

# **Operations Manual of Commercial Agriculture and Rural Entrepreneurship (CARE) Fund**

**RESILIENCE, ENTREPRENEURSHIP AND LIVELIHOOD IMPROVEMENT (RELI)  
PROJECT**

**Social Development Foundation**  
**Financial Institutions Division, Ministry of Finance**  
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## **Operations Manual**

### **Acronyms**

BRAC	Bangladesh Rural Advancement Committee
CARE	Commercial Agriculture and Rural Entrepreneurship Fund
COVID-19	Coronavirus disease 2019
COM	Community Operations Manual
DO	SDF District Office
ELINJP	Empowerment and Livelihood Improvement ‘Nuton Jibon’ Project
E&S	Environmental and Social
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
HQ	SDF Head Quarters
IFC	International Finance Corporation
IDA	International Development Association
LDC	Least Developed Countries
MD	SDF Managing Director
MG	Matching Grant
MSMEs	Micro, small, and medium enterprises
NJLIP	Nuton Jibon Livelihood Improvement Project
OM	Operations Manual
RELI	Resilience, Entrepreneurship and Livelihood Improvement Project
PDO	Project Development Objective
PAD	Project Appraisal Document
PG	Producer Group
PIU	Project Implementing Unit
PP	Productive Partnership
PPSD	Project Procurement Strategy for Development
RP	Review Panel
RD	SDF Regional Director
SDF	Social Development Foundation
SMT	Strategic Management Team
STEP	Systematic Tracking of Exchanges in Procurement
TAP	Technical Assistance Providers
TC	Technical Committee
WB	The World Bank Group

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## **Executive Summary**

The Operations Manual (OM) is the primary guidance for the implementation of the Commercial Agriculture and Rural Entrepreneurship (CARE) Fund of the Resilience, Entrepreneurship and Livelihood Improvement (RELI) Project. It outlines the procedures that will guide CARE's planning, implementation, management, monitoring and evaluation. The objectives of OM are:

1. Enable stakeholders to understand the scope, content, procedures, processes and modalities of planning, implementation, management and monitoring of CARE fund and other supports identified in subcomponent B.2 of the RELI project;
2. Clarify the mandates, roles, responsibilities and expected performance levels of each department and unit within the Social Development Foundation (SDF) in the implementation and management of the CARE Fund and other supports identified in subcomponent B.2 of the RELI project;
3. Guide SDF functions and activities to ensure consistency, timeliness, efficiency and accuracy in their implementation.

The OM is a living document and expected to be revised and updated as necessary to incorporate the evolving needs of the Project and any changes in procedures based on experiences during the implementation of the project activities.

Any changes to the OM will take effect upon approval from the SDF and International Development Association (IDA) in response to a notification of the proposed change sent by the Project Implementing Unit (PIU). The proposed changes will be reviewed by the IDA that will recommend the changes to the manual. Following receipt of a "No Objection" from the IDA, the PIU will disseminate any amendments and the new version of the OM to all members of the RELI project and implementing partners, highlighting both the previous text that is to be adjusted, and the new text.

## **Chapter 1. Background**

### **1.1 Country Context**

Bangladesh has made remarkable progress in poverty reduction, supported by sustained economic growth. It has been among the fastest growing economies in the world over the past decade, thanks to a demographic dividend, strong ready-made garment exports, and stable macroeconomic conditions.

As a result, Bangladesh reached lower-middle-income status in 2015 and is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026. Poverty declined from 44 percent in 1991 to 15 percent in 2016, based on the international poverty line of \$1.90 a day (using 2011

Purchasing Power Parity exchange rate). Moreover, human development outcomes improved along many dimensions. while extreme poverty declined from 34.3 to 13.0 percent<sup>1</sup>

The COVID-19 pandemic impacted Bangladesh profoundly. After having registered GDP growth rates above 6% since 2000, in 2020, this figure decreased at 2.4%. The pandemic has reversed the country's steady trend of poverty reduction over the past two decades, at least temporarily. Widespread losses in employment and labor earnings caused a significant increase in poverty. Early evidence points to large effects on food security.

In addition to the impact on health, GDP growth decelerated, and poverty increased. The pandemic may also have long term economic implications as a result of reduced female labor force participation, learning losses, and heightened financial sector vulnerabilities. The Government implemented a national shutdown from March 26 to May 30 to control an accelerating domestic outbreak of the virus. Control measures resulted in a sudden stop of many sectors. Consequently, real GDP growth is estimated to have decelerated to 2.4 percent in FY20.

The pandemic has impacted poor households and micro and small enterprises. The Bangladesh Business Pulse Survey by the World Bank Group, based on interviews conducted with 500 micro, small, and medium enterprises (MSMEs) in July 2020, shows that 94 percent of businesses have experienced sharp drops in sales, 83 percent of firms have made losses, and 33 percent of firms have not been able to pay installments on existing loans. A staggering 37 percent of Bangladesh's workers have lost their jobs, temporarily or permanently.

A survey led by Bangladesh Rural Advancement Committee (BRAC), the largest nongovernmental organization (NGO) in Bangladesh, indicated that urban and rural poor suffered an income loss of 75 percent and 62 percent, respectively<sup>2</sup>. The income shock led to a decline in food expenditure in both rural and urban areas. A micro-simulation conducted by the World Bank Poverty and Equity Global Practice indicates that, on average, per capita household consumption could decline by 13 percent, implying that as much as 21 million people could face their income dropping below the poverty line.

Bangladesh is extremely vulnerable to the effects of climate change. The Global Climate Risk Index ranks Bangladesh as the world's seventh most affected country over 1999–2018.<sup>3</sup> Rising temperatures leading to more intense and unpredictable rainfalls during the monsoon season and a higher probability of catastrophic cyclones are expected to result in increased tidal inundation.

Stark gender disparities exist in women's livelihood and entrepreneurship opportunities. While female labor participation in rural areas has been rising steadily up to 36 percent, it remains markedly lower than men's 82 percent labor force participation.<sup>4</sup> Women's representation in agriculture is nearly double that of men. The feminization of agriculture has not translated into higher incomes because women are largely involved in unpaid farm activities. Furthermore,

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<sup>1</sup> Household Income and Expenditure Survey, 2000/01 through 2016/17.

<sup>2</sup> Livelihoods, Coping and Support During COVID-19 Crisis. BRAC Institute of Governance and Development (BIGD) and Power and Participation Research Centre (PPRC), June 2020

<sup>3</sup> Germanwatch. 2020. *Global Climate Risk Index 2020*.

<sup>4</sup> World Bank. 2020. *Bangladesh Rural Income Diagnostic*.

women's entrepreneurial activity in Bangladesh is low, particularly in rural areas.<sup>5</sup> Out of the 500 MSMEs surveyed in the Business Pulse Survey, only 19 percent were owned by women.<sup>6</sup>

Agriculture is a key driver in poverty reduction, but declining agricultural productivity growth hinders the development of the rural economy. It is estimated that agriculture accounts for 38 percent of rural households' income.<sup>7</sup> The agriculture sector contributed to 69 percent of overall poverty reduction between 2000 and 2010. Its contribution to poverty reduction was however much more modest from 2010 to 2016 (27 percent) notably due to a slowdown in agriculture growth over the period, which was itself the result of the lower total factor productivity growth – from 2.4 percent in 2001–10 to 1 percent in 2011–16 – along with a continuous decline in the growth of input use.<sup>8</sup> Given that evidence suggests a 10 percent increase in agricultural incomes generates a 6 percent increase in non-agricultural incomes through strong forward and backward linkages,<sup>9</sup> the slowdown in agricultural growth is posing a serious challenge for both the farm and the non-farm rural economy.

Bangladesh is not competitive in terms of yields for many products compared to its regional peers and world averages. Main productivity constraints include land fragmentation and informality in land rental markets, limited access to quality seeds for non-paddy crops, limited knowledge and adoption of good agricultural practices reflected in imbalanced use and overuse of inputs, and limited use of farmer aggregation models, which constrains the delivery of extension services, accessing finance, and market linkages.

The World Bank-supported Nuton Jibon Livelihood Improvement Project (NJLIP) has been successful in contributing to poverty alleviation in rural areas, while strengthening beneficiaries' resilience to shocks like the COVID-19 pandemic. The project has implemented livelihood approaches that have reached over 1 million beneficiaries, of which over 90 percent were women. RELI project keeps NJLIP approach, taking advantage of lessons learned and a well-structured organization structure to carry out it.

## 1.2 Project Background

The Project is implemented by Social Development Foundation (SDF). Considering that predecessor programs registered a successful implementation, that RELI-CARE maintains a similar approach, and an urgent need to respond to COVID-19 economic impacts, SDF will keep the same institutional structure, with an SDF national office, regional offices, district offices, and cluster/field offices. Chapter 3 (Institutional Arrangement) includes a detailed description on this.

### 1.2.1 Project Development Objective

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<sup>5</sup> Aktar, M., A. Abdullah, A. Jantan, and D. Hossan. 2020). "Factors Influencing Entrepreneurial Success among the Rural Women Entrepreneurs in Bangladesh." *International Journal of Business and Economy* 2 (3): 42–58.

<sup>6</sup> Kader, Ananya W. and Maoranjana Pattanayak. 2020. Business Pulse Survey: Impact of COVID-19 on MSMEs in Bangladesh.

<sup>7</sup> Bangladesh Bureau of Statistics. 2019. *Report on Agriculture and Rural Survey 2018*.

<sup>8</sup> World Bank. 2020. *Promoting Agri-Food Sector Transformation in Bangladesh: Policy and Investment Priorities*.

<sup>9</sup> World Bank. 2016. *Dynamics of Rural Growth in Bangladesh: Sustaining Poverty Reduction*.

Improve livelihoods of the poor and extreme poor, enhance their resilience and support rural entrepreneurship in project areas

### 1.2.2 Project Components

The project adopts the approach of NJLIP, which documented great success in reaching the poor and poorest, and will tailor livelihood opportunities to respond to the following urgent needs: (a) respond to the impact of the COVID-19 pandemic and climate-induced events and support recovery and resilience building, (b) help rural households skills development and employment support, (c) support NJLIP's current beneficiaries who have fallen back into poverty because of recent crises, and (d) support rural entrepreneurship for sustained post-COVID-19 economic recovery.

The project has four components:

- i. Component A: Community Institutions and Livelihood Development
- ii. **Component B: Business Development and Institutional Strengthening**
- iii. Component C: Project Management, Monitoring and Learning
- iv. Component D: Contingent Emergency Response Component (CERC)

#### **Component B: Business Development and Institutional Strengthening.**

##### *Subcomponents B.2: Commercial Agriculture and Rural Entrepreneurship (CARE)*

Support the growth of the rural economy through (i) facilitate the training and development of producer groups and provide capacity-building support and technical assistance; (ii) the creation of market links (back and forth) for these groups of rural producers and entrepreneurs and to establish partnerships with actors in the value chain and local governments, including e-commerce; (iii) promotion of products through participation in fairs; and (iv) granting of corresponding subsidies from the CARE Fund.

Under Component B, support to Producer Groups (PGs)/Rural Enterprises (REs), will emphasize market links by implementing a productive partnership approach that facilitates sustainable trade relations between the PGs/ REs and buyers. Support for rural entrepreneurs will also be expanded to help prepare for the post-crisis economic recovery and rebuild in a greener, sustainable and climate-resistant manner, and to promoting in particular, the support of women-owned enterprises.

Based on a competitive and transparent process, registered/licensed PGs and REs can apply for grants from CARE Fund. To this, applicants who meet the eligibility criteria will present a business plan that shows that a productive partnership with buyers has been carried out. The fund's support is granted through matching grants for productive investments, business development and technical assistance, with a maximum of 90% of the total project investment cost proposed in the business plan. The CARE beneficiaries will contribute at least 10% of the costs proposed in the business plan.

The sub-component also contemplates the granting of technical assistance for the realization of business plans and other specialized assistance services related to capacity building and extension, product promotion and market linkages facilities, which are necessary to implement the projects under an approach of Productive Partnership (PP). These supports will be granted directly by SDF.



As part of the evaluation and selection process, a technical committee is set up to evaluate the technical, financial and commercial viability of the business plans. To this end, the inclusion of specialists and experts in various topics is contemplated to ensure that the evaluation is made according to technical criteria.

## **Chapter 2. Introduction to the Manual**

### **2.1 Objective**

The objective of the Operation Manual (OM) is to guide the Project Implementation Unit (PIU) and key stakeholders during the implementation of the CARE Fund. Therefore, the OM provides guidance on all implementation procedures, management and coordination with regard to monitoring and evaluation, environmental and social safeguards and reporting.

### **2.2 Purpose**

The overall purpose of the OM is to:

- Ensure that activities are implemented in a manner consistent with the relevant guidelines and procedures set up by the SDF and IDA;
- Ensure that SDF's interventions are implemented in a manner that makes optimal use of resources to produce the best possible results; and
- Clarify and confirm the roles and responsibilities of stakeholders.

### **2.3 How to use the OM**

This OM should be used in conjunction with the following legal guiding documents of the Project:

- Project Appraisal Document (PAD);
- Financing and Legal Agreement;
- Disbursement Letter; and
- Community Operations Manual (COM);
- World Bank Group and Government Guidelines for procurement, financial management, environment, social safeguards.

The documents indicated above constitute the basic guide that indicates the precepts of implementation of the project.

## **Chapter 3. Institutional Arrangement**

### **3.1. Project Institutional Structure**

The project will be implemented by Social Development Foundation (SDF), an autonomous not-for-profit organization established in 2001 under the Ministry of Finance. The project's institutional structure includes an SDF national office, regional offices, district offices, and cluster/field offices, as well as a Project Advisory Committee with appropriate representation of key ministries and agencies.

**SDF national office.** The overall responsibility of achieving the Project Development Objective (PDO) and implementing the project on time will be superintended by SDF's national office. The organization will be spearheaded by the Managing Director for providing guidance on all aspects of project implementation, overall coordination, and monitoring of day-to-day activities. The Managing Director is assisted by a Director of Operations, other directors/General Managers and thematic heads, and an operational multi-disciplinary team of technical specialists. The Dhaka-based headquarters will be responsible for monitoring, quality control and compliance, communications, E&S risk management and governance. The team will undertake regular field visits.

**Regional offices.** Five regional offices will be set up to operate as decentralized locations. Regional Directors/General Managers will have the financial and administrative discretion to run the regional offices and will report to the Managing Director through the Director of Operations. Regional Directors/General Managers will also ensure E&S risk management within their jurisdiction. Each regional office will have technical and administrative staff.

**District offices.** District offices of SDF will be headed by district managers who will report to one of the regional offices and be responsible for supporting and facilitating activities implemented by field teams.

**Cluster offices.** Cluster offices will report to one of the district offices. All project activities at the 'cluster' level will be implemented by cluster offices comprising implementation teams led by cluster officers and supported by a team of cluster facilitators.

### **3.2. CARE Fund Institutional Structure**

SDF will be responsible for the overall coordination and implementation of Commercial Agriculture and Rural Entrepreneurship (CARE) Fund and other supports identified in sub-component B.2 of the RELI project.

In order to ensure that the selection of projects be competitive, transparent, objective and adhered to technical criteria SDF will set up a governance structure at each RELI Regional Office to be headed by the Regional Director/General Manager to carry out the eligibility and prioritization of projects, including a Technical Committee and a Review Panel. These bodies will be supported by the inclusion of specialists and experts to ensure objectivity in the technical evaluation and selection of projects and thereby ensure its continuity and contribution to the achievement of project objectives. Its responsibilities and actions to avoid conflicts of interest are described in this Manual.

**Technical Committee.** SDF will set up a Technical Committee (TC) at district level with a Convener appointed by the Regional Director/General Manager of SDF. The TC will provide technical oversight to analyze the financial, technical, and commercial feasibility of applying business plans and based on that, will recommend them to receive funding from CARE Fund.

In order to be able to fully discharge that responsibility, SDF will be able to contract with project resources, specialized technicians with technical fluency in the various required economic activities that may be supported by CARE Fund. The inclusion of specialists in the TC is of great importance to ensure a better technical evaluation and justify the prioritization of the projects presented.

The formation of the TC with members and specialists who possess extensive knowledge and skills in the diverse topics required is crucial to safeguarding the technical quality of selected projects and ensuring that they will be approved based on the merit and viability of their business plans, which is key for the successful implementation of the Productive Partnership (PP). To the extent that the support is granted under a competitive process and based on clearly defined technical evaluation, the transparency of the process is guaranteed, and an environment of credibility and certainty among the members of the PP is ensured as key conditions for that success be sustained in the long term and aligned with project objectives and market opportunities.

**Manager- Market Promotion.** The project will engage the services of a Manager- Market promotion to support the implementation of the CARE Fund.

The project considers two main groups of technical assistance:

(i) Technical assistance to identify Productive Partnership projects (PP) and provide assistance for preparation and drafting of business plans. It is expected that those business plans identify the capital and services needs of the producers and propose improvement that will allow them to upgrade the production capacities and skills to strengthen their linkage with buyers.

(ii) Technical assistance for the implementation of PP, including assistance to ensure proper use and maintenance of investments along the life of project.

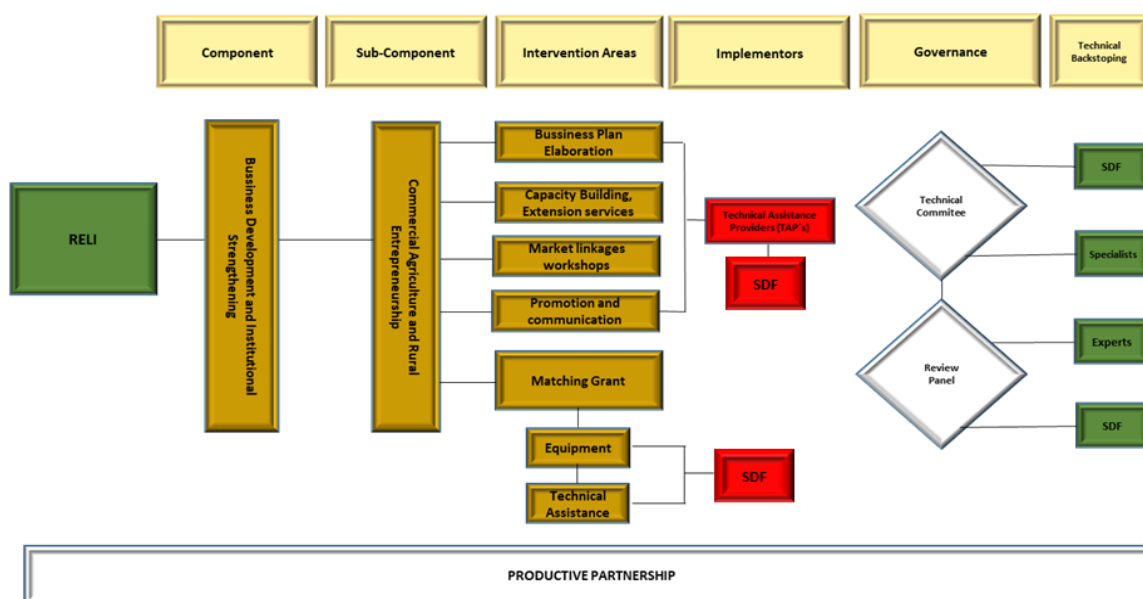
**Environmental and Social Risk Management Monitoring.** All CARE funded activities will be visited at regular intervals by the designated Environmental and Social (E&S) focal points at the regional, district and cluster levels with guidance from specialists from the national office. They will check if all safeguard requirements are met and they will identify any issues to be addressed. Regional Directors/General Managers will submit monthly progress reports on E&S risk management supervision and monitoring to SDF on Environmental and Social Management Framework (ESMF) implementation and compliance related to productive partnership projects implemented within their jurisdiction, as part of the CARE Fund.

**CARE Fund Beneficiaries.** Direct beneficiaries of the project will be producers and rural enterprises both in agribusiness and non-agri-business sectors. More specifically, the direct beneficiaries will be the participating project beneficiaries organized as registered producer organizations, producer organizations themselves, participating in Productive Partnerships with special focus on the

COVID-19 affected beneficiaries. They will benefit from CARE matching grants to upgrade their production capacities and skills to strengthen their linkage with the market.

Buyers and off-takers across the economy will benefit from better and quality products according to their requirements and reduction of scope costs. Externalities generated by the Project via gender disparities reduction and poverty reduction will also benefit rural communities.

**Figure 1. Implementation and Coordination Structure**



### 3.3 Productive Partnership Approach

#### 3.3.1 Definition

A Productive Partnership (PP) is defined as a commercial agreement between a PG/Rural Enterprise and a commercial off taker or buyer. The PP approach brings together producers and buyers and all contribute and benefit, with the assistance of SDF who brings the parties together and sets the ground rules/regulations in line with the prevailing policies and procedures as set by the Government, thus ensuring the continuity of the agreement in the medium and long term. The nature of partnership will need to be identified in a business plan and will need to be catalogued as financially, commercially, and technically viable as a necessary condition. To this end, all PGs/RE to be involved in production will sign a commercial agreement with the off-takers to ensure that all their products are sold out at fair prices. Secondly, the REs involved in Business-to Business (B2B) transaction will sign commercial agreement with the wholesalers and thirdly the REs which will follow a Business-to-Consumer (B2C) model meaning will sell their products or services to the end consumers will skip signing such agreement. The PP approach will require a robust market scanning to reach a conclusion before signing commercial agreement to validate that the most suitable off-takers/wholesalers are the counterparts of PGS and REs.

### 3.3.2 PP as Market Linkage Mechanism

Through a PP some market imperfections that constrain smallholder producer's socio-economic progress are addressed, including: limited scale production and low productivity, lack of knowledge on market requirements by producers, poor production technologies, management skills required to become more competitive and resilient to economic and climatic shocks inferior standing in market negotiations with buyers and input providers to obtain better prices and more stable market relationships. Additionally, it includes inadequate access to financial resources for productive investments to increase efficiency and comply with market requirements and a limited standing in market negotiations with buyers and input providers to get better prices and stable market relationship.

### 3.3.3 Agents involved

In a PP, approach, three agents are involved to identify market opportunities mutually beneficial for PG's/Rural Enterprises and buyers within commercially viable value chains: (i) a group of producers and entrepreneurs, that are organized and can carry out collective actions; (ii) buyers, that can be active at different levels of a value chain in the market, and (iii) public sector, identified here as SDF.

These three agents are connected through a Business Plan, which identifies and describes the investment enhancing requirements (capital, services, technology) to improve capacities and skills and respond to the requirements of markets and buyers (figure 2).

The implementation of this business plan within PP project is supported through activities associated with producers' needs: (i) productive investments; (ii) technical assistance and (iii) business development. Productive investment includes the provision of equipment and infrastructure and other inputs. Technical assistance entails delivery of extension and matters related to production, processing, storage, transportation, marketing, etc. Business development focuses on building and strengthening capacities in management, administration, finance, etc.

The activities established in the business plan are implemented by the beneficiaries with technical support from private service providers, while the public sector, focuses on facilitation, monitoring and supervision to ensure quality and adequate procurement.

The establishing of organized producers/entrepreneurs is prerequisite for successfully integrating smallholder producers into markets and with buyers. With the support of a PP project, individual smallholders are encouraged to engage in collective action to generate economies of scale (e.g. collective sales or setting-up a financial accounting system) and to invest in and share common goods (e.g. warehouses or processing equipment), addressing some market failures and facilitating the implementation of the business plan.

One key aspect of PP project is that producers' needs are co-financed by public sector support and frequently through grants which are matched by contributions of producers, and they are justified by the positive externalities that are generated by the project.

### 3.3.4 Commercial Agreement

Implementation of the PP requires that the business plan identify a buyer (or potential buyer) upfront as a condition for obtaining CARE grant funding to establish a direct, formal producer-buyer relationship. This specification is typically based on a commercial agreement between the

group of producers and the buyer in line with the business plan objectives and should be facilitated by the specialized service providers considered in the business plan.

This agreement between the PG/RE and the buyer, can be:

- Formal purchase contract
- Letter of purchase intent
- Medium-term purchase and sales agreements
- Joint Ventures
- Other agreement between parties

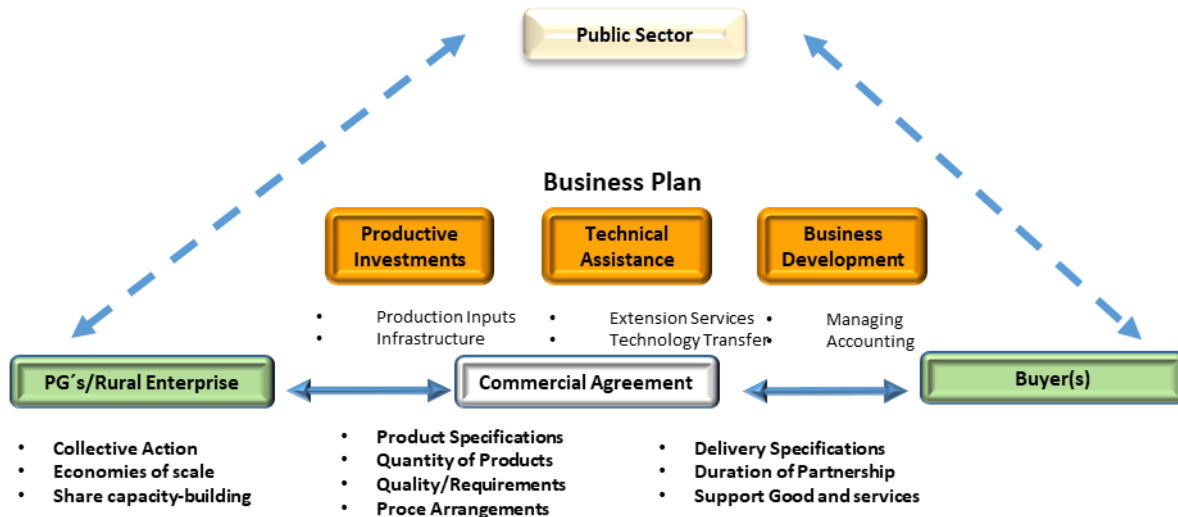
The content of commercial agreement should at least include: (i) product specifications; (ii) quantity required; (iii) product quality; (iv) unit price to be paid; (v) delivery specifications and (vi) payment modalities.

Regardless of the type of commercial agreement, it is essential for the success of the partnership to comply with the commitments made in the business plan. In other words, while a formal upfront agreement can foster and clarify the specifications of a partnership between producers and buyers, its success depends on the commitment of the alliance partners to act on this agreement during project implementation.

### 3.3.5 Monitoring and Evaluation

Finally, an effective system of monitoring and evaluating the progress of the supported projects will include the participation of the beneficiaries (including buyers), integration of required information, with technical assistance providers validating it, will be done by SDF for systematizing the information in the monitoring and evaluation system. This process is complemented by regular visits to the projects by SDF employees of all tiers. SDF will also arrange visits of the local government officials as possible.

**Figure 2. Agents in a Productive Partnership**



### 3.3.1 Guiding Productive Partnership Principles

In order to receive support under the CARE Fund of the RELI Project, economic agreements between the organized smallholder rural producers and the market players shall be based on the following guiding principles:

1. Support for market opportunities, not for needs;
2. Simultaneous support for the supply and demand sides;
3. Ensure sustainability of alliances;
4. Shared risks, resources and benefits among partnership partners;
5. Rational allocation of the project resources;
6. Transparency in project implementation; and
7. Empowerment of PG/Rural Enterprises

## Chapter 4. Management of Project Resources (B.2 Subcomponent)

### 4.1 Types of Support and Interventions

Considering the source, the project contemplates two types of support:

#### a. Supports financed directly by the project:

Besides the technical assistance support mentioned above to identify PP and provide support for business plans drafting, the project can allocate resources for:

- 1) Organization of meetings and workshops that allow commercial agreements between registered PG's/Rural enterprises and the various actors along the value chain and the

representatives of local governments. These workshops should promote dialogue with the aim of establishing productive alliances.

- 2) Organization of trade fairs (local and national) to exhibit and sell registered PG/RE products.
- 3) Facilitate the organization of individual producers into PG's/RE's and their registration. This can be done, establishing linkages with competent government authorities to get registration. For this, the Project can organize workshops or other activity considered useful.

"SDF can carry out other relevant actions to identify potential individuals or groups of producers/entrepreneurs who can eventually apply for CARE funds as registered PGs/REs. This actions can include collaboration agreements, that contribute to fulfill the objective of the program.

#### **b. Supports Through CARE Fund:**

CARE Fund can give support provided to co-finance project investments in approved business plans using for that Matching Grants (MG). MG will support both, equipment and technical assistance to ensure its correct use and maintenance. For this, each Rural Enterprise will be eligible to receive up to 90% of total investment of Project (maximum BDT 350,000 or US\$ 4,375) along Project life. And the PG on an average will receive BDT 1,050,000 equivalent to US\$ 13,125. The remaining 10% (5% in cash at bank and another 5% in kind) (minimum) in both cases will be contributed by the Rural Enterprises and PGs respectively in their Bank account in advance, as condition.

#### **4.2 General Criteria for eligible Expenditures**

The CARE funds will be used for the following core inputs associated with project's needs:

- a) Procuring productive investments (such as machinery and equipment);
- b) Technical assistance (such as extension services and production specialized assistance) and;
- c) Costs related to capacity building (management, accounting, risk management, etc).

For building capacity of the PGs and REs the will bear the costs from Institutional Development Fund (IDF) in cooperation with SDF. Before release of CARE fund to PG related training PG members/RE cost will be borned from CARE fund of RELI Project. CARE fund beneficiaries shall ensure that the grants funds are only used to procure goods and consultancy services necessary to carry out the authorized bussiness plan project and that they are procured in the most economical and efficient and transparent manner.

During the technical assesment of bussiness plan (see 5.4.2), Technical Committee will identify those eligible expenditures contained in the BP proposal, corroborating they are aligned with the following general criteria.

As general criteria, main provisions for eligibility of cost are as follows:

- a) Eligible costs must be incurred during the project implementation period indicated in the business plan,
- b) Costs have to be included in the project budget;
- c) Costs must be necessary for carrying out the project and the activities for which the grant



beneficiary requests payment should correspond to;

- d) Costs must be actual, recorded identifiable, verifiable and backed by original invoices/receipts as supporting evidence;
- e) Cost must be made in compliance with the principles of sound financial management in particular value for money and cost-effectiveness.

#### **4.3 Non-Eligible Expenditures**

- a) Costs not clearly indicated in the business plan /outside the approved project budget ;
- b) Salary of PG/RE members or business entities operated by them;
- c) Purchase of cows/bulls, seeds, fertilizer, clothes, garment products to be used for personal benefits;
- d) Purchase of land for establishing business enterprises
- e) Costs being part of the Exclusion List considered by National Government and World Bank Group;
- f) Costs/expenditures incurred before signing the contract with SDF for establishing the business Enterprise (retroactive financing) and after the closing date of implementation period.

#### **4.4 Operating Principles**

The Productive Partnerships will be further governed by the following operating principles:

- Flexibility in design to allow rapid adjustment to a wide range of market opportunities and economic conditions
- Commercial Agreement: A PP is defined as a commercial agreement between project supported producer organizations and commercial off takers on the basis of potential off - take opportunities and seeks to address the production and the demand side challenges that weaken market linkages. For this, PP approach requires that business plan identifies a buyer upfront, which is based on a commercial agreement.,
- Organization: Producers/entrepreneurs supported through PP project are encouraged to form registered producer groups to jointly implement business plan. This allows economies of scale in collective actions to identify market opportunities within a business plan. They shall ensure that the grants funds are only used to procure goods and consultancy services necessary to carry out the project and that they are procured in the most economical and efficient and transparent manner.
- Public Sector (SDF): Playing the role of the convener who brings the parties together and sets the ground rules/regulations.

#### **4.5 Characteristics of Participating Producer Organizations / Rural Enterprises**

Participating PG/Rural Enterprises at a minimum, must be legally registered in Bangladesh. There are several models of organizations that are being considered, including:

- Cooperative Societies

- Union Parishad/Municipality at Upazial and District level/The objective of the concept of registered PG's/Rural enterprises is to organize the project beneficiaries into a collective to improve their bargaining power in the market. They are owned and governed by PG/RE members and administered by qualified managers. They adopt all the good principles of cooperatives and the efficient business practices of companies and seek to address the inadequacies of the cooperative structure.

As the organization of individual producers is reached, market failures that prevent the development of market linkages are more likely to be addressed and the success of PP is facilitated. They can undertake activities related to production, procurement, grading, bulking, processing, or marketing. More specifically, this organization creates positive production externalities, such as collaboration between economic agents and knowledge spillovers with input providers and buyers. The result of this is a mutual benefit on the part of both producers and buyers who can source better products, more safely and may be willing to pay better prices.

Particular advantages arise from implementing a project under a PP approach. As organized group, producers are more likely to address challenges derived from changing market conditions (prices, customer preferences) and economic conditions than individually. In that sense, the advantages for all members of a PP are evident and its consolidation is more feasible.

#### **4.6 Eligibility Criteria**

- Legal business registration from legal authority (GoB) to operate in Bangladesh as producer / entrepreneurial group;
- The PG/RE must be in existence for 6 months.
- The PG must be registered
- Willing to receive pertinent training before receiving funds;
- The producer group would have a minimum membership of 20 persons;
- At least 70% of group members should be women;
- To have bank account in the name of Group in commercial bank;
- Having financial capacity to chip in 10% matching investment (minimum 5% should be in cash, which should be reflected in the bank account statement. The remaining contribution could be in kind)
- Commitment to public accountability and facilities for a financial accounting review for all its members.
- A commercial agreement between the PG/RE and a buyer (potential buyer), based on a formal agreement (letter of intent, medium-term purchase and sales agreements, joint ventures, or another agreement between the parties).

##### **4.6.1 Buyers / Off takers**

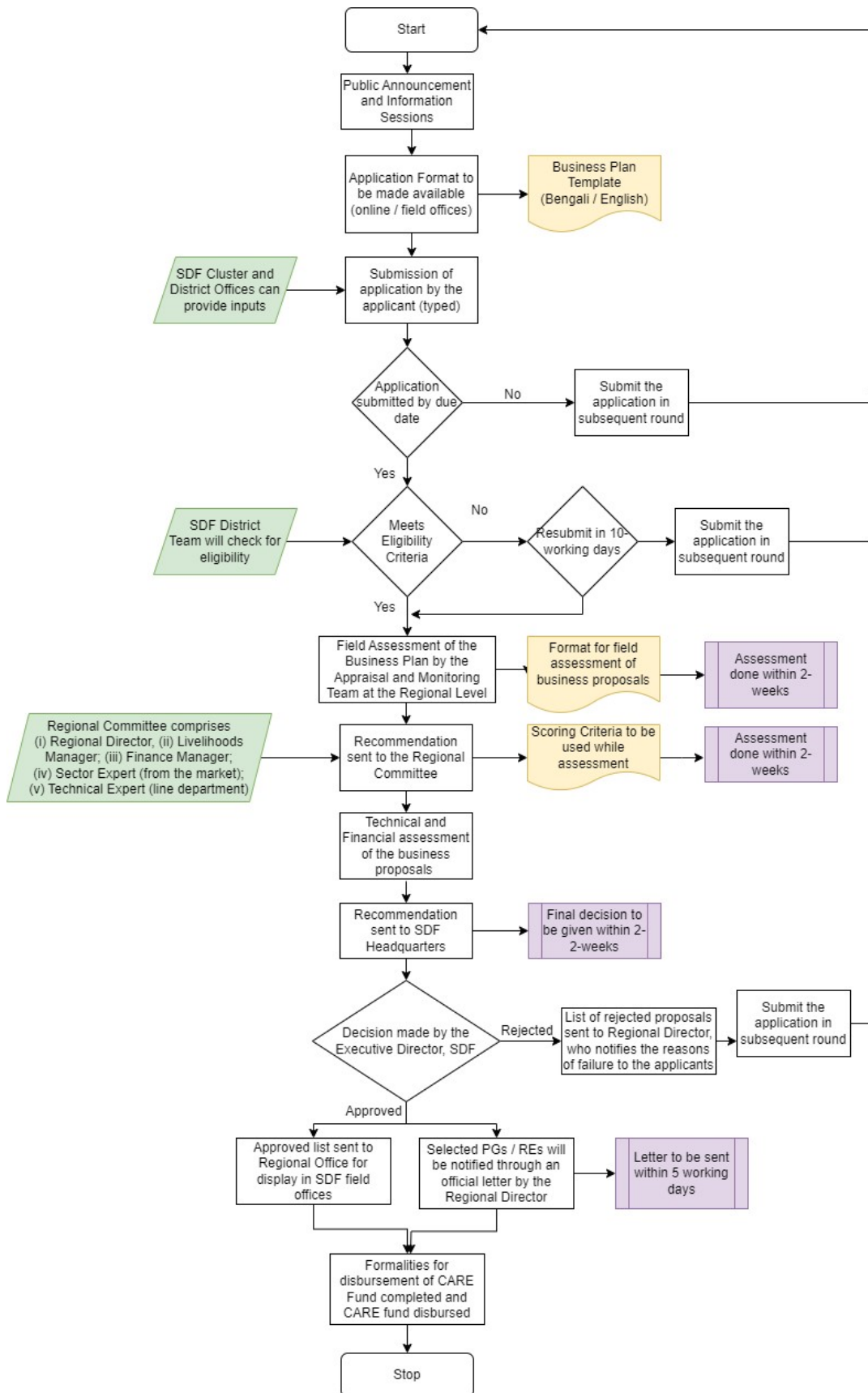
These are individual aggregators, trading or processing companies or retail chains or a combination of these, as long as they are willing to work together under the PP and to abide by the project guidelines and conditions for participation. These need to be registered to do business in Bangladesh and preferably at local level.

An *ex-ante* assessment of potential buyers is key to guarantee their commitment with PP (a letter of intent must be signed by the buyers, format is provided in annex 8). Similarly, it is a useful mechanism to minimize risk to electing a not sufficiently competitive buyer or promoting rent capture in imperfect markets with few buyers, which can lead potentially to collusion and low prices for producers. For this, a prior review of the buyers' profile, experience and reputation in the market will be carried out by SDF's District/Cluster Office, according the following criteria:

- To be legally established in Bangladesh to operate as buyer;
- To have at least 2 years' experience as buyer in national/local market;
- No negative references.

## **5. Cycle of Project**

A flowchart explaining the process is appended below followed by a detailed description of each stage in the process.



## 5.1 Launch Project (Announcement)

The concerned staff of SDF will start the launch of project with public information campaigns such as by publishing advertisements in local newspapers, by distributing leaflets, by hanging notices at public places (markets, union parishad offices etc.) as applicable in the project target areas. The general objective of these information campaigns is to raise awareness among potential beneficiaries (i.e., producers' groups/RE and buyers, and on occasion specific disadvantaged groups) about the PP approach, the support offered by the project, the eligibility criteria, and the application procedure.

To complete this, the Project launch activities will be aimed to:

- Inform the potential beneficiaries on the project design, mandate and benefits and how they can participate in the project;
- Invite interested parties to contribute their views and ideas for improvement, thereby identifying possible conflict of interest and incorporates different perspectives and priorities early in the process;
- This process is meant to ensure transparency and build trust and maximize opportunities for better implementation through greater consensus and acceptance of the approach.

Once the OM is ready, the SDF Managing Director will issue an official notice explaining the availability and general modality of RELI's operations and of the CARE Fund in particular. The notice is to be circulated to all SDF concerns especially for the region, district and cluster level officials of SDF.

The concerned officials of SDF are to circulate the official notice to the potential beneficiaries seeking to apply for project support. All sorts of measures (workshops, meetings, seminars, symposiums, stakeholder workshops, leaflets, booklets, SDF website, posters, etc.) will be ensured, so that none of the interested parties missed the information (including non-organized producers and organized/registered PG/Rural enterprises). The circular would have time schedule to prepare and submit the application/project proposals (business plans) with required terms of references. A draft announcement to be circulated for the eligible applicants is attached as Annex 1.

The announcement (in the form of flyers / posters, etc.) will, at least, include the following information and will be displayed at SDF offices and key areas in the project villages.

- Objectives of the announcement
- Eligibility criteria
- Contribution (at least 10% with at least 5% cash to be deposited to bank account)
- Modalities of CARE Fund and procedures of expenditures
- The offices where necessary documents (application forms and others) for proposal submission will be available (include also a website) and will need to be submitted
- Deadline to submit applications/project proposals
- Contact information
- The announcement would be made from the beginning of Producer Group(PG)/RE activities of RELI project

The project will have a permanent outreach program. For this, communication materials, tools will be produced for distribution and publication in SDF web-sites. The Project will develop a simple online mechanism to develop a database of interested buyers, who the SDF offices RE/ PGs could approach and subsequently partner. SDF field teams must continuously seek to update the database of buyers developed at the start of the project.

This will ensure that most of the population could potentially benefit from having the most accurate information about the program, and not being excluded for lack of information from it. In this sense, the communication tools will have a process of resolution of doubts and questions.

#### **5.1.1 Preparative Information Sessions**

In addition to using official SDF channels to circulate the call/announcement indicated in 5.1, SDF will arrange a full day stakeholder workshop at the District level to explain to potential beneficiaries:

- a) the details of the RELI project, including the CARE Fund, its operational modalities, eligibility criteria and expenditures, procedures and deadlines of application and all other matters considered important for potential beneficiaries.
- b) how to fill up the application forms and to prepare the expected project proposal for the CARE Fund. This will help potential beneficiaries submit applications timely and according to the project's requisites.
- c) explain to individual producers, how, when and where workshops with competent government authorities to help to get registration as organization/rural enterprise will be carried out.

As part of the sessions, the workshop organizers will draft the frequently asked questions that arose in the workshop, which will be posted on the SDF web site or other SDF communication channels.

The call to Informative sessions will be opened for all potential beneficiaries, including both, non-organized producers and registered/PG's/Rural Enterprises.

In case the sessions cannot be held due to COVID-19/any natural disaster restrictions, other alternatives will be sought such as telephone calls, communication platforms or other solutions more suitable for being carried out.

#### **5.2 Preparation and Submission of Application**

Upon completion of information sessions and other communication campaigns, SDF will make available to CARE grants applicants a prescribed specific application form. All applications must be in Bengali or English language and typed; no hand-written applications will be accepted, except for exceptional cases. The SDF field offices can help in typing the applications, as needed. Applicants should provide requested information and details in the application and be precise and clear. The application contains the basic concepts of the required business plan that needs to feature in each proposal.

Although SDF's cluster/district offices, will assist to proposals in preparation, it is the responsibility of the applicants to ensure that their applications are duly completed and all the required supporting documents are provided, as failure to do so may lead to disqualification.

The representative of PG/Rural enterprise, is to collect the application form / template from the cluster offices of SDF (alternatively, format can be downloaded for SDF website/be provided by SDF). The PG/RE representative with the support of SDF's cluster / district officers (implementation team) will have to start and prepare the project proposals based on the prescribed format and prepare the drafting of the Business Plan. The detailed formats for application and tables are attached in Annex 2.

The completed application of the PG's/Rural enterprise are to be submitted to the nearby cluster office of SDF including supporting documents.

SDF's district/cluster office shall notify all applicants whether or not their complete applications were received before the deadline and, most importantly, informing them of the Reference Number their application has been assigned for ease of future follow ups. The receipt of the application does not imply that has been accepted for funding by the project.

The applications submitted after the due date mentioned in the call, will not be considered.

#### **5.2.1 Official Registration for Individual producers/entrepreneurs**

As the PGs / REs have to be registered entities to be applicable for CARE fund, they will need to fill out an Official Registration format (Annex 3). This format will be important for SDF to have control and record of the Project resources that will be used to facilitate the organization as PG/RE and the corresponding legal registry.

The completed Official Registration format along with supporting documents will be submitted to the nearby Cluster Office of SDF.

#### **5.3 Eligibility Screening**

Upon satisfactory submission of applications by PGs/Rural Enterprises, the eligibility screening of the applications will be done by SDF's district office, considering its structure and internal organization.

The screening process will start by verifying that applications submitted were received by the due date and that proposal are in compliance with eligibility criteria pointed out in numeral 4.7.2.

Besides, the concerned staff of the District Office will additionally carry out a screening of applications for compliance with documentation, financial, and technical submission guidelines. The detailed eligibility screening criteria for application by the Regional Office of SDF are shown in Annex 4.

If the Regional Office identifies application that do not meet the screening criteria or the absence of supporting documents, the application will be discarded. The information will be passed on to the concerned District/Cluster Office, who will advise submitters (PGs/REs) about the decision and reasons for rejection. In that case, they will be allowed to re-submit the application, after their correction, within the next 10 working days (or in subsequent announcement for applications).

To this end the cluster office make available facilitators who will assist the PGs/REs to prepare applications properly for re-submission by undertaking field visits/holding discussions as needed.

The screening should reject project proposals for the following reasons:

- a) The application does not meet the eligibility criteria, not readable or understandable;
- b) The application is not signed and description of the Project of PG/RE is not complete;
- c) The period time to complete the project is beyond 2 years; ;
- d) The requested CARE grant is beyond the authorized limits;
- e) Potential Productive partners are not included;
- f) The PG/Rural Enterprise has track record of failure in past SDF projects RELI
- g) The counterpart total contribution mentioned in the proposal is not within the required limits; and
- h) The detailed project budget is not included.

#### **5.4 Technical and Financial Assessment of Business Plans for CARE Fund**

The Appraisal and Monitoring team (henceforth referred to as the AM Team) at the Regional Office of the SDF will conduct the field assessment of the business plans. This AM team will work independently and will do the field assesement. The AM team will appraise continuously. Each proposal will have to be assessed within 2 weeks after submission.

Post the assessment, the AM team will send its recommendation to the Regional Committee with a copy marked to the Managing Director, SDF. The format for assessing the proposal by the AM team is provided in annex 5. As per appraisal practice of previous project, the AM team along with the sector and technical experts will carry out the field appraisal on the ground and based on their recommendations, the regional committee will conduct the desk appraisal and send it to the Managing Director for approval. National team will guide, coordinate, and monitor the entire process.

The Regional Committee (RC) will provide the decision at regional level. The RC will meet once in two weeks. The proposals (with recommendations) will be sent to the Managing Director, SDF for final approval.

The Regional Committee will be composed by 5 people and will meet once in every two weeks:

- 1. The Regional Director;
- 2. Regionnal Manager - Livelihoods;
- 3. Regional Manager - Finance;
- 4. A sector expert (outsourced);
- 5. A technical expert (from the associated line department)

The sector expert is independent and will be called based on the sector of the proposal. The sector expert will be responsible for the technical and financial assessment based on his/her experience.

The technical expert from the line department will be responsible for the technical assessment.

The regional committee team will assess the following:



***Financial Assessment:***

Analysis that shows a positive return investment (based in realistic assumptions) to support the decision on why this project shows financial viability and should be funded with CARE funds. This analysis should consider:

- Cash flow, in order to relate the estimated income with the costs incurred for executing the partnership;
- Project cost/benefits ratio;
- Balance point analysis;
- Internal Rate of Return (IRR), to estimate the profitability of investments;
- If the project identifies the risks to which it is exposed in relation to the objective and the corresponding risk mitigation strategies.
- Provide information on the current financial situation and the expected improvement after the project intervention.

***Technical Assessment:***

Analysis that shows investment and services needed by the producers that would allow them to upgrade their production capacities and skills to strengthen their linkage with the buyer (s) and a better market integration. Specifically, the assessment should focus in the existence of (i) productive investment; (ii) technical assistance; and (iii) business development, which are necessary elements to implement Business Plan within a PP project and are associated to producer's needs. Likewise, The BP should also be assessed in terms of socio-economic impacts, efficiency and sustainability

Following aspects will be useful to assessment:

- The provision of machinery, equipment, infrastructure (on farm/off farm), production inputs, is defined and oriented to accost market opportunity identified;
- This provision effectively contribute to improve competitiveness (improving production and quality demanded by market, increase productivity and/or sales of smallholder producers);
- The productive investment will be accesible to all members of organization/Enterprise;
- The BP identifies technical assistance needs and its implementation is planned throughout the duration of the project (extension services, technology management, specialized assistance related to production, processing, health/sanitation, identification of production bottlenecks, market risks, etc.);
- Business development is included in the BP, through strengthening producer's capacities in management, accounting, business administration, marketing, packaging, etc. This capacity-building is according the partnership established with a buyer;
- BP approach considers reaching smallholder producers, vulnerable groups (like women, indigenous peoples and young producers) and enviromental and social impacts or risks;

***Commercial Assessment***

- The market opportunity is clearly defined in the BP;
- Analyzing existence of the market potential and its future perspective.
- BP identifies buyers (potential buyers)

- Corroborate the existence of commercial agreement between producers and buyers (potential buyer).
- Certify the existence of a reasonable market research and marketing strategies.

To prioritize the business plans, the table below includes diverse subjects that they should contain. The criteria for this are determined by a standardized scoring, which will determine if business plan fulfills with pre-established requirements to be recommended to be supported with CARE funds. At the same time shows the BP's strengths and weaknesses for each of the subjects analyzed.

#### Criteria to be used for technical assessment by the Regional Committee

Criteria		Maximum Points
<b>Description and structure of the business plan (maximum 20 points)</b>		<b>20</b>
1	Alignment between the objectives of the proposal and the objectives of the project	4
2	Does the project address real problems and constraints to market accessibility?	4
3	Clarity of the products/services offered	4
4	Experience in the business and the proposed technologies	4
5	Does the plan provide a good detail of risks (market and climate) and mitigation strategies?	4
<b>Marketing Strategies (maximum 15 points)</b>		<b>15</b>
1	Is there a clear analysis of competition and market risks?	5
2	Are the distribution channels identified?	5
3	Is there a commercial agreement established? (Letters of intent/contracts with buyers/suppliers)	5
<b>Financial Viability (maximum 20 points)</b>		<b>20</b>
1	Clear financial projections/ including first-year cash flow, monthly	5
2	Capacity to provide a matching contribution	5
3	Do projections show financial viability?	5
4	How sensitive are the projections to stress scenarios?	5
<b>Management and business capabilities (maximum 15 points)</b>		<b>15</b>
1	The project has an adequate governance/management structure	8
2	Available expertise will help meet business objectives	7
<b>Project results and sustainability (maximum 20 points)</b>		<b>20</b>
1	How large and rapid are impacts to project beneficiaries and their contribution to the sustained improvement to the technical and financial viability of business?	10
2	Does the proposal contribute to the long term sustained development of business linkages (including partnerships between the service providers and beneficiaries)?	10
<b>Social and Environmental impact (maximum 10 points)</b>		<b>10</b>
1	Will the project activities cause some conflict with local communities?	3
2	What is the level of environmental impact of the activity?	4

Criteria		Maximum Points
3	Does the project have effective mitigation measures and adaptation strategies in the face of environmental and social risks?	3
<b>TOTAL</b>		<b>100</b>

In the event that the demand for support exceeds the availability of resources from the CARE fund, additional criteria may be used to assess an additional score, such as the one presented below.

#### Additional Criteria Table

	Additional Criteria	(max points)
1	Number of employees created (at least 5)	10
2	Number of women benefited	10
3	Date of submission (in case of scoring tie)	5
<b>Total</b>		<b>25</b>

#### 5.4.1 Scoring by the Regional Committee Members

The members of the Regional Committee will assess the proposal post the recommendation of the AM team and based on this, will award a score to each of the criteria mentioned in the table above. Each member will assign a score to each proposal and with the simple average of all of them, a final score will be formed in the criteria table. The score they make will be accompanied in writing by the reasons and arguments that explain the strengths, but also, inadequacies, weaknesses, and risks of the proposals. A detailed format for scoring is in annex 6.

The criteria table allocates a maximum of 100 points. Proposals with scores of less than 70 points will not be considered. In case of rejection, the proposals will be sent to the concerned District / Cluster offices so that the applicants are informed by the District or Cluster manager of the result and the reasons for it. In this report, the applicant will be given the option to request a copy of the evaluations of the technicians and the scores, always maintaining the confidentiality of their names.<sup>10</sup>

Applications receiving a score of 70 points or higher are prioritized (as recommended / highly recommended) and submitted for further evaluation by the SDF National Office. The Regional Committee members will fill the declaration form appended in annex 7.

As part of assessment process, the Regional Committee will identify those eligible expenditures contained in the BP proposal, identifying if they effectively allow to PGs/REs to expand their production capacities and skills to strengthen their linkages with the markets, and corroborating they are aligned with “General Criteria for Eligible Expenditures” noted in section 4.4.

<sup>10</sup> In case this format be used to inform applicants, the name and sign of technical reviewers will be deleted

#### **5.4.2 Conflict of Interest**

To guarantee a fair and unbiased evaluation of the business proposals, external specialists must be free of conflicts of interest with proposals, so their hiring process will include the signing of a letter which states that, in proposal where they will contribute their comments and opinion, they are not directly or indirectly involved. Otherwise, they must declare their potential conflict and excuse from participating in the Regional Committee for this proposed business plan analysis. None of the SDF staff who would act as members of the Regional Committee could be part of service providers for preparing the proposals or other activities needed for implementing the PP.

#### **5.5 Final Approval of Business Plans**

The Regional Committee, through the Regional Director will forward the proposals to the SDF headquarters (Managing Director). This should be done within 2 weeks of receiving the recommendations from the regional committee. The Managing Director, SDF will review the recommendations of the regional committee and provide his / her final approval / rejection within a maximum of 2 weeks.

### **6. Publication of Results and Notification to Selected Projects**

The Managing Director, SDF will directly notify the decision to the representatives of the selected PG/Rural Enterprise's through an official letter, with a copy marked to the concerned stakeholders at the regional and district level.

Through the letter, they will be invited to attend a session that will clarify the processes required to be able to sign the corresponding contract. The date, venue and time will also be communicated by issuing an official letter to the respective PG/Rural Enterprise, which shall be carried out no later than 5 working days by the regional or district office after notification by the Managing Director.

In case the sessions cannot be held due to COVID-19 restrictions/any other natural calamities, other alternatives will be sought such as telephone calls, communication platforms or other solutions more suitable for being carried it out.

A Letter from Managing Director (with a copy marked to the concerned stakeholders at the regional and district level) is to be issued to the representatives of non-selected projects explaining the reasons of failure of their proposed projects. The letter will invite to participate for the next call for proposals.

### **7. Contracting**

The concerned District Manager will invite the successful applicants to a meeting for signing the agreement between SDF, and PG/RE. The meeting will discuss contract-signing procedures, CARE fund management and implementation, disbursement, and procurement regulations, monitoring and reporting requirements, and contractual obligations.

As per disbursement procedures of CARE fund, the PG/RE will then be invited to sign a formal Financing Agreement, with Social Development Foundation (SDF). The Financing Agreement is to be duly signed by all parties. Key items of the Financing Agreement are as follows:

- The products and services to be delivered by the PG/RE of SDF as per contract and will be clearly defined
- Agreed monetary milestones should be the basis for determination of the payment schedule.
- Financial limit of business project and the tranche of financing during project period.
- Cash contribution (5%) of PG/Rural Enterprise.
- An implementation plan and a schedule for the release of CARE grants.
- Rules for procurement, accounting, reporting, monitoring, and supervision.
- Equipment ownership rights (during and after the completion of the project).
- Rules for publication/disclosure of results/information.
- Cancellation or other measures to be taken in the event of an unacceptable level of project implementation or other causes of delay.

The agreement should be signed not later than one month after the notification of decision stated in numeral 6. This time is permitted unless strong evidence is provided by the representative of PG/Rural enterprise, about reasons that make it impossible. If the reasons presented are found insufficient by the Regional Office/District office, the project can be cancelled with approval from the Managing Director, SDF. In such case, the Regional Director/General Manager will send an official letter to the applicant copying the concerned RD/CS informing them about the cancellation of the agreement.

## **8. Financial Management**

This section discusses the financial management procedures that are applicable to the Project. It discusses the project management structures, costs, disbursement categories, financial planning and budgeting, financial management arrangements and responsibilities so as to ensure effective, efficient and economic use of all financial and other resources that will be available for the Project.

The proposed procedures seek to promote good governance of public resources and compliance with generally accepted legal and accounting principles. These general guidelines are based on standard Government procedures in auditing and financial management as well as the World Bank Financial Management and disbursement guidelines and procedures for funding.

The main objectives of the financial management procedures are: (a) To promote orderly, economic, efficient and effective operations consistent with Project objectives; (b) To ensure accuracy and completeness of the accounting records; and (c) To outline financial procedures, processes and documentation and reporting requirements.

After signing the contract agreement, the responsibility of fund release against each of the project proposals will rest entirely upon the SDF, especially on the Regional Director (s)/General Manager for the respective regions who will manage CARE funds. Immediately after signing the contract agreement the SDF will release 70% of total budget to the PG/Rural Enterprise. The fund recipient designated, will have the liability to ensure that funds are handled in accordance with the

implementation plan which will be monitored by SDF and RDCS and ensure that financial reporting is to the submitted to SDF and RDCS as required.

**8.1 Release funding.** The Managing Director of SDF or his delegated authority, would release the fund based on duly signed Agreement. As per principle of fund disbursement 70% fund will be released and the following subsequent payments would be made on the basis of project progress measured against achievement of pre-determined milestones and utilisation report of CARE fund as set out in the BUSSINESS PLAN, supporting documentary evidence for the use of CARE Fund and COUNTERPART contribution, fulfilment of the reporting requirements by the PG/Rural Enterprise and the results of monitoring of the project activities by the concerned SDF staff, including field verification of declared achievements on reports. 30% funds of 2nd installment may be released subject to satisfactory progress evaluation of previously released funds.

Since beneficiaries are accountable for the proper use and management of CARE Funds in line with their approved project business plans, CARE grants will be disbursed only to bank accounts of the PGs/Rural Enterprises that have been opened solely for the purpose of the CARE funding on terms and conditions satisfactory to the SDF. For each payment out of the bank account, the PG/Rural Enterprises should provide evidence to corresponding District Manager with a copy to concerned RDCS that the money has been used according to the contract.

The SDF authority may reject and withhold next payment if scheduled milestones do not conform to the requirements of the Agreement until the applicant rectifies the milestone report and proves achievement of these milestones. In addition, the next scheduled payments may be withheld or delayed in the event that the fund recipient's expenditure reports show a large cash balance from the use of the previous payment.

In certain cases, direct payments may be made to a vendor of goods or services selected by and on behalf of the PGs/Rural Enterprise. In such cases, the fund recipient has to provide the necessary information and make a written request to the SDF (at region level) to make the payment on behalf of the recipient. Accordingly, the amount of this payment will be considered as part of the CARE grant and adjusted against the particular PG/Rural enterprise.

**8.2 Procurement.** The procurement under CARE Fund will be carried out in accordance with the rules and procedures of Community Operations Manual, Part-1 of RELI project for implementing various activities by the producer groups and rural enterprises for implementing bigger scale income generating activities aimed at increasing income with an objective to create employment opportunities for others as well. This will include procurement of workplace furniture, some IT equipment, goods, consulting and non-consulting services and be managed directly by the registered Producer Groups/Rural Enterprises in accordance with the established good practices of RELI. To this end technical supports will be provided by SDF and RELI Community Society.

**8.3 Accounting and auditing.** All sorts of accounting and auditing under the CARE funding will be done following the general procedures described in the Community Operations Manual (COM): Financial Management, published by the Resilience, Entrepreneurship and Livelihood Improvement Project. The fund disbursement after approval from Managing Director of SDF, the processing of scheduled disbursements, and collection/review of financial reports of the

concerned parties (PGs, REs) are the liabilities of the regional and district offices of the SDF. The PGs and REs will submit utilization reports to concerned district and regional offices on a quarterly basis. However, the SDF HQ holds overall responsibility for carrying out the necessary accounting and audit procedures of the CARE under the accounting and audit system and procedures followed by SDF (internal and external).

The Producer Groups (PGs)/Rural Enterprises, are the primary recipients of CARE grants and it is their responsibility to ensure that funds are handled in accordance with the SDF's accounting and auditing systems that properly meets the requirements. The fund recipient Producer Groups (PGs)/Rural Enterprises, are required to maintain a simple financial management system, including records and accounts, and all supporting documents for expenditures financed by CARE, in an adequate format included in the Agreement, which would reflect the operations, resources and expenditures related to the CARE Fund. The Producer Groups (PGs)/Rural Enterprises, financial management system must record all receipts and expenditures of funds separately from other funds (if any). Such records shall include accurate, current and complete disclosure of the CARE funding project's income and expenditures and shall include documentation (including purchase orders, invoices, receipts, justifications for vendor selections, etc.) to substantiate all costs incurred by the project. Such maintenance of records will assist in periodic financial supervision as well as auditing. These records should include also clear registration of the quantity and value of the beneficiary's cash contribution engaged in the project during the reporting period.

The Producer Groups (PGs)/Rural Enterprises will maintain all expenditure reports duly signed by the convener. Expenditure reports shall be prepared in the same format as the approved budget. The financial reports submitted to the SDF should be supported by copies of documents expenditures (i.e., invoices, receipts, written declarations, etc.). The originals of such copies should be filled by the Producer Groups (PGs)/Rural Enterprises and kept for at least 5 years after phasing out of the project. Expenses should be broken down as per items of the budget agreed and included in the Agreement. The Producer Groups (PGs)/Rural Enterprises should provide documentary evidence of their cash contribution to the project. The SDF may withhold scheduled payments or suspend if financial reports are overdue or the documentary evidence on use is insufficient.

After completion of the project the recipient Producer Groups (PGs)/Rural Enterprises are to prepare a final financial statement at the closure (end) of the project (business enterprise) in a format acceptable to the SDF authority, adequate to reflect the operations, resources and expenditures related to the CARE fund. The recipient shall furnish to the SDF a copy of the said final financial statement as soon as available, but in any case, not later than 2 months (60 days) after closure of project (establishment).

The expenditures made under the CARE fund will be audited as required within the overall SDF's financial auditing systems. The audit team of SDF would audit the CARE supported projects at least once in a financial year. The fund recipient Producer Groups (PGs)/Rural Enterprises will co-operate fully with the auditor(s) of the SDF and will make available to the auditor(s) whatever records, documentation and other information is requested by the auditor(s) in connection with the CARE audit, including the financial books, records and financial statements of the grant beneficiary relating to the business project. The Producer Groups (PGs)/Rural Enterprises and any

collaborating institution will be liable for repaying any funds found to have been misused and all steps will be taken for recovery according to the regulation in GoB systems.

CARE funded projects are also subject to audit by the OCAG and supervision review of the World Bank. The hired external auditors may audit the fund if SDF engaged them for the purpose.

**8.4 Fund Closing.** Following the completion of physical works of the project and upon receipt of final financial and progress reports from the recipient, the SDF, through corresponding Regional Director/General Manager, shall initiate procedures to close-out the CARE funding to that particular PG/Rural Enterprise. Close-out procedures include obtaining and approving all required financial and progress reports, disbursing/reimbursing any outstanding CARE Fund payments and ensuring that any unexpended funds are refunded to the SDF. All financial requirements remain in full force and effect until the recipient PGs/RE receives a close-out letter from the regional office of SDF indicating that all obligations have been satisfied.

**8.5 Suspension and cancellation.** The SDF reserves the right to terminate the CARE Fund and also can call back the funds already disbursed at any time, if:

- i) The CARE recipient does not follow provisions of the Agreement.
- ii) The recipient has significant delays in the implementation of the project and if SDF staff believes that the project cannot achieve its objectives.
- iii) The recipient fails to submit a complete progress report.
- iv) The recipient fails to submit complete financial reports/The recipient does not maintain appropriate accounting and financial records.
- v) The fund recipient PG/RE submits false documents or information.
- vi) The CARE grants are used to finance expenses not approved by the SDF, and conducting activities other than approved.
- vii) The recipient PG/RE terminates participation in the project.

## **9. Environmental and Social Considerations**

Compliance monitoring will ensure that mitigation measures given in the ESMP are effectively and timely implemented. This is to be done by the regional, district and cluster level E&S focal points with guidance from specialists from the national office.

All projects to be implemented by the PGs/REs will be visited at regular intervals by these designated point persons to check if all safeguard requirements are met and to identify any issues to be addressed. Regional units will submit monthly progress reports and Bi-annual report on E&S risk management supervision and monitoring to SDF on ESF implementation and compliance.

The RELI-CARE fund project is required to observe and comply with national environmental policies and legislation and environmental and social requirements of the World Bank.

During preparing the business/enterprise development proposal and its implementation care should be paid to protect natural environment of the locality. Any business proposal should be



complied the environmental measures so that human and animal health in no way will be under threat.

All incoming business proposal for CARE Fund would be evaluated following the considerations listed below:

Project Type	Negative Impact on Environment	Mitigation Measures	Responsibility
Livestock based (Dairy/ Poultry/ and Goat Rearing)	<ul style="list-style-type: none"> <li>Land/Vegetation degradation due to overgrazing</li> <li>Pollution from poor manure management</li> <li>Animal Health risk (zoonotic diseases) from poor housekeeping and handling.</li> <li>Promotion of only exotic breeds may lead to gradual extinction of indigenous breeds</li> <li>Introduction of exotic/ alien species of grasses and fodder crops to meet the demand of fodder that dominate the local species</li> </ul>	<ul style="list-style-type: none"> <li>Fodder management incorporating fodder cultivation, stall feeding, rotational grazing, supplementary feeds etc.</li> <li>Improved composting methods – pit composting</li> <li>- Vermi Compost</li> <li>-Bio-gas plant</li> <li>Improving Cooking Stove</li> <li>Maintenance of safe distance between manure pit and water sources.</li> <li>Cool chain MaintainingS (storage system for vaccine)</li> <li>Establish of Travif (AI)</li> <li>Construction of shed location and design as per technical recommendations.</li> <li>Maintenance of shed sanitation and hygienic handling.</li> <li>Promotion of improved indigenous breeds.</li> </ul>	Producer Group (PG)/Rural Enterprise, Beneficiaries, SDF: Cluster Office, District Office and regional office
Agriculture Based (Crops/ Fruits/ Vegetables)	<ul style="list-style-type: none"> <li>Chemical fertilizer, pesticide and insecticide pollution</li> <li>Drainage congestion</li> <li>Excess use of ground water for intensive cropping depleting the ground water resource</li> <li>Contamination of soil and water bodies nearby due to runoff.</li> <li>Open disposal of pesticide containers is hazardous to cattle, children.</li> <li>Excess use of chemical without following the recommendations leads to algal blooms in water bodies leading to loss of aquatic biodiversity</li> <li>Use of chemicals is harmful to surroundings and health</li> </ul>	<ul style="list-style-type: none"> <li>Use of bio-compost, organic mulch/ Green Manure and vermin compost and Suitable organic / biotic control of insects</li> <li>Selection of low water demanding crops/ pest management plan</li> <li></li> <li>High water consumption crops like sugarcane, cotton, etc., should be discouraged</li> <li>Drought and flood tolerant variety</li> <li>Selection of crops should be environment friendly crops based on local water budget and traditional practices. To apply rainwater preserve and surface water conservation.</li> </ul>	Producer Group (PG) )/Rural Enterprise, Beneficiaries SDF: Cluster Office, District Office and regional office

Project Type	Negative Impact on Environment	Mitigation Measures	Responsibility
	of consumers	<ul style="list-style-type: none"> <li>Leveling of crop field and maintenance of terraces/ bund to check water runoff and soil loss</li> <li>Organic manure (sheep manure) application to enhance yield</li> <li>Follow organic methods to the extent possible.</li> </ul>	
Fisheries based	<ul style="list-style-type: none"> <li>Fish like Tilapia (invasive spp) due to omnivorous nature can predate on small fish of native species.</li> <li>Tilapia fish multiplies fast and may suppress aquatic diversity. Excessive manuring leads to eutrophication and acidification. Chances of death of fishes due to diseases.</li> <li>Conflict among the users over common resources</li> <li>More demand for water for many IGA activities.</li> <li>Generation of waste from livelihood activities may cause nuisance, sanitation problems and diseases.</li> </ul>	<ul style="list-style-type: none"> <li>Species selection in poly-culture should be as per recommendation of the DOF to avoid competition with other species and aquatic life. Use manure in recommended doses. Awareness among the users and proper training</li> <li>Avoid washing pesticide cans of spraying equipment in fish ponds</li> <li>Proper upkeep of premises to avoid fly and mosquito menace</li> <li>Strengthening of village resource management institutions to reduce conflicts among the users over common resources.</li> <li>Proper upkeep of premises to avoid fly and mosquito menace.</li> </ul>	Producer Group (PG) )/Rural Enterprise, Beneficiaries SDF: Cluster Office, District Office and regional office
Handicrafts	<ul style="list-style-type: none"> <li>The chemicals that are used to bleach and color the fabrics used in handicrafts can damage the environment and peoples. Some dyes and chemicals, such as alum and copper sulfate, can irritate skin and cause rashes, allergies, or breathing problems. Others are more dangerous, such as potassium dichromate and tanning acid, and can cause cancer as well as other health problems</li> </ul>	<ul style="list-style-type: none"> <li>During preparing handicrafts with fabrics, protection measures (use of hand gloves, safe distance etc) are to be taken in such a way that workers are not get direct contact with injurious chemicals or dye</li> </ul>	Producer Group (PG) )/Rural Enterprise, SDF: Cluster Office, District Office and regional office
	<ul style="list-style-type: none"> <li>Most of the textile machineries cause noise, sound and air pollution</li> </ul>	<ul style="list-style-type: none"> <li>Modern low sound producing machineries are to be used for reducing the hazard for the workers.</li> </ul>	
	<ul style="list-style-type: none"> <li>Dust is created when</li> </ul>	<ul style="list-style-type: none"> <li>Most dusts produced during</li> </ul>	

Project Type	Negative Impact on Environment	Mitigation Measures	Responsibility
	workers cut, trim, and sew fabric. Fabric dust is dangerous by itself, and if treated with chemicals is more dangerous. Inhaling dust from cotton and other fabrics can cause breathing problems such as: dry, itchy nose, cough, mucus, trouble breathing	cutting of the fabrics. So cutting and sewing spaces should be in separate rooms. To reduce the inhalation of dusts by the workers proper masks are to be used when they work under the situation	
	<ul style="list-style-type: none"> <li>Nylon and polyester are fabrics made from petrochemicals, these synthetics are also non-biodegradable, and so they are inherently unsustainable.</li> </ul>	<ul style="list-style-type: none"> <li>As much as possible cotton made fabrics are to be used in the handicrafts to avoid non-biodegradability products. Use Polyesters are to be reduced as much as possible</li> </ul>	

During preparing the business/enterprise development proposal and its implementation care should be taken that all sectors of people especially the disadvantaged ones could have equal opportunity to become a member of the society. Any project planned to be implemented should have social benefits for the common households of the locality. All business plans to be submitted for CARE funding should have the following social safeguards:

Indicator	Impact on Society	Mitigation Measures	Responsibility
Indigenous People (PI)	<ul style="list-style-type: none"> <li>Indigenous people (IP) are generally poor due to their inaccessibility to resources and Government facilities</li> <li>They lived in remote areas with minimum facilities and with traditional food habit</li> </ul>	<ul style="list-style-type: none"> <li>Wherever possible IP should be may be employed suitably in the project works/services.</li> <li>Equal facility to be created for the IPs under the project</li> </ul>	Producer Group (PG)/Rural Enterprise, SDF: Cluster Office, District Office and regional office
Physically handicraft People (disabled)	<ul style="list-style-type: none"> <li>The physically disabled people are most deprived section of the society and still considered as burden of the family</li> </ul>	<ul style="list-style-type: none"> <li>Wherever possible the disabled people are to be employed in the project works/services</li> </ul>	Producer Group (PG)/Rural Enterprise, SDF: Cluster Office, District Office and regional office
Transgender (hijra) population	<ul style="list-style-type: none"> <li>The transgender population are still neglected in the society, however in recent days many of them are being educated and employed in different jobs</li> </ul>	<ul style="list-style-type: none"> <li>The project is to make equal facility for employing the transgender population</li> </ul>	Producer Group (PG)/Rural Enterprise, SDF: Cluster Office, District Office and regional office
Children	<ul style="list-style-type: none"> <li>Child labor is a growing concern of present world. The situation is worse in the country due heavy</li> </ul>	<ul style="list-style-type: none"> <li>In no way the project will employ any child labor in any of the project works/services</li> </ul>	Producer Group (PG)/Rural Enterprise, SDF: Cluster Office,

Indicator	Impact on Society	Mitigation Measures	Responsibility
	population pressure		District Office and regional office
Sex parity (Gender)	<ul style="list-style-type: none"> <li>Male female disparity is still common in the society</li> </ul>	<ul style="list-style-type: none"> <li>In case of employing people male female disparity should strongly be protected</li> </ul>	Producer Group (PG)/Rural Enterprise, SDF: Cluster Office, District Office and regional office
Religious minority	<ul style="list-style-type: none"> <li>Minorities are the deprived groups of the society</li> </ul>	<ul style="list-style-type: none"> <li>During implementation of the project the rights of the religious minority should be protected, and equal facilities would be ensured for all communities especially for minorities</li> </ul>	Producer Group (PG)/Rural Enterprise, SDF: Cluster Office, District Office and regional office

## 10. Monitoring and Evaluation

**10.1** In order to ensure proper utilization of CARE Fund by the PGS and REs the SDF's robust monitoring system will collect and review the information on implementation, coverage etc. in line with the Monitoring and Evaluation Plan as per RELI Project Development Objectives and Results Framework and use them to compare with intended plans to identify the shortcomings, if any before it is too late. The monitoring data may reveal significant deviation from the project's expectations, which may warrant undertaking an evaluation to examine the assumptions and premises on which the project design is based. Alongside, evaluation will measure the relevance, efficiency and effectiveness of implementation plan whether and to what extent the program's inputs and services are improving the quality of people's lives.

The monitoring and evaluation process will ensure the participation of beneficiaries including buyers, off-takers and integration of required information with technical assistance of providers validating it to ultimately process the inputs to assess project effects and to determine whether or not the intended objectives have been met as per results framework. SDF will ensure in-person or physical monitoring to measure the implementation progression of the project against the implementation plan results indicators. This will be ensured through regular field visits of SDF employees of all tiers. In addition, local government officials will also be involved to visit project areas as and where necessary.

Going hand in hand, e-monitoring mechanism will be used though harnessing the technology, particularly Geo-Enabling Initiative for Monitoring and Supervision (GEMS) to digitally collect data from the fields with easy open-source tools like KoboToolbox. As opposed to In-person or physical monitoring, the Geo-Enabling Initiative for Monitoring and Supervision (GEMS) responds to the challenge by helping to bring eyes on the ground, where we cannot always have feet on the ground. Monitoring through GEMS will complement in-person or physical monitoring as it is a low-cost mechanism and be used as a digital monitoring platform to assess visible information and real-time dynamics on the ground. In the wake of COVID-19 crisis, GEMS technology is turned out to be an efficient and effective monitoring mechanism where in-person monitoring is not always possible. SDF will build capacity among project teams on the ground to leverage the low-cost open-source technology for digital data collection and analysis to gain real-time insights on local

dynamics that can inform decision making. It will enhance the accuracy and accountability of M&E and create customized platforms for remote supervision, real-time risk management and coordination across projects. Users of GEMS will collect data on their smartphones or tablets without the internet while working in the field. This information will be saved on the device, and once the user reconnects the device to the internet, the data is saved onto a server.

The Regional Directors/General manager will coordinate monitoring projects activities and achievements. Such monitoring implementation should be conducted according to the results indicators spelled out in the business plans. The beneficiaries are required to collect and report data periodically to the Cluster/District/Regional offices, which then systematically records this information in a Project Monitoring and Evaluation System. The technical assistance service providers hired by the project can be used to validate the data provided by the beneficiaries. In addition, Regional Offices concerned staff regularly visit each project for field verification.

The PIU is responsible for consolidating and reporting the Monitoring Indicators at an aggregate level for the project, and for updating the results framework. This will be completed with the support of Regional Offices, that collect information for their respective region and share it with the PIU. In addition, the overall monitoring to PGs/REs planned activities will be coordinated by the concerned PIU and carried out by Cluster, District and Regional offices. The concerned PIU is responsible for providing the necessary information at the aggregate project level and for sharing it with the World Bank/IDA Task Team.

In addition, PIU staff regularly visit each sub-project for verification

**10.2 Evaluations.** Project impacts and achievements against set objectives will be measured during the initial baseline, and a final evaluation process. In addition to impact indicators, the mid-term reviews and final evaluation will focus on the intermediate results indicators. Two evaluations will be conducted, an initial baseline survey, and a final end of project/ impact assessment (summative). It deserves mentioning that the PGs/REs activities will start from the end of 3rd year and that's why the mid-term evaluation will not be able to assess this part of the project. To ensure community and cooperative participation, ownership and usage of the evaluation /reviews results, the project will use participatory approaches to assess collective perceptions and insights into the contribution of the project to market linkages and firm growth. These indicators will be included while developing the ToRs for both baseline survey and end-line survey of the RELI Project.

### **10.3 Role of RCSs in monitoring and supervision of fund disbursed to PGs and REs:**

- RCSs, with the support of SDF will also undertake the responsibilities to monitor that the CARE Fund disbursed to PGs/REs is invested in accordance with the agreed business plan and schedule.
- RCSs will supervise whether the PGs/REs are facing any impediments in utilizing the fund, ensure that the PGs/REs are making expected returns out of their investments and will prepare support plan for PGs/REs after grading their status if they need to.
- RCSs will provide any technical and on-demand support to the PGs/REs recipients to invest the fund, help them to link with respective service providers and to establish formal

partnerships and joint programs with local governments, line agencies, NGOs, and financial institutions.

- RCSs will monitor and supervise the audit and accounts, relevant documents and procurement of CARE Fund disbursed to PGs/REs. In cases where RGs/REs fail to achieve expected results in utilizing the fund, RCSs will take appropriate mitigation measures.
- RCSs will help to identify suitable IGAs for PGs/REs considering environmental and social aspects, regularly visit the PGs/REs to ensure all safeguard requirements are met, identify any issues to be addressed, arrange training if they need to and promote climate-resilient economic opportunities.
- In case of any misuse of fund, RCS will take immediate measures for recovery and motivate them to avoid such practices and in face of any natural disaster, RCSs will assess the damages caused and prepare an action plan to turn around.

## **11. Annexes**

### **Annex 1. Announcement for Submission of Project Proposals**

#### **Introduction**

With support from the World Bank, the Government of Bangladesh (GoB) initiated the Resilience, Entrepreneurship and Livelihood Improvement (RELI) project with the objective to improve livelihoods of the poor and extreme poor, enhance their resilience and support rural entrepreneurship in project areas.

The project adopts the approach of Nuton Jibon Livelihood Improvement Project (NJLIP), which documented great success in reaching the poor and poorest, and will tailor livelihood opportunities to respond to the following urgent needs:

- (a) respond to the impact of the COVID-19 pandemic and climate-induced events such as cyclone Amphan on the livelihood of vulnerable rural households and support recovery and resilience building,
- (b) help rural households graduate out of poverty through income-generating activities, as well as skills development and employment support,
- (c) support NJLIP's current beneficiaries who have fallen back into poverty because of recent crises, and
- (d) support rural entrepreneurship for sustained post-COVID-19 economic recovery.

The Project contemplates as one of its activities the *Commercial Agriculture and Rural Entrepreneurship Fund* (CARE Fund), which will support improvements in the market integration of registered Producers Groups (PGs) / Rural Enterprises (REs) following a Productive Partnership approach.

## Objective

The specific objectives of the project are to (i) support the growth of the rural economy by supporting the formation and development of PGs/REs, especially ones owned and managed by women; and (ii) build and strengthen sustainable market links and partnership building between PGs/REs and buyers, notably traders / processors involved in climate-smart food production, value addition and marketing.

## Eligibility Criteria

In order to submit project proposals - or business plans - to the CARE Fund, PGs/REs will need to meet the following criteria:

- Legal business registration from a legal authority (GoB) to operate in Bangladesh as a PG/RE
- To demonstrate at least two years' continuation as a beneficiary of RELI project and subsequent joining in producer group with continuation of at least six months as PG/RE member with experience in a productive activity.
- The producer group size would be with minimum 20 members
- At least 70% of group member should be women,
- To have bank account in commercial bank in local currency

## Project Support

The project considers two types of support:

**A. The CARE Fund**, contemplates the co-funding of investment projects, including machinery, equipment and corresponding technical assistance to implement them.

The CARE Fund provides grants, matched by counterpart contributions of PG/REs. This considers a minimum contribution of 10 percent in cash of the total cost of the proposed project. After approval of the project the PG/RE would have to deposit its contribution in a bank account to be operated for management of CARE funding.

As a condition, CARE Fund applicants will have to present a commercially, financially and technically feasible business plan that will have to show that the PG/RE has entered into a productive partnership with a buyer.

**B. Direct Project Support.** The Project considers supporting the organization and registration of individual producers into PGs, as well as technical assistance for registered PGs/REs to prepare and draft business plans to apply for grants from the CARE Fund. The Project will enhance partnership building through the organization of workshops between registered PGs/REs and other actors along agrifood value chain. Lastly, the Project considers the organization of trade fairs (local and national) to exhibit and sell registered PGs'/REs' products.

### **Eligible Expenditures**

The CARE fund will mainly be used for procuring productive investments (such as machineries, equipment and working capital along with), technical assistance and bearing the costs related to capacity building to PGs/RE. s This support is aimed to allow them to expand their business and production capacities and enhance skills to strengthen a sustained linkage with the markets. It can include:

- (a) Hiring technical assistance providers for extension services and specialized assistance on technical matters related to production, processing, sanitation, storage, logistics, climate and market risk management, and marketing studies, among others. It also includes business development focused on producer's business capacities in management, accounting, administration and marketing.
- (b) Productive investments, including machinery and equipment required for business development (production and post production) like product processing, grading, packaging and storing activities, improving product quality and standards, including introduction of production and processing technologies, best quality and food safety management practices/systems and product certification etc.

### **Non-eligible Expenditure**

- (a) Costs not clearly indicated in the business plan;
- (b) Salary of PG/RE members or business entities operated by them;
- (c) Purchase of cows/bulls, seeds, fertilizer, clothes, garment products to be used for personal benefits;
- (d) Purchase of land for establishing business enterprises
- (e) Costs being part of the Exclusion List considered by National Government and World Bank Group;
- (f) Costs/expenditures incurred before signing the contract with SDF for establishing the business Enterprise (retroactive financing);

### **Rules of Operation:**

The proposed project should comply with the following rules:

- The proposed project should be completed within a specified timeframe (up to 2 years)
- The request for CARE fund support grant will be limited for a maximum of BDT 3,40,000 for the individual enterprise and BDT 10,50,000 for the PG.
- That support grant will represent, a maximum, 90% of total budget included in the proposed business plan.
- The remain resources considered in the business plan will have to be contributed by the beneficiary



**Submission and Evaluation of the Proposals/Applications:**

The deadline for submission of the applications should be at least 15 days after receiving the draft format for submitting the project proposal by the PG/RE representative ---- [insert day, month, year]. Applications should be submitted in 3 (three) copies (one original plus two copies). Applications submitted after deadline will not be considered. Alternatively, submissions of scanned copies of proposal can be made electronically to the concerned SDF district office to the following email ([@sdfbd.org](mailto:@sdfbd.org)). Submissions should include all supporting documents along with signatures.

All project proposals received within the deadline will be screened primarily by the local district office for compliance with the above rules. Successful proposals will then be technically reviewed and evaluated on technical merit by a Technical Committee and scored on a 0-100 point scale. Project proposals receiving at least 70 points will then be passed to the Review Panel (RP) at HQ level of SDF for final evaluation and selection.

**Notification**

Both successful and unsuccessful applicants will be informed, and the unsuccessful original project documents will be returned to them on their request. In the case of unsuccessful, the applicant will receive the reasons of decision from SDF responsible office, and possibilities to re-apply.

**Application Documentation**

The official application forms and other necessary documents (operational guidelines for CARE funding) on drawing up the project proposal may be obtained free of charge at the local district/cluster office of SDF. SDF regional/district/cluster staff may help answer questions regarding the application process. Alternatively, application forms can be downloaded from SDF's web site ([www.sdfbd.org](http://www.sdfbd.org))

## Annex 2. Draft Format for Project Proposal – Application

For Official Use (Region)			
<b>Name of PG/RE:</b> <b>Date of Submission:</b>  <b>Reference Number:</b>			
<b>Project General Information</b> (Filled up by applicant)			
<b>1. Project title:</b>			
<b>2.. Registration No.</b>	<b>Registration Date:</b>	<b>Name of Registration Authority:</b>	
<b>3. Location (in details): Village:</b>	<b>Cluster:</b>	<b>District:</b>	<b>Region:</b>
<b>4. Main products:</b>			
<b>5. Project duration and costs:</b> Planned duration (maximum of 2 Years / 24 months) _____ Bank Account # _____ and Name of Bank:----- Proposed start: _____ (month, year); Proposed completion: _____ (month, year) Total Project cost: Tk _____ Requested CARE Fund amount: Tk _____ Percentage of CARE funding to the Total Project Budget _____ % Amount of PG's/Rural Enterprise Contribution Tk _____ PG's/RE contribution (10%) to total budget (5% deposit cash at Bank and remaining 5% in kind)			
<b>6. Name of Buyer / Off-taker (Current or Potential):</b>  Location of the buyer (s) for the products offered:   Legal status of buyer (s):   Number of years of buyer's experience in the market:   Describe what kind of commitment exists with buyer:  <input type="checkbox"/> Formal Contract <input type="checkbox"/> Purchase Intention <input type="checkbox"/> Other (specify):			
<b>7. Statement of the applicant:</b> This project application is submitted by ---- [insert <i>name of the PG/RE</i> ], and has been made in full agreement of all its members. The representative and the PG/RE agree to provide timely and adequate staffing, physical infrastructure logistics and administrative and technical support, and all other support that the project foresees. Accounts will be maintained, funds utilized, and project implementation supervised and monitored in accordance with instructions from the SDF's funding Authority.			

**8. Responsibilities:**

The following person ----- [insert *name of the person*] is nominated as a project applicant on behalf of -----(insert name of the PG/RE) and will be directly responsible for the project implementation, devote necessary time and effort to its effective and efficient implementation, and be the principal contact person for SDF in respect of CARE fund.

Name of President of PG/RE: \_\_\_\_\_

Name of Producer Group (PG)/RE: \_\_\_\_\_

Contact Details with Mobile no: \_\_\_\_\_

Signature of President of PG/RE: \_\_\_\_\_

Date: \_\_\_\_\_

**Table 1. Current Project Description and Expected Impacts**  
(filled up by applicant)

<b>I. Project Situation</b>
Describe briefly what is/are the problem(s) the project will address
Name of key leader/ individuals in charge of management
Number of members of the PG/RE
% Of Women involve
Members of employees
What is the legal status? (Attach a copy of legal status)
Do you have a bank account? (Attach a copy of bank statement)
What is the start date of operations?
What is the approximate value of the investment (in local currency)?
What is the percentage proposed as a PG/RE?
What are the major risks to successful implementation and completion of project?
What are the remedial actions to be undertaken?
Note clarifying the location within a protected zone
Note clarifying about the occurrence of environmental impacts
Note clarifying about the occurrence of social impacts
<b>II. Key information of proposed Project</b>
Mention project's goals and objectives
Describe what new business is in technical and practical terms and how it differs from business/technologies currently being used
Which are the key components and proposed activities of the project?
How is this proposal different from the work already been/being done by you and/or the others?

Which are the activities planned to be implemented for demonstrating the business?

Who is responsible for these activities?

Who are the beneficiaries of these business activities?

How do you plan to market the increased quantity and/or new type of product coming out of the project?

What is necessary for the completion of the project;

Detail resources that the applicant and participating organizations will provide in cash and/or in-kind for the project

**IV.Expected Outputs**

Describe briefly the expected socioeconomic impact of the proposed project

Describe how the project will improve current situation in the sector involved

How many persons that will be benefited (directly and indirectly) with the project

**Table 2. Estimated Budget**

**(filled up by Applicant)**

	Detailed Cost Items	Unit	Cost/ Unit	Total Cost	Sources of Financing (in Tk)			CARE/ Total Fund (%)
					Own contribution of PG/RE(10%)	CARE Funding	Others	
<b>I)</b>	<b>Productive Investment</b>							
<b>A</b>	<b>Equipment, supplies, materials</b>							
<b>B</b>	<b>Variable Inputs (describe)</b>							
<b>II)</b>	<b>Technical assistance</b>							
<b>III) Others</b>	<b>Others (describe)</b>							
<b>(I+II)</b>	<b>Total</b>							

**Note: Additional rows may be added as necessary.**

**Table 3. Income Statement, Cash Flow & Internal Rete of Return**

(filled up by applicant)

		YEAR 1	YEAR 2	YEAR 3
<b>A</b>	<b>Quantity of production (<i>unit XXX</i>)</b>			
<b>B</b>	<b>Expected Price</b>			
<b>C = AXB</b>	<b>Production Value</b>			
<b>D</b>	<b>Variable costs</b>			
<b>E=C-D</b>	<b>Gross profit</b>			
<b>F=(E/C)*100</b>	<b>Gross margin %</b>			
<b>G</b>	<b>Fixed costs (including depreciation)</b>			
<b>H=D+G</b>	<b>Total Expenses</b>			
<b>J=E-G</b>	<b>Profit before taxes/financial costs</b>			
<b>K</b>	<b>Interest, Taxes</b>			
<b>L = J-K</b>	<b>Net Profit</b>			

**Table 4. Project Planned Implementation**

	Activities	Quarter -yearly 1	Quarter -yearly 1	Quarter -yearly 1	Quarter yearly 1	Quarter yearly 2	Quarter - yearly 2	Quarter-yearly 2	Quarter-yearly 2
1	[Description of the activity ]								
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									

**Table 5. Capacity Statement**

<b>I. Description of the association/group/RE</b>
Background and experience of the Producer Group (PG)/RE in the respective project field of activities experience in implementing projects; describe the capacity of the applicant to manage financial resources ( <b>Detailed in Annex A</b> )
<b>II. Description of the buyer/taker off</b>
Background and experience of the buyer (potential buyer) of the products elaborated through the project. Include the type of agreement (formal contract/intention/other) and describe the main characteristics of the agreement (Price, volume, quality, duration of the partnership, delivery specification, payment modalities, etc) ( <b>Detailed in Annex B</b> )

**Table 6. Risks of the Project**

<i>Describe the major risks to successful implementation and completion of the objective of the project as well as the remedial/mitigation actions to be undertaken</i>
---

**Table 7. Sustainability of the Project**

<i>Describe how you will ensure the sustainability of the proposed project. what will you do in the future after the completion of the project for further development/growth of these businesses?</i>
--

**Table 8. Prepared & checked by PG level:**

Prepared by			Checked & Verified by
Signature: Date: President of PG	Signature: Date: Secretary of PG	Signature: Date: Cashier of PG	Signature: Date: Convenor of Social Audit Committee(SAC)

**Note: In the case of RE, no need signature of the Secretary and cashier.**

**Table 9. Checked by Cluster Office:**

Name of Officer	Designation	Signature	Date
	Cluster Officer(CO)		
	Cluster Facilitator(CF)		

**Annex A: Details of Members of PG/RE:**

Name	Designation	Production Type	Quantity (tons, tons, kg/year, season, month)	Land Size	Number of Animals	Year of experience in relevant field	Training received (Yes/ No)

**Annex B: Buyer's Details:**

Buyer's Name	Address	Mobile/ E-Mail	Type of business	Client type and turnover	Supply of demand							Agreement (yes/no)
					Type of supply	Quantity	Time period	Product Description	Terms of Delivery	price	Packing	

### Annex 3 - Format Registration for Producer Group/Rural Enterprise

For official Use

**Name (s) of PG/RE:**

**Date:**

**Reference Number:**

#### General Information

**(Filled up by applicant)**

**1. Indicate if you have planned a Project title and briefly describe:**

**2. NID number:**

**3. Please indicate if there are more producers/entrepreneurs interested in carrying out that project**

**4. Please indicate the name (s) of the other producers/entrepreneurs interested**

**5. Location (In details):**

**7. Please indicate the products offered currently by you and other producers interested:**

#### **8. Responsibilities:**

The following person ----- [*insert name of the person*] is interested in being supported by the project to become a registered producer group or rural enterprise, for I will devote the necessary time and effort to attend workshops organized by SDF for that purpose, in the days and times that I am required.

**Name of Producer:**

**Location:**

**Indicate what products you produce currently:**

**Contact Details:**

**Signature of the Principal Applicant:**

**Date:**



#### Annex 4. Format for Primary Screening of Proposals-Business Plan by the District Office of SDF

**1. Project Code Number:**

\_\_\_\_\_

**2. Name of Project:**

\_\_\_\_\_

**3. Project budget:**

Total Project Cost: Tk \_\_\_\_\_ PG/Rural Enterprise Contribution: Tk \_\_\_\_\_

**4. Criteria for assessment of compliance with acceptance rules:**

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| (1) The applicant(s) does meet the eligibility criteria;     | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (2) The application is readable and understandable;          | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (3) Project duration is not more than 2years:                | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (4) Applicant has not failed with other SDF projects:        | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (5) Requested CARE funding is within limits:                 | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (6) Applicant's total contribution (cash) is within limits:  | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (7) Description of the business/organization is included:    | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (8) Description of the marketing of products is included:    | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (9) Technology transfer plan is included;                    | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (10)Detailed project budget is included:                     | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (11)Complete project implementation plan is included:        | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (12)Complete supporting documentation is provided:           | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (13) The buyer complies with the minimum required experience | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| (14) The buyer has legal status in Bangladesh                | <input type="checkbox"/> yes | <input type="checkbox"/> no |

[Note: If the application does not meet all of these criteria of compliance with acceptance rules, the application should be rejected and not proceeded for AMT review]

**5. Screening result:**

The project is accepted for TC Review: ☐ yes ☐ no

**6. Comments:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature of the DO(LH): \_\_\_\_\_ Signature of the DM: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

#### Annex 5: Scoring /Evaluation of Proposal by the AM Team

Sl. No.	Criteria	Means of verification	Mark
1. Description and structure of the business plan (maximum 20 points)			
1.1	Alignment between the objectives of the proposal and the objectives of the project	The proposal is not aligned with RELI project	0
		Poor and extreme poor will benefit from the proposal	1
		Poor and extreme poor will benefit from the proposal AND Rural entrepreneurship will be developed (business link with between PG/RE & buyer)	2
		Poor and extreme poor will benefit from the proposal AND Rural entrepreneurship will be developed (business link with btw PG/RE & buyer) AND Resilience will be higher (Beneficiaries will improve capacities - technical / business)	3

Sl. No.	Criteria	Means of verification	Mark
		Poor and extreme poor will benefit from the proposal AND Rural entrepreneurship will be developed (business link with btw PG/RE & buyer) AND Resilience will be higher (Beneficiaries will improve capacities - technical / business ..) AND The proposal can be replicated easily without any extra support	4
1.2	Does the project address real problems and constraints to market accessibility?	The proposal is not solving any challenge regarding market access	0
		Business plan is supposed to adapt production to the market requirements (quality, price)	1
		Business plan is supposed to adapt production to the market requirements (Volume, price and market location)	2
		Business plan is supposed to adapt production to the market requirements (Volume, price, quality, market location)	3
		Business plan is supposed to adapt production to the market requirements (Volume, price, quality, market location, packaging/storage/ Transportation) (price variation) and to anticipate trends (perspective)	4
1.3	Clarity of the products/services offered	The product/services offered is not clear	0
		The product / service is mentioned any detail	1
		The product/service is explained (volume, pricing)	2
		The product/services well explained (volume, pricing, quality)	3
		The product/service is well explained (details cost of production, quality, volume, pricing, Location, packaging/ storage conditions/ transportation)	4
1.4	Experience in the business and the proposed technologies	PG/RE members have no significant experience regarding proposed technologies	0
		[1 - 24%] of group members/RE have minimum experience in the technology	1
		[24 - 49%] of group members/RE of have minimum experience in the technology OR [1 - 24%] of group members of have significant experience (more than 3 years) in the technology	2

Sl. No.	Criteria	Means of verification	Mark
		[more than 50%] of group members/RE of have minimum experience in the technology OR [25 - 49%] of group members/RE of have significant experience (more than 3 years) in the technology	3
		[more than 50%] of group members of have significant experience (more than 3 years) in the technology	4
1.5	Does the plan provide a good detail of risks (market and climate) and mitigation strategies?	There is no Risk analysis	0
		There is only Risk analysis	1
		There is risk analysis and partial mitigation plan (less than 75% of risk have a relevant and pragmatic mitigation plan)	2
		There is risk analysis and mitigation plan more than 75% of risk have a relevant and pragmatic mitigation plan)	3
		There risk anlaysis, mitigation plan and mitigation tools	4
2. Marketing Strategies (maximum 15 points)			
2.1	Is there a clear analysis of competition and market risks?	No market anlaysis	0
		There is market analysis but this is weak (no data, self-evidence, no direct link with the PG/RE)	1
		There is market analysis with market demand data	2
		There is market analysis with market demand data and technologies analysis	4
		There is market analysis with market demand data and competition analysis and technologies analysis	5
2.2	Are the distribution channels identified?	Distribution channels are not identified	0
		Only one buyer are identified	2
		Several buyers are identified	4
		Several buyers and logistic options are identified	5
2.3	Is there a commercial agreement established? (Letters of intent/contracts with buyers/suppliers)	There is no agreement	0
		There is a oral agreement	2
		There is a written but nonbinding agreement (ex. : letter of intent)	4
		There is a written contract with price and quantity	5
3. Financial Viability (maximum 20 points)			
3.1	Clear financial projections/ including first-year cash flow, monthly	No financial projections	0
		Financial projection for only year 1	2
		Financial projection up to 3 years	4
		Financial projection up to 3 years + first year cash flow (monthhy basis)	5
3.2	Capacity to provide a matching contribution	No clear capacity to provide matching contribution	0
		less than 25% of group members/RE contribute to matching contribution (5% cash and 5% kinds) (sworn declaration)	1

Sl. No.	Criteria	Means of verification	Mark
		[25 - 49%] of group members/RE contribute to matching contribution (5% cash and 5% kinds) (sworn declaration)	2
		Matching contribution with proof (bank statement)	4
		Matching contribution (5% cash and 5% kinds) with proof (bank statement) + more than 50% of group member/RE contributed (bookeeping, sworn declaration)	6
		Matching contribution (5% cash and 5% kinds) with proof (bank statement) + more than 75% of group member/RE contributed (bookeeping, sworn declaration)	8
3.3	Do projections show financial viability?	There is no viability	0
		Financial is optimistic (based on price / quantity growth but without any rational)	3
		Financial viability is optimistic (based on price / quantity growth but with rational like a written contract)	5
		Financial viability is realistic (current agreement is good enough regarding current economic data)	7
4. Management and business capabilities (maximum 15 points)			
4.1	The project has an adequate governance/management structure	The proposal doesn't have any governance/Responsibility	0
		Does the management committee of PG/RE know about their roles and Responsibility	2
		Have the Social Audit Committee checked and verified the application of project proposals of the PG/RE.	4
		Have the project proposal application of PG/RE been approved by the Gram Parishad.	6
		Have the CARE fund application been submitted to the District Society/ District office through Cluster Society/ Cluster office.	8
4.2	Available expertise will help meet business objectives	The proposal didn't identify any needs	0
		The proposal doesn't secure any expertise needed	2
		The proposal identified expertise needs and designed responsibility	3
		The proposal identified expertise needs, designed responsibility and identified external experts	5
		The proposal identified expertise needs, designed responsibility,identified external experts and budget for them	7
5. Project results and sustainability (maximum 20 points)			
5.1	How large and rapid are impacts to project beneficiaries and their contribution to the sustained improvement to the technical and	no impact	0
		10% income increse out of 40% PG/RE members after 2 years	3
		20% income increse out of 60% PG/RE members after 2 years	6

Sl. No.	Criteria	Means of verification	Mark
	financial viability of business?	30% income increse out of 80% PG/RE members after 2 years	8
		40% income increse of 100% PG/RE members after 2 years	10
5.2	Does the proposal contribute to the long term sustained development of business linkages (including partnerships between the service providers and beneficiaries)?	No linkages/partnership	0
		One linkages + no partnership	3
		One linkages + One partnership	6
		Two linkages + One partnership	8
		Three linkages + One partnership	10
6. Social and Environmental impact (maximum 10 points)			
6.1	Will the project activities cause some conflict with local communities?	Conflict alredy exists	0
		Risk of conflict is high	1
		Risk of conflict is medium	2
		Risk of conflict very low	3
6.2	What is the level of environmental impact of the activity?	Business activities generate environmental risks (Very High)	0
		Business activities generate environmental risks (High)	1
		Business activities generate environmental risks (Medium)	2
		Business activities generate environmental risks (Low)	3
		Business activities generate environmental risks (Very low)	4
6.3	Does the project have effective mitigation measures and adaptation strategies in the face of	No mitigation measure (no relevant, not applicable)	0
		Mitigation measures are identified	1
		Relevant and applicable mitigation measures with an specific action plan (responsabilities etc)	2

Sl. No.	Criteria	Means of verification	Mark
	environmental and social risks?	Relevant and applicable mitigation measures with an specific action plan (responsabilities etc) and a budget to implement it	3
Total			100
N.B: The minimum qualifing marks are 70 out 100.			

## Annex 6: Format for Scoring/Evaluation of Proposal-Business Plan by Regional Committee

### Criteria to be used for technical assessment by the Regional Committee

Criteria		Maximum Points
<b>Description and structure of the business plan (maximum 20 points)</b>		<b>20</b>
1	Alignment between the objectives of the proposal and the objectives of the project	4
2	Does the project address real problems and constraints to market accessibility?	4
3	Clarity of the products/services offered	4
4	Experience in the business and the proposed technologies	4
5	Does the plan provide a good detail of risks (market and climate) and mitigation strategies?	4
<b>Marketing Strategies (maximum 15 points)</b>		<b>15</b>
1	Is there a clear analysis of competition and market risks?	5
2	Are the distribution channels identified?	5
3	Is there a commercial agreement established? (Letters of intent/contracts with buyers/suppliers)	5
<b>Financial Viability (maximum 20 points)</b>		<b>20</b>
1	Clear financial projections/ including first-year cash flow, monthly	5
2	Capacity to provide a matching contribution	5
3	Do projections show financial viability?	5
4	How sensitive are the projections to stress scenarios?	5
<b>Management and business capabilities (maximum 15 points)</b>		<b>15</b>
1	The project has an adequate governance/management structure	8
2	Available expertise will help meet business objectives	7
<b>Project results and sustainability (maximum 20 points)</b>		<b>20</b>
1	How large and rapid are impacts to project beneficiaries and their contribution to the sustained improvement to the technical and financial viability of business?	10
2	Does the proposal contribute to the long term sustained development of business linkages (including partnerships between the service providers and beneficiaries)?	10
<b>Social and Environmental impact (maximum 10 points)</b>		<b>10</b>
1	Will the project activities cause some conflict with local communities?	3
2	What is the level of environmental impact of the activity?	4
3	Does the project have effective mitigation measures and adaptation strategies in the face of environmental and social risks?	3
<b>TOTAL</b>		<b>100</b>

In the event that the demand for support exceeds the availability of resources from the CARE fund, additional criteria may be used to assess an additional score, such as the one presented below.



### Additional Criteria Table

	Additional Criteria	(max points)
1	Number of employees created (at least 5)	10
2	Number of women benefited	10
3	Date of submission (in case of scoring tie)	5
<b>Total</b>		<b>25</b>

### Annex 7 - Declaration by the Regional committee members

1. Project Code Number: \_\_\_\_\_

2. Cluster Name: \_\_\_\_\_

3. District name: \_\_\_\_\_

4. Name of the Project: \_\_\_\_\_

**We undersigned, and declare that:**

- Whereas, we have no direct or indirect interests or benefits from the project;
- Whereas, we have made a professional and good quality evaluation of this applications to the best of my knowledge;
- Whereas, we have been impartial and not influenced by external opinions or pressure;
- To the best of my expertise, funding of this project by SDF is:

*(Check the appropriate box corresponding to the level of points received).*

(a) From 0 – 69 points	Not recommended	<input type="checkbox"/>
(b) From 70 – 80points	Recommended	<input type="checkbox"/>

(c) From 81 – 100 points

Strongly Recommended



**Names and signature of the Regional Committee members:**

<b>Names</b>	<b>Signature</b>	<b>Date</b>

## **Annex 8: Format of Letter of Intent to be Signed by Potential Buyers**

Dear [representative of PG / RE],

Following the various discussions, we have had with the teams of the RELI project, implemented by the SDF, we hereby express a potential interest in participating in the RELI project.

We are indicating our potential interest (without formal commitment) in purchasing goods produced by the Producer Groups/RE named [name of the PGs/RE] supported by the RELI project. Specifically, we could be interested in the following products:

- Name of the product 1 / quantities needed & timing / potential qualitative specificities / Indicative purchase Price / potential conditions for the transaction.
- Name of the product 2 / quantities needed & timing / potential qualitative specificities / Indicative purchase Price / potential conditions for the transaction.
- ...

We are also willing to participate in the various meetings or activities that will be organized within this project, in order to better secure our supplies (in terms of quantity and quality) and, if relevant, to be able to contract with the producer groups/RE of the project.

Sincerely,

Signature

Name and address (of the buyer)

Date

## Annex 9: Financing Agreement of CARE Funding for Producer Group (PG)/RE

1. This Financing Agreement signed on this \_\_\_\_\_ (date) at \_\_\_\_\_ (place) between:

a) **Social Development Foundation**  
(hereinafter called the first party) and

Represented by

Name: \_\_\_\_\_

\_\_\_\_\_

Designation: District Manager

District: \_\_\_\_\_

Social Development Foundation (SDF)

b) \_\_\_\_\_ **Producer Group (PG)/RE**  
(hereinafter called the second party)

Represented by

1.Mr./Mrs. \_\_\_\_\_

\_\_\_\_\_

Convenor [include address] \_\_\_\_\_

2.Mr./Mrs. \_\_\_\_\_

\_\_\_\_\_

Member [include address] \_\_\_\_\_

3.Mr./Mrs. \_\_\_\_\_

\_\_\_\_\_

Member [include address] \_\_\_\_\_

2. The Government of Bangladesh, through Social Development Foundation (SDF), is implementing Resilience Entrepreneurship and Livelihoods Improvement Project (hereinafter called the RELI) with the objective of promotion of business enterprise in the rural areas for empowering the poor and hardcore poor to facilitate establishment of Small and Medium Enterprise (SME) in the rural in Bangladesh. The Second Party has certified that it has complied with all the prerequisite steps needed signing the Financing Agreement. This certification is given in Appendix-I of this agreement.

3. The first party -SDF- is an autonomous body created by GoB and entrusted with the responsibility of implementing the Resilience, Entrepreneurship and Livelihoods Improvement Project (hereinafter called the RELI).

4. The second party is the Executive Committee (one convener and two member) of Producer Group (PG)/RE represents the \_\_\_\_\_ (insert name of village), in \_\_\_\_\_ (insert name of union), \_\_\_\_\_ (insert name of Upazilla) and \_\_\_\_\_ (insert name of District).

THEREFORE, this Financing Agreement is entered into between the representatives of the parties specified above.

5. SDF will pay the total amount of CARE fund by Two Installment i.e. 1<sup>st</sup> installment 70% and 2<sup>nd</sup> installment 30% and PG/RE will contribute 10% (5% cash & 5% Kind) of the total proposed fund.

6. Scope and Extension of this agreement

The 1st party disbursed Tk \_\_\_\_\_ to the Producer Group/RE for implementing activities of market facilitation and value addition of the product. The 1st party has decided to disburse Commercial Agriculture Rural Entrepreneurship Fund (CARE) on the basis of aggregating investment and achievement. Producer Group will use the fund for livelihood development of the producers.

The producer group/RE will accomplish the following activities:

- to purchase common equipment and machinery needed for production and post production like product processing, grading, packaging and storing activities
- to purchase/hiring transportation equipment for common input collection and products marketing as well
- Building/hiring small scale infrastructure like collection point, marketing Centre and cooling equipment
- to use in providing capacity building training to producers, and producer federation in the area of technology adaption, value addition and business development entities
- Improving product quality and standards, including introduction of production and processing technologies, best quality and food safety management practices/systems and product certification
- to use in preparing the project proposal for establishing the business enterprises
- to lease in the land for fixed tenure to establishing the enterprise
- for hiring technical assistance and services to prepare business proposal and technical works
- in development of contractual arrangements between producers, processors and traders
- to creating market opportunities, information collection for better market
- establishment of showroom/display Centre for product promotion; and

- diversification of products adding value at different stages

7. All activities as agreed in this Financing Agreement and subsequent addenda, without exception shall be performed as under:

- In accordance with the RELI rules and guidelines as contained in CARE Operational Manual dated ----- and subsequent revisions agreed with the First Party

- All activities under the project shall be undertaken without violating the principles of “Dash Neeti”.

8. The General obligations of all parties are outlined in Appendix- III

9. Misuse or unused of Productive Investment Fund by Producer Group/RE members, members of executive committee, target beneficiaries or anyone in the village shall result in cancellation of subsequent installments of CARE Fund and withdraw the funds provided earlier by the first party.

10. Any disputes arising out of this agreement shall be settled through mutual discussion between the parties. Those disputes, which could not be settled through discussions, will be referred to the sole arbitration of the Chairman, Board of Directors of SDF. The decision of arbitrator shall be final and binding on both the parties.

11. The following documents are attached to this Agreement and shall be deemed as part of this Agreement:

Appendix I: Key Information on Second Party

Appendix II: The certification of 2nd party for achieving milestone for signing financial agreement

Appendix III: General Obligations of all parties

Appendix IV: Draft Procurement Plan of the Project

Appendix V: Project Implementation Plan

Signature \_\_\_\_\_

Name: \_\_\_\_\_

Designation: District Manager

District: \_\_\_\_\_

Social Development Foundation (SDF)

Signature \_\_\_\_\_

1. Mr./Mrs. \_\_\_\_\_

Convener [include address]

2. Signature \_\_\_\_\_

Mr./Mrs. \_\_\_\_\_

Member [ include address]

3. Signature \_\_\_\_\_

Mr. /Mrs. \_\_\_\_\_

Member[include address]

Witness:  
1. \_\_\_\_\_  
2. \_\_\_\_\_

Witness:  
1. \_\_\_\_\_  
2. \_\_\_\_\_

At least one of the witnesses of the second party shall be a woman.

### Appendix-I: Key Information on Second Party

- i. Name of the village \_\_\_\_\_
- ii. Name of Union \_\_\_\_\_
- iii. Name of Upazila \_\_\_\_\_
- iv. Name of District \_\_\_\_\_
- v. Names of the PG/RE members \_\_\_\_\_

Sl #	Name	Designation
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		

- vi. Total population of the village \_\_\_\_\_
- vii. Total number of households \_\_\_\_\_
- viii. Total number of hardcore poor \_\_\_\_\_
- ix. Total number of poor \_\_\_\_\_



## Appendix II: Certification by 2<sup>nd</sup> party for achieving milestone for signing financial agreement

- 1) The Producer Group (PG) is comparatively older (at least Six Months), formed by at least 20 potential members of the RELI with regular savings and loan repayment record.
- 2) The PG contains at least 80% female members
- 3) All PG/RE members received training on financial management and livelihood improvement
- 4) The PG/RE has started the current business with a sound plan and linked up with commercial institution for upgrading the business
- 5) Majority members are advance producers and have started IGAs with modern technologies
- 6) The PG/RE has registration or under process of registration/trade licence from legal authority preferably from local cooperative society
- 7) The PG has joint bank account operated by 3 functional committee members in local commercial bank
- 8) The PG members adopted collective purchase of services and inputs and started value addition of marketable products
- 9) The PG members started group approach in marketing of products (handicrafts, vegetables, animals, fishes, poultry etc) to the whole seller or retailers
- 10) No record of internal conflict between members during last one year (either during group meeting or other occasions)

The above particulars and the decision to sign the financing agreement have been discussed, agreed and minutes recorded in the meeting of Producer Group working committee dated \_\_\_\_\_ (insert date).

Date

Certification by:

Signature : \_\_\_\_\_

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Name : \_\_\_\_\_

Convener of PG/RE

Member of PG

## **Appendix III: General Obligation of all Parties**

### **1. General Obligations of the Second Party**

- 1.1 Prepare the PIF application through a consultative participatory process by involving all the beneficiaries. The convener of the PG/RE would be responsible for submitting the application and follow up project proposal. If necessary, the PG/RE may hire service providers for preparing the project proposal
- 1.2 Comply with all requirement mentioned in the CARE Manual in implementing all activities of CARE Fund
- 1.3 Open and maintain separate bank account exclusively to be used for project related financial transactions which shall be operated jointly by the convener and members of Producer Groups. Current A/C # \_\_\_\_\_ Name of Bank \_\_\_\_\_ Branch \_\_\_\_\_
- 1.4 The PG need registration or under the process of registration from the legal authority of the country to apply for the PIF funding. Registration # \_\_\_\_\_ and Name of Registration organization \_\_\_\_\_ Place of registration \_\_\_\_\_
- 1.5 Capacity building of concerned beneficiaries are to be done for financial management, accounts keeping, procurement, social accountability and all sorts of record keeping
- 1.6 The Producer Group/RE shall take appropriate corrective actions proposed by the any Audit party
- 1.7 Apply for release of each installment of the CARE fund along with details of completed milestones as certified by the SDF
- 1.8 Submit monthly reports of progress of project implementation and details of financial transactions to the First Party including final receipts and payments account of the CARE fund funding within three months of release of final installment.
- 1.9 Maintain all books and records including books of accounts, other financial records and minutes of the meetings of second party and all other committees as outlined in the COM.
- 1.10 Procure all goods, materials, labor, transport and other inputs required for the implementation of the CARE as per the procurement guidelines given in the CARE fund manual.
- 1.11 Immediately after completion of all activities under this agreement submit, a completion report, along with to the First Party

## **2. General Obligations of the First Party**

- 2.1 Make available CARE Operational Manuals and its various updates for Project implementation to the second party
- 2.2 Provide facilitation support to the Second Party and other committees
- 2.3 Monitor the progress of project implementation by the Second Party including visiting fields to offer guidance and advice
- 2.4 Appraise and suggest improvements for the CARE Fund with competent experts and concerned officials of SDF
- 2.5 Verify each of the milestones for release of 2<sup>nd</sup> installment of CARE Fund.
- 2.6 Release funds as per the agreed payment terms and service standards.

## **3. Other General Obligations**

- 3.1 All payments under this Agreement will be in pre-defined installments linked to attainment of milestones of verifiable physical achievements and are subject to actual expenditure
- 3.2 Acceptance of the activities at the time of completion of each milestone will be affected on a Certification of completion prepared by the second party and counter signed by the Social Audit committee of the second party. However, the second party shall produce a PG's/RE resolution indicating successful completion of the activities before release of the final Instalment of funds by the first party. The first party may verify the completion of the milestones by an independent team, which will be carried in consultation and in the presence of the representatives of the second party
- 3.3 No cost overruns will be normally permitted under this Agreement
- 3.4 Any disputes between the parties arising out of this Agreement shall first attempt to be settled through mutual and amicable consultation. If the dispute is not settled through such consultations the matter will be referred to the sole arbitration of a committee constituted for the purpose by the Chairperson, Board of Directors of the First Party
- 3.5 The First Party can stop and suspend the activities under this agreement if it is convinced that the Second Party is not performing its duties and obligations satisfactorily as per this Agreement or in the event of financial irregularities, misappropriation of funds, delay in physical progress without genuine reasons, or in the event of serious environmental concerns. Any unutilized amount of the CARE Fund shall be refunded to the First Party
- 3.6 This Agreement may be amended or cancelled by the mutual consent of the two parties in writing
- 3.7 This Agreement shall be governed by the law of Government of Bangladesh

**Annex IV: Draft Procurement Plan of the Project**

Description of Activity	Estimated Cost (Tk)	Procurement Method (Quotation/Tender)	Remarks
Goods			
Works			
Services			
Total			

## Appendix V: Project Implementation Plan

SI #	Activities	Quarter -yearly 1	Quarter -yearly 1	Quarter -yearly 1	Quarter yearly 1	Quarterly early 2	Quarter -yearly 2	Quarter -yearly 2	Quarter-yearly 2
1	[ <i>Descripción of the activity</i> ]								
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									