Sub-Project Background
It should include the I) Existing social, economic and marketing situation and infrastructure facilities of the Sub-project area. ii) Name of the Sub-project (The CAA members should provide a title which concisely matches with the CAA priority area (Based in section A 3 Box 1) and describes the scope of the work). iii) Location/area iv) Project Beneficiaries (indicate primary and secondary beneficiaries ² by number and economic and social classes) .The beneficiaries are those who gain social, economic or environmental advantage from the technology, methodology or knowledge transfer activities of the work to be supported. They may be identified as, for example, the household, the gender, the ethnic group, the village community or the CAA member's .Try to quantify the number of beneficiaries of the project.

² The primary beneficiaries are the beneficiaries having direct and immediate benefit from the project investment while the secondary beneficiaries are the indirect beneficiaries having benefit in later stage of the project.

1.2 Justification

Short description on the extend of contribution that the Sub-project can make on i) poverty reduction (e.g. contribution in income increase, reduction in migration/seasonal earnings- indicate the present level of average household income and expected income after project and trend of migration before and after project situation), ii) social inclusion and gender issues (e.g type of beneficiaries, women's role , iii) employment generation (number of persons expected to be employed during the project implementation and after the implementation) iv) agricultural commercialization (how the sub-project will facilitate the commercialization process?) v) contribution to CAA Project key outputs/outcome (Refer Annex 1) and Vi) targeted high value crops and facilitation to market linkage .Describe the way different value chain actors (producers, traders, processors) are benefited by the sub-project.

2. Sub- project implementation mechanism and processes

2.1 Implementing Agency

Implementing Agency (Institution with the overall responsibility for the application to CAA and the implementation of the sub-project

2.2 Collaborating Partners/Organizations (Yes or No)

Indicate whether there are Collaborating organizations /partners with whom agreements have been made prior to/during SCN submission. If, yes A letter of intent, which demonstrates the collaborators are an active part of the proposal should be included with the SCN.

2.3 Mechanism and Process

An outline of activities which are to be implemented in order to achieve the outputs of project. There should be an activity or group of activities associated with each output of the project, the activities defining the action strategy for accomplishing each output. It should also include any facilities or expertise already available with the DDC, VDC and communities which will be utilized in the implementation of the project. In addition, the location of specific components of the work, and any special resources required should be included.

2.4 Staffing

Existing and Proposed Types and Number of Staff Sub-project Implementation.

S.N	Staff Type (Designation)	Required Number (No- Number, PM- Person Month)					
		From the Organization		From Outside		Total	
		No	PM	No	PM	No	PM
1							
2							
3							
4							
5							
6							

2.3 Implementing Agency

Indication if, the DDC/Community intend to hire the services of consultants/contractors for implementing the project on behalf of the DDC/Community. If the response is yes, provide short description on the selection processes and criteria for the service providers.

3. Sub- Project Cost and Sharing Arrangements

Estimation of Eligible Expenditures (refer Chapter A 7 for the explanation of eligible expenditure and contingency). A separate sheet on the number, types of materials and equipments, their unit price and total price has to be given. Similarly, the source of different materials to be used such as raw materials, packing materials labours (both skill and unskilled) etc also needs to be described.

Proposed Activities	Unit	Quantity	Cost Contribution (Rs)			
			CAA Contribution	General Members Contribution	Others	Total
A. Capital Investment						
Building/Sheds						
Technical Civil Works						
Machinery and Equipments						
Others (Specify)						
Sub-total A						
B Working capital						
Raw Materials						
Packing Materials						
Labour (Skilled)						
Labour (Unskilled)						
Service Fee						
Transportation						
Insurance Fee						
Others.....						
Sub- total B						
C. Total (A+B)						
D. Contingency(Refer A 7) [up to 5% of C]						
E Total (C+D)						
F. VAT/Tax (13% of E)						
TOTAL(E + F)						

Requirements

1. Minute of participating communities of financing at least 10 % cost sharing.
2. Minute of the DDC/VDCs of financing at least 15 % of cost sharing.
3. Full justification for the purchase of equipment will be required in the project proposal.
4. Collaborative and partnership contribution will be encouraged.
5. Consult prevailing financial Acts and Regulations.

4. Plan for Future Utilization

It includes how the project will be utilized in future (Operation and maintenance mechanism, skill sharing, etc)

5. Need of IEE/EIA

Statement whether there will be need to undertake EIA/IEE and plan to undertake EIA/IEE when necessary. Refer **Annex 2** for the activities requiring IEE/EIA under Environmental Protection Act/Regulation (1997).

6. Sub-Project Duration and Implementation Schedule (How long will the project last?)

The maximum period is twelve months; there is no minimum, unless stated in the call for proposal. Provide activities to be performed in each of the month).

S.N	Work Description	Month and year											
		1	2	3	4	5	6	7	-	-	-	-	12
1													
2													
3													

7. Result- based Management Framework (Logical Framework Analysis)

Describe the i) Project purpose (The purpose is the measurable immediate outcomes of the Project. This is also a final accomplishment of the project, and to which the project contributes. Indicate what you want to achieve overall, i.e. what implications you hope the project will have) and ii) Project Outputs (Results or deliverables of the project that the Project can guarantee) .The logical framework is described, and guidelines for its construction are given, in **Annex 3**.

Annexes

1. LOGICAL FRAMEWORK (IN THE FORMAT PROVIDED IN ANNEX3)
2. ATTACHMENT OF DOCUMENTS (AS PRESCRIBED IN A 4)

For Official Use Only (to be completed by CAA)

After receiving of the SCN, the CAA Branch offices are required to do the following in the prescribed formats:

A. Checking of documents submitted with SCN and mentioning of reasons (if not submitted)

SN	Necessary documents	Copies Included		Remarks/Reasons
		Yes	No	
1.	Minute of the DDC with consensus decision to request the CAA for undertaking the project,			
2.	Minute of the participating communities to undertake the project under cost-sharing arrangement with the DDC and CAF (at least 10 % either in kind or cash or both),			
3.	Minute of the DDC/VDCs with commitment to finance at least 15% of the total cost estimate in the form of technical services, field appraisal, and assessment			
4.	If DDC has already entered into an agreement with other organizations and donor agencies to receive support to implement a part/component of the proposed project/investment, it will be necessary for the DDC to duly mention such an arrangement and include the copy of the agreement,			
5.	If DDC or any other development organizations have undertaken feasibility studies in the past about the prospective community infrastructure project, it will submit its copy to the CAA together with the request,			
6.	Dully filled Log frame of SCN (in the given format)			
7.	Dully filled SCN (in the given format)			
8.	Institutional Profile of the member institution and collaborating partner/s (if there is any) indicating Physical Facility, Human Resources, Financial Turnover etc.			
9.	Commitment letter on free land contribution by relevant stakeholders (if land required)			

B. Field Verification

Field Verification Date:

Verification by: a) Name:

Remarks of Field Visit:

b) Designation:

C. Decision of the DRC and its justification

After field verification, evaluate the SCN following the Sub-project Selection Criteria approved by ADB and CAA Board and Mark on of the following decision taken by DRC and forward the decision (whatever it may be) to the CAA Main Office and the concerning member.

Decision	Mark(✓)in the appropriate box	Justification/Reason
Reject the SCN with written justification ; or		
Return it to the respective members for upgrading or completeness, or		
Forward the Concept Note to the CAA Main Office		