



BEIRA AGRICULTURAL GROWTH CORRIDOR (BAGC)

Smallholder Support Challenge Fund (SCF)

1. Purpose of the Facility

The Smallholder Support Facility will support the implementation of initiatives leading to the development of sustainable and replicable models of integrating smallholder farmers into markets. The facility will focus on those initiatives that seek to address agricultural support service constraints faced by market focused smallholder farmers. The range of initiatives to be financed includes:

- Innovative models for supply of relevant agricultural support services (Technology development and transfer initiatives, training, credit etc) benefiting smallholder farmers
- Private sector driven outgrower schemes in priority value chains for the corridor

Priority will be given to financing initiatives that can show some impact on beneficiaries within a period of two years.

2. Eligibility of Applicants

Grants will be awarded to Mozambican farmers' organizations, private companies, research institutions and NGOs who can demonstrate that "one off" investment to address identified constraints will enable smallholder farmers to increase their incomes in a sustainable way without the need for ongoing subsidy.

3. Eligible Use of Funds

The facility will only cover the costs of *public goods/ services* that would benefit participating smallholder farmers. Public goods are investments which deliver significant collective benefits but are not profitable in their own right. Examples include:

- demonstration plots
- extension and training programmes
- capacity building for farmers' organisations
- "last mile" infrastructure to serve smallholder farmers, e.g. feeder roads, electricity connections and small

The facility will also cover share of costs of host organization equipment and facilities

4. Ineligible Use of Funds

Grant funds may not be utilized for:

- Activities that would duplicate funding from other national or international sources
- Ceremonies, parties, celebrations, or “representation” expenses.
- Motor vehicles.
- operating or investment costs of private companies

5. Grant Limits

The facility will operate on a matching grant¹ basis and will provide grants to eligible applicants of up to a maximum of USD100.000 per year (maximum two years). The actual grant amount will depend on the requirements of the proposed investment. At the end of this period the activity will be technically evaluated and a decision made on whether or not a further funding period is required or justified. Co-financing of activities with participating organizations will be encouraged.

6. Planned Approach

Grants will be competed for through a two-tier approach: first, requiring an initial Concept Paper and then a full Proposal. This approach allows applicants to first produce a brief paper that focuses primarily on detailing the key elements of the initiative including the problem and potential solution(s) that they intend to address.

6.1 Submission of Concept Note:

The elaboration of the Concept Papers will follow the guidelines provided as Annex 1. Concept notes will be evaluated following guidelines provided below:

Those organizations whose concept papers receive a negative review will be informed in detail and **in writing** within 30 days after the review.

6.2 Submission of Full Proposals

Subsequent to the evaluation of the concept papers, those papers that receive a positive evaluation will be invited to submit a full proposal following guidelines as presented in Annex 2 below. The length and detail required for full proposals shall depend on the nature of the activity proposed and responding organizations. For all applications there will be a limit of 30 double-spaced typed pages, not including the budget and other attachments.

¹ Matching contributions can be in cash or in kind (e.g. personnel time or assets).

Each budget should be fully supported by adequate cost data to establish the reasonableness of proposed project costs. Grantees shall provide budget notes to explain and justify unusual items.

The selection criteria are:

- (i) The activity addresses a constraint faced by a significant number of farmers within an identified value chain
- (ii) The beneficiary smallholder farmers are involved in a market oriented production activities and have identified profitable market opportunities
- (iii) There is a clear innovative element involved in the proposed implementation approach;
- (iv) There is a potentially strong demonstration effect which could lead to replication in other locations; and
- (v) There is a clear exit plan for the support (i.e. no need for ongoing subsidy)

7. Application Process

Applicants will be required to submit applications to the BAGC secretariat. Grant applications will be evaluated by a Special Committee that has been established for this purpose.

Annex 1. Concept Paper Template

A. Identification	
Title of Sub-project	
Name of organization:	
Type organization (Attach a copy of legal registration in Lesotho the organization is an Association, NGO or commercial entity)	
Contact Person for Institutional Officer legally authorized to sign on behalf of the institution:	
Address:	
Phone	
Fax	
Cell:	
Email of institutional representative::	
Total proposed budget:	
Technical Description of the Problem that the initiative addresses (Problem statement, background information, alignment of the initiative with the BAGC Support objectives, degree of involvement of private sector actors)	

Technical description of the initiative: Present the key elements of the initiative. Describe the main activities; Discuss how the initiative will contribute to the integration of smallholder farmers into markets; Describe the innovative element of this initiative

Describe the implementation methodology, length of sub-project and major activities. Highlight innovative element in the implementation approach proposed

Clearly indicate the expected outputs and results and the form in which they can be evaluated:

Indicate the benefits for the producer? What benefits can this initiative bring to the producer and/or how does the initiative increase the producer's income? Present a financial analysis to show the profitability of the proposed sub-project and thus the financial attractiveness of it for eventual take up by smallholders.

Sustainability: Present how the proposed activities will be sustained at the end of the funding. (Sustainability needs to be guaranteed through the participating institutions or through sustained relationship between farmers and agribusiness)

List any constraints that may affect the execution of the sub-project and your plans for dealing with them. (describe how you will deal with the constraints):

Has this sub-project or any part of it ever received funding? If yes, state the amount, objective, source and termination date:

Documents to be attached

1. Background information on the institution
2. Illustrative Budget including financial analysis
3. CV of key personnel to implement project

Annex 2: Guideline for Full Sub-project Proposal Preparation

DESCRIPTION OF THE PROJECT

Executive Summary *[Maximum 3-4 pages]*

1. Problem statement

[What is/ are the problem(s) the project will try to resolve and/ or address?]

[About 10 lines]

2. Statement of goals and objectives

[Objectives should be: specific, measurable, attainable, realistic and time-bound]

[About 5-8 lines]

3. Description of the initiative Proposed/ Description of implementation methodology/ approach

[Which are the key components and proposed activities of the sub-project? What and how are you going to do in practice to implement the sub-project? Who will be responsible for the implementation of specific activities? explain the innovative element of the

[About 20 lines]

4. The relation of the sub-project with other ongoing activities

[What has already been/is being done; what have you already done; who else is working in this issue the sub-project is going to address, and; how is this proposal different from the work already been/ being done by you and/ or the others]

[About 5-10 lines]

5. Facilities and resources available for the sub-project

[What resources are necessary for the completion of the project; detailed facilities/ resources that the applicant and participating organizations provide in cash and/ or in-kind for the sub-project]

[About 5-10 lines]

6. Expected outputs and impact *[Maximum 1/2 -1 page]*

[Describe which are the expected outputs and results of the project and what will be their socio-economic impact including a statement of the gender impact and benefits for women. Consider how the sub-project will improve the current situation in the given sector of the agriculture]

7. Beneficiaries of the sub-project *[Maximum 1/2 -1 page]*

[Who will benefit directly and indirectly from those outputs and how do they benefit (number of persons)?

Probability of adoption of the proposed technology by others (i.e., which groups of farmers/processors/ traders/ etc., and which regions will the expected sub-project outputs be replicable?]

8. Capacity statement *[Maximum 1 - 1 and 1/2 pages]*

9. Risks to the sub-project *[Maximum ½ page]*

[Describe the major risks to a successful implementation and completion of the sub-project, including the environmental risks, as well as the remedial actions to be undertaken by you]

10. Replicability of the sub-project

Describe the prospects of replicability of the initiative being promoted

11. Budget

Indicate amount required, as well as requirements of equipment, consumables, personnel, labor, etc. (attached Budget - excel file). Indicate contributions by applicant, beneficiaries

12. Has this sub-project or any part of it ever received funding? *If yes, state the amount, objective, source and termination date:*

12. Is this activity the continuation of an activity already in progress? *If that is the case, discuss how the funding is going to expand the sub-project and is not going to replace funds or replicate activities of the on-going sub-project*