

## **SECTION 5.0. WINDOW TWO IMPLEMENTATION PROCEDURES**

This section outlines the implementation procedures for Window Two grants in terms of the overall eligibility criteria, eligible expenditures, cost sharing, and training, details of the four stages of implementation, and ineligible activities & expenditures.

With an agribusiness business focus, Window Two aims to support about 25 eligible groups who will apply for matching grants of up to USD 50,000 (approximately SAT131,000); to fund investment projects to expand or jump-start business activities and/or strengthen the required market linkages.

### **5.1. Overall Eligibility Criteria**

Producer organizations (registered groups and cooperatives), agribusiness Micro, Small and Medium Enterprises (MSMEs) with community and smallholder value chain linkages, and villages with Community Based Fisheries Management Programs will be eligible for Window Two. Through this Window, the MGP will strengthen capacity and agribusiness activities of the eligible groups and the value chains of the small farmers and fishers in the target sub-sectors of crops (including F&V, tree crops, root crops), fisheries, and livestock; as well subsidizing new technologies.

The MGP will include fishing villages and fisheries organizations that provide public goods and services. Under the Samoa Fisheries Management Act 2016, villages have the power to implement bylaws including the development and enforcement of village rules to conserve and manage fisheries resources. With the appropriate tools, equipment and leadership, villages are able to play a leading role in sustainable food supply from their lagoon fisheries and adjacent ocean waters as well as facilitating livelihood improvements and engagement of village youth in fisheries development activities.

Eligible beneficiaries will be selected from those who have registered their interests by completing the Registration Forms, have attended all required trainings and have submitted realistic Business Plans that will have the maximum potential to deliver positive impacts, are viable and provide sustained benefits to the agricultural and fisheries sector of Samoa. Short listing will focus on those business plans that will (i) strengthen existing or develop new value chains, (ii) support value addition for agricultural, fish and seafood products, and (iii) which have the potential to improve production sustainably.

Window Two is intended to support a collective business activity that is a priority of the eligible group or the MSME, as detailed in the business plan submitted by the group or the MSME. MGP financing cannot be disaggregated to fund individual members of a group's activities nor can it be used on multiple, diverse activities of the group. An applicant for the MGP under Window One is also eligible under Window Two but as part of a farming or fishing group. In addition, the individual beneficiary cannot use funds from Window Two as additional grant financing for his/her Window One project activities.

With regards to Producer organizations, evidence must be provided to confirm the organization's existence for at least a year. These include registration with the Ministry of Commerce Industry and Labour (MCIL), annual financial statements and a bank account. Similarly, for MSMEs, evidence must be provided to confirm existence for at least a year. These include a business license from the Ministry of Customs and Revenue (MCR), annual financial statements and a bank account. For villages with Community Based Fisheries Management Program (CBFMP), evidences must be provided to confirm existence of a CBFMP Advisory Committee and a bank account.

In order to ensure that the proposed investment project truly has the interest and full support of the group, members of the executive committee/board must participate in the investment training program and sign up on any loans that are taken out to support the business plan. The executive body of Producer Groups and Village Based Fisheries Management Advisory Committees must sign the business plans on behalf of their respective farming/fishing groups. For MSMEs, the owner must sign the business plan. For the grant agreements, the President and Treasurer of such farming and fishing groups can sign on behalf of the group and the owner on behalf of the MSME. The types of beneficiaries targeted for Windows Two as explained above are summarized in table 7 below.

**Table 7: Type of Beneficiary Targeted under Window Two**

<b>Type of Beneficiary Targeted</b>	<b>Examples</b>
<p><b>Producer Organisations</b></p>	<p>1) Tautai Samoa Association, Farmers Associations</p> <p>2) Women in Business Development Incorporated</p> <p>3) Samoa Women Association of Growers</p>
<p>Micro Small Medium Enterprises (MSMEs) that demonstrate contractual arrangements with subsistence, semi-subsistence and semi-commercial farmers and fishers, or entrepreneurs whose agribusiness activities demonstrate significant value chain linkages with community groups, producers or fisher associations</p> <p>Larger scale SME entrepreneurs whose agribusiness activities demonstrate significant value chain linkages with community groups, producers or fisher associations</p>	<p>1) Small Scale Artisanal Fisheries Operators</p> <p>2) Sole traders and family-oriented agribusinesses</p> <p>3) Livestock multiplier farmers</p> <p>MGP will follow the MSME definition by the MCIL: for a micro business, the number of registered employees is less than 5, for a small business, the number of employees is between 5-9, for a medium business, the number of employees is between 10 – 25.<sup>1</sup></p>
<p>Villages with Community Based Fisheries Management Programs (CBFMP) govern by CBFMP Advisory Committees</p>	<p>1) Savaia Village Fisheries Management Program</p> <p>2) Vaisala Village Fisheries Management Program</p>

## 5.2. Eligible Expenditures

Expenditures that will be eligible for funding under Window Two grants are provided in the tables below with Table 8 highlighting the type of innovations targeted and Table 9 providing eligible expenditures by sub-category and expenditure type. The operating costs cannot exceed 30% of the total investment project costs.

<sup>1</sup> An MSME definition is in the process of being finalized by the MCIL, the interim definition above is added as a guide and will be updated when the policy is finalized.

**Table 8: Examples of Innovations for Consideration under Window Two**

Objective per sub-category	Expenditures	Innovations
To increase sales of livestock produced for local markets <sup>2</sup>	Pasture improvements and inputs for start-up ventures Improved livestock and husbandry tools	Introduction of climate resilient feed crops and pasture banks
To increase crop production for local market <sup>3</sup>	Small irrigation equipment Better quality inputs	Introduction of irrigation system (Increased resilience)
To safely increase fisheries production <sup>4</sup>	Small alia Fishing gear, engines	Improved fishing practices <sup>5</sup> , reduced pressure on lagoon stocks
To increase fish farm production for local markets	Construction of pond culture systems	Improved and diversified food production
To conserve and manage Village reserves	Small motorized boat VHF radios, search light	Rapid and efficient monitoring of lagoon reserves at night
To increase access to fish through near-shore Fish Aggregating Devices) FADS.  Enhance inshore fisheries management through access to offshore pelagic nearshore FADs <sup>6</sup> for fish production.	FAD materials Small motorized boat Deployment of FAD	Decreased lagoon fishing Village Based Management Alternative Food supply Youth engagement in responsible fisheries
Enhance shore-based infrastructure that improves fish handling and phytosanitary as well as landing site site improvements to reduce risks of loss of boats and related equipment to natural disasters.	Shore-based infrastructure and related equipment for phytosanitary and landing site improvements resilient to natural disasters.	Improved shore-based fish handling and phytosanitary Reduced risk loss of boats and equipment. Improved resilience to natural disasters.

Table 9 below identifies the types of eligible expenditures (capital and operational) for Window Two grants, in addition to the targeted innovations in Table 8 above.

**Table 9: Eligible Expenditures for MGP Window Two**

Sub-category	Window Two	
F&V (including high-value spices)	<b>Capital Costs</b> <ul style="list-style-type: none"> <li>• Fruit and vegetable market setup/stall</li> <li>• Improved farm access</li> <li>• Sales website</li> <li>• Marketing promotion materials</li> </ul>	<b>Operating Costs (first cycle)</b> <ul style="list-style-type: none"> <li>• Planting material</li> <li>• Fertilizers and Agro-chemicals on the Approved Pesticides List</li> <li>• Marketing costs (e.g. boxes, transport, etc.)</li> </ul>

<sup>2</sup> Indicators for objective will be determined upon completion of baseline analysis and in consultation with APHD

<sup>3</sup> Indicators for objective will be determined upon completion of baseline analysis and in consultation with CD

<sup>4</sup> Indicators for objective will be determined upon completion of baseline analysis and in consultation with FD

<sup>5</sup> Improved fishing practices includes practices that reduce the risk of accidents at sea including those linked to weather, mechanical failures, design and construction, fishing regulations and human behavior.

<sup>6</sup> Village FAD's are anchored FADs that are installed in the nearshore waters close to the coastline. They are different from free floating FADs used by industrial fishing vessels offshore and are considered a valuable asset for subsistence fisheries for livelihood and food security. <http://www.fao.org/3/a-ar482e.pdf>

	<ul style="list-style-type: none"> <li>• Packing house</li> <li>• Specialized training</li> <li>• Storage facilities for Good Agricultural Practices (GAPs)</li> <li>• Irrigation equipment, water harvesting/storage (water tanks and water pumps)</li> <li>• Solar panel</li> <li>• Tractor (heavy duty)</li> <li>• Crop shelter (e.g. poly-tunnels, shade cloth, etc.)</li> <li>• Plant nurseries</li> <li>• Seed processors (open pollinated)</li> <li>• Transportation for market support e.g. cooler trucks, plantation vehicles.</li> <li>• Trailers</li> </ul>	<ul style="list-style-type: none"> <li>• Soil medium (e.g. topsoil, river sand)</li> </ul>
<b>Plantation Tree Crops &amp; Fruit Trees</b>	<b>Capital Costs</b> <ul style="list-style-type: none"> <li>• Water harvesting/storage</li> <li>• Improved farm access</li> <li>• Plant nursery</li> <li>• Crop drying facilities</li> <li>• Farm produce aggregation facilities (local warehousing)</li> <li>• Produce processing equipment</li> <li>• Market warehouse facilities</li> <li>• Sales website</li> <li>• Storage room</li> <li>• Food processing facilities</li> <li>• Packhouse</li> <li>• Transportation for market support e.g. cooler trucks, plantation vehicles.</li> <li>• Trailers</li> </ul>	<b>Operating Costs for start-up</b> <ul style="list-style-type: none"> <li>• Marketing promotion materials</li> <li>• Packing, storage and cleaning materials</li> <li>• Inspection/certification services</li> <li>• Fertilizers &amp; Agro-chemicals on Approved List of Pesticides</li> <li>• Planting materials</li> </ul>
<b>Root crops</b>	<b>Capital Costs</b> <ul style="list-style-type: none"> <li>• Water harvesting/storage</li> <li>• Improved farm access</li> <li>• Plant nursery</li> <li>• Crop drying facilities</li> <li>• Farm produce aggregation facilities (local warehousing)</li> <li>• Produce processing equipment</li> <li>• Market warehouse facilities</li> <li>• Sales website</li> <li>• Storage facilities</li> <li>• Food processing facilities e.g. chip processors</li> <li>• Packhouses</li> <li>• Transportation for market support e.g. cooler trucks, plantation vehicles.</li> <li>• Trailers</li> </ul>	<b>Operating Costs for start-up</b> <ul style="list-style-type: none"> <li>• Marketing promotion materials</li> <li>• Packing, storage and cleaning materials</li> <li>• Inspection/certification services</li> <li>• Fertilizers &amp; Agro-chemicals on Approved List of Pesticides</li> <li>• Planting materials</li> </ul>
<b>Livestock including Cattle, Sheep, Piggery, Poultry, Honey production Dairy production</b>	<b>Capital Costs</b> <ul style="list-style-type: none"> <li>• Waste management systems</li> <li>• Improved farm access</li> <li>• Meat processing equipment/butchery</li> <li>• Fattening feedlot</li> <li>• Herd/flock management software</li> <li>• Vet crush/swinging gates and fencing material in yards</li> <li>• Processing equipment for honey and other bee hive production</li> </ul>	<b>Operating Costs for start-up</b> <ul style="list-style-type: none"> <li>• Stockyard refurbishment</li> <li>• Fencing repairs</li> <li>• Incubator repairs</li> <li>• Irrigation/water supply</li> <li>• Vet drugs</li> <li>• Cleaning material for SSU and meat processing units</li> <li>• Marketing strategy and implementation</li> </ul>

	<ul style="list-style-type: none"> <li>• Marketing/branding capital</li> <li>• Storage facilities for GAPs</li> <li>• Trailers</li> <li>• Honey processing equipment &amp; tools</li> </ul>	<ul style="list-style-type: none"> <li>• Expert assistance/training</li> <li>• Safety gear</li> </ul>
<b>Fisheries</b> <b>Aquaculture</b>	<b>Capital Costs</b> <ul style="list-style-type: none"> <li>• Alia</li> <li>• Approved fish finding electronics, fishing gears and fishing systems</li> <li>• FADs</li> <li>• Ice machines</li> <li>• Setting up a mechanic shop</li> <li>• Small fish markets</li> <li>• Compliant value-added processing equipment (e.g. smokers, dryers)</li> <li>• Approved mobile (trailerable) fish sales trailer with improved phytosanitary</li> <li>• MSC/Surveillance gear or eco-tourism boats (kayaks)</li> <li>• Signage or materials for community eco-tourism</li> <li>• Reserve markers</li> <li>• Radios (2-way communication)</li> <li>• Portable cold storage ice boxes</li> <li>• Water pumps</li> <li>• Agriculture harvesting nets</li> <li>• Live fish sales, set up and materials</li> <li>• New ponds construction</li> </ul>	<b>Operating Costs for start-up</b> <ul style="list-style-type: none"> <li>• Fish pond stocking and feed</li> <li>• Pond repairs</li> <li>• Feed production</li> <li>• Fish transport containers</li> </ul>

### 5.3. Cost Sharing

For Windows Two, the MGP will provide matching grants that will cover 50% of the eligible investment project costs as outlined in the business plan. The other 50% will be provided by the eligible beneficiary as contribution which will include at least 30% cash and maximum 20% in-kind. The cash contribution of 30% can be sourced from beneficiary savings (evidence by a bank statement) or/and a bank loan.

In addition, cash contribution can be in any form of savings (cash) which the beneficiary will contribute towards the project; including the value of short-term assets (e.g. value of crops or livestock which can be sold to contribute towards the project as cash), operational expenses that will be incurred or fixed assets that will be purchased after approval of the business plan<sup>7</sup>. The operating costs cannot exceed 30% of the total investment project costs.

In this context and based on consultations with farmers and fishers, in-kind contribution is defined as assets which the beneficiary can contribute to the project during the lifetime of the project (for purposes of cost estimates, this time frame will be dependent on the project sub-category) or in the form of personal or family labor (refer to section 4.3 for details).

### 5.4. Training

Training of eligible beneficiaries under Window Two is a critical part of the MGP process, as it is a prerequisite for successful development of business plans for approval of funding. The training under Window Two are the same training under Window One for individual farmers and fishers. However, it is noted that some producer groups may already be well aware of the process of putting together a

<sup>7</sup> Refer to MAF Farm management manual for values of cash and in-kind contribution.

business plan as well as financial literacy and loan applications. Therefore, some of these proposed trainings will only be provided when required by the producer groups, although attendance is encouraged as a refresher.

To minimize the risks of accidents at sea, the provision of safety equipment and the provision of training in its safe use, operation and its maintenance will be provided by the project before making the grant award. The grantees will not be required to include the safety equipment in their business plans. The equipment is procured outside of the grant funded projects (See section 4.4).

Training will be carried out in smaller groups by beneficiary type (refer tables 10 - 12) to allow for specific technical sessions to take place, as well as to allow MAF, SBH and DBS to carry out all core training back to back for selected groups. The aim is to allow eligible beneficiaries to attend training in smaller interest groups and be given the opportunity to work with technical staff (in MAF) in development of the technical aspects of their business plans; and with SBH and DBS in developing the

<b>Sub-category</b>	<b>Training type</b>	<b>Timeframe</b>	<b>Responsible</b>
<b>Fruits &amp;Vegetables</b>	Gross Margin Analysis training specific to crops	Core training before Business Plans development	MAF Crops Division
	Business Plan Development	Core training required during the development stage	SBH
<b>Fruit Trees</b>	Financial and Digital Literacy training	Core training that will be implemented first during development stage and throughout the lifecycle of the project when required	SBH and E-voucher Service Provider
<b>Plantation crops</b>	Environment and Social Safeguards	Core training that will be implemented for beneficiaries with projects that will be assessed to have environmental & social impacts	MAF Safeguards officers & CTSSU Safeguards Specialist
<b>Tree crops</b>	Record books	Core training that will be implemented during the development stage, with refreshers throughout the lifecycle of the project	MAF Crops Division
<b>Root crops</b>	Loan Application & Disbursement Processes	Core training that will be done only for beneficiaries requesting loans	DBS and other Financial Institutions
	Legal requirements of the Grant Agreement	Core training that will be implemented before the grant signing ceremony	MAF Legal Counsel
	Technical Training	Training that will be implemented throughout the lifecycle of the project depending on the farmers' needs	MAF Crops Division
	SAFPROM Grievance Redress Mechanism	Core training that will be done during the development stage	MAF Safeguards Officers

financial and management aspects of their business plans; with a timeframe of two weeks.

**Table 11: Training for Livestock Sub-sector Beneficiaries**

<b>Sub-category</b>	<b>Training type</b>	<b>Time of Training</b>	<b>Responsible</b>
<b>Cattle</b>	Business Plan Development	Core training required during the development stage	SBH
<b>Sheep</b>	Financial and Digital Literacy training	Core training that will be implemented first during development stage and throughout the lifecycle of the project when required	SBH and E-voucher Service Provider
<b>Piggery</b>	Environment and Social Safeguards	Core training that will be implemented for beneficiaries with projects that will be assessed to have environmental & social impacts	CTSSU Safeguards Specialist and MAF Safeguards officers
<b>Poultry</b>			
<b>Honey production</b>	Record books	Core training that will be implemented during the development stage, with refreshers throughout the lifecycle of the project	MAF Animal Production & Health Division
<b>Dairy production</b>	Loan Application & Disbursement Processes	Core training that will be done only for beneficiaries requesting loans	DBS and other Financial Institutions
	Legal requirements of the Grant Agreement	Core training that will be implemented before the grant signing ceremony	MAF Legal Counsel
	Technical Training	Training that will be implemented throughout the lifecycle of the project depending on the beneficiaries' needs, with emphasis on pasture development and pig feed production	MAF Animal Production & Health Division
	SAFPROM Grievance Redress Mechanism	Core training that will be done during the development stage	MAF Safeguards Officers

**Table 12: Training for Fisheries Sub-sector Beneficiaries**

<b>Sub-category</b>	<b>Training type</b>	<b>Time of Training</b>	<b>Responsible</b>
<b>Aquaculture Fisheries</b>	Business Plan Development	Core training required during the development stage	SBH
	Financial and Digital Literacy training	Core training that will be implemented first during development stage and throughout the lifecycle of the project when required	SBH and E-voucher Service Provider
	Environment and Social Safeguards	Core training that will be implemented for beneficiaries with projects that will be assessed to have environmental & social impacts (refer annex	CTSSU Safeguards Specialist and MAF Safeguards officers
	Record books / Logs	Core training that will be implemented during the development stage, with refreshers throughout the lifecycle of the project	MAF Fisheries Division
	Loan Application and Disbursement Process	Core training that will be done only for beneficiaries requesting loans	DBS and other Financial Institutions
	Legal requirements of the Grant Agreement	Core training that will be implemented before the grant signing ceremony	MAF Legal Counsel
	Technical Training	Training that will be implemented throughout the lifecycle of the project depending on the beneficiaries' needs	MAF Fisheries Division
	SAFPROM Grievance Redress Mechanism	Core training that will be done during the development stage	MAF Safeguards Officers
	Safety at Sea – Use and maintenance of safety equipment grab bags <sup>8</sup>	Prior to award of grant	MAF Fisheries Division

<sup>8</sup> Applicable to successful grant applicants seeking funds related to operating boats at sea and includes project financed safety grab bag equipment



## 5.5. Window Two Implementation Process

The MGP implementation process involves four stages with specific activities to be carried out;

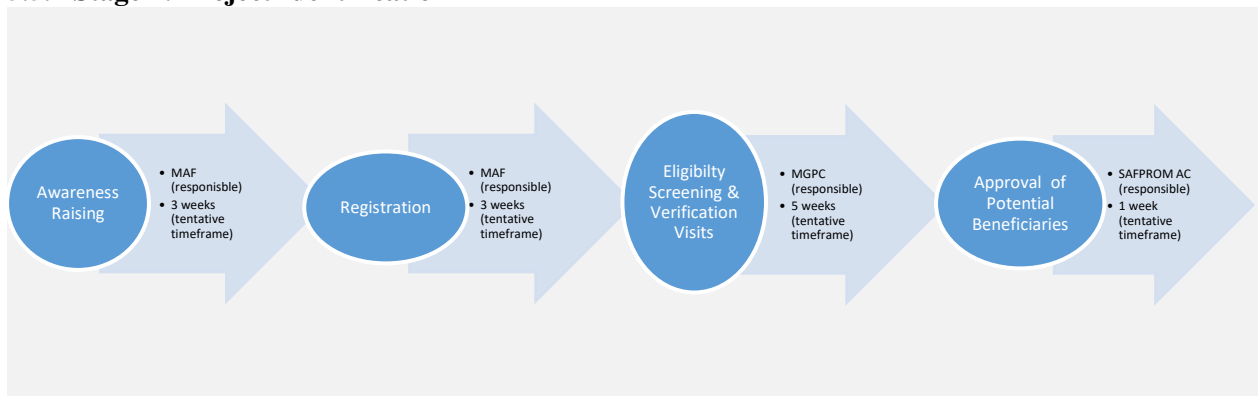
**Stage 1: Project Identification,**

**Stage 2: Project Development,**

**Stage 3: Project Approval,**

**Stage 4: Grant Disbursement & Project Monitoring.**

### 5.5.1 Stage 1: Project Identification



**Figure 5: Project Identification Stage Process (Window Two)**

*1. Awareness Raising:* The MGP shall be publicized widely to ensure producer groups, MSMEs and villages with CBFMPs have fair and equal access. MAF shall organize a mass media campaign to inform rural communities about the MGP. The promotion will include orientation sessions across the country. A specific emphasis will be given to inform the fisher folk and tree crop communities since these sectors have not had experience or exposure to the previous MGP under SACEP. Women and youth groups will also be a priority for communication and dialogue to promote their active participation in the MGP. Through the mass media campaign, producer groups, MSMEs and villages with CBFMPs will be invited to register their interest in participating and accessing the MGP.

*2. Registration:* Interested producer groups, MSMEs and villages with CBFMPs will register using the MGP Registration Form (Annex 4). MAF will provide support in explaining and completing the registration forms during the awareness raising sessions.

*3. Eligibility Screening and Verification Visits:* The potential beneficiaries who will submit completed registration forms will be initially screened by MAF to sort these into the different sub-sector (crops, livestock, fisheries) and sub-categories (F&V, fruit trees, tree crops, root crops, cattle, poultry, sheep, fisheries and aquaculture). The MGPC will then review these against the eligible objectives of the project and against the SACEP blacklist<sup>9</sup> before carrying out verification visits to potential

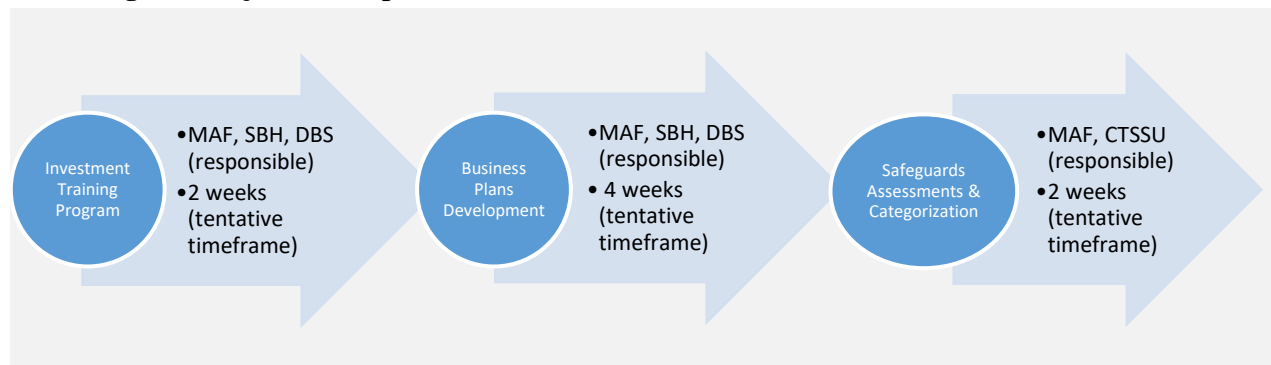
<sup>9</sup> This is the list of noncompliant beneficiaries under SACEP MGP.

beneficiaries. The screening process includes field visits to confirm the contents of the registration form and assess both the viability of the proposed investment idea in terms of economy of scale, and the technical capacity of the beneficiaries' natural resources (especially land and land quality) to implement the project. MAF shall provide technical advice to the potential beneficiaries to improve the investment project ideas that should help achieve their goals and are in line with the overall MGP objectives. Special care must be taken to ensure that only serious potential beneficiaries with feasible project concepts are advanced to the project development stage. To do this, the wealth of experience and extensive knowledge in MAF, SBH and DBS who are working in Samoa's agriculture sector will be used.

It will also assess the possibility that the potential beneficiaries may require a loan. The potential beneficiaries requiring loans will be verified by the DBS and SBH based on their eligibility criteria.

*4. Approval of Potential Beneficiaries:* The list of eligible potential beneficiaries will be summarized by MAF and presented to the MGPC for final review. The MGPC recommendations on selected eligible beneficiaries that will be advanced to project development stage will then be submitted to the SAFPROM Advisory Committee for approval. Approved eligible beneficiaries will be notified in writing about advancement to stage 2 of the process (project development), inclusive of the compulsory investment training program requirements. Unsuccessful applicants will also be informed about the reasons for decline, in writing.

### 5.5.2. Stage 2: Project Development



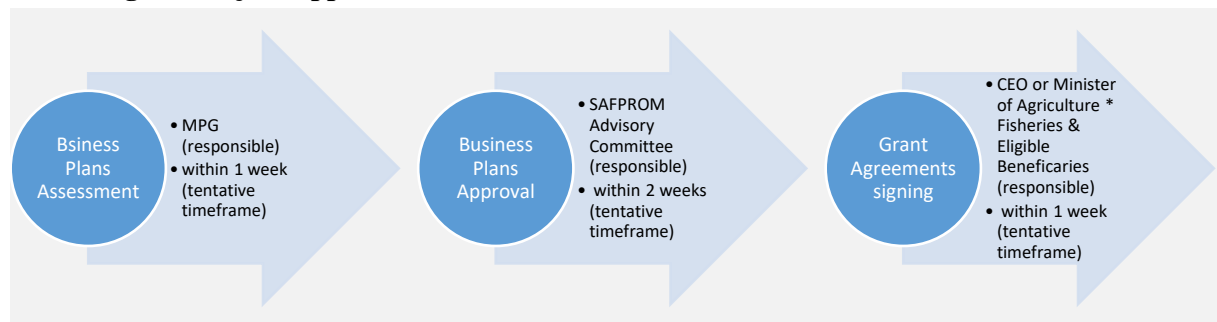
**Figure 6: Project Development Process (Window Two)**

- 1. Investment Training Program:* MAF in collaboration with SBH and DBS will organize an Investment Training Program (a set of core training required) for potential eligible beneficiaries. The training program will be conducted in smaller number of 3 groups (maximum of 5 groups) participants per training session. In this respect, training will be done in sub-category groups so technical issues can be discussed and addressed comprehensively with technical divisions of MAF. Spread over two weeks per group, the training program will include half day classroom sessions and plantation/farm visits for practical demonstration of best practices and new methodologies/technologies. The training will be conducted in Samoan and English, whichever is appropriate. Refresher workshops will be done throughout the MGP life cycle, depending on the areas demanded by window two beneficiaries, and gaps noted by the MGPC and MAF technical divisions during their monitoring visits. After each training, an evaluation form will be provided to gauge the relevancy and usefulness to trained beneficiaries.

2. *Business Plans Development:* Simultaneously, eligible beneficiaries will be assisted with development of their respective business plans (template in Annex 5) during the compulsory training program so that all aspects can be addressed while MAF, SBH and DBS staff are available. Those requiring loans will also be facilitated in terms of credit access to DBS and loan guarantee access from SBH, following relevant training as outlined in the tables above. Business plans should be substantially completed after two weeks of training; and must be submitted to MAF within two weeks after the training program to allow potential beneficiaries to do a final review before submission.

3. *Safeguards Assessment & Categorization:* During the development of business plans, potential social and environmental safeguards issues and risks will be identified, and support will be provided to eligible beneficiaries with proposed mitigation measures to be included in the Business Plan. Based on the observations from the verification visits, and the completed business plans submitted, MAF will categorize the projects according to the safeguard risks. To ensure compliance with the World Bank's Environmental and Social Safeguards Framework, MAF will work with the Safeguards Specialist in CTSSU.

### 5.5.3. Stage 3: Project Approval



**Figure 7: Project Approval Process (Window Two)**

1. *Business Plans Assessment:* Upon receipt of completed business plans from eligible trained beneficiaries, the MGPC will review these against MGP objectives and make recommendations to the SAFPROM Advisory Committee for approval. For those requiring loans, the MAF will support them through this process but it will be the responsibility of the beneficiary to actively seek this support from available financial institutions if they require a loan.

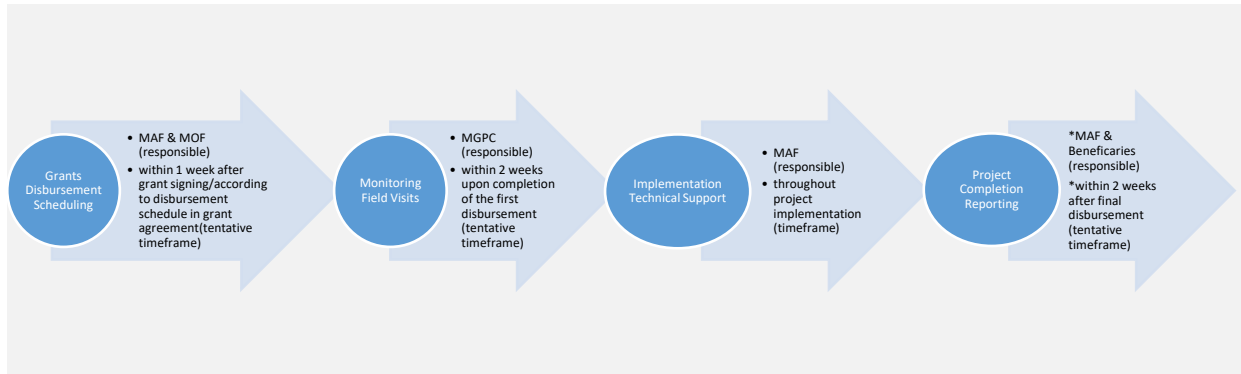
2. *Business Plans Approval:* The SAFPROM Advisory Committee will convene to review and approve all completed and complied business plans from eligible trained beneficiaries; based on the recommendations of the MGPC. Additional meetings can be arranged to approve completed business plans awaiting loan approvals if required<sup>10</sup>.

3. *Grant Agreements signing:* Following approval of the SAFPROM Advisory Committee, and depending on the grant amount approved, MAF will liaise with either the Office of the CEO for MAF or the Minister for MAF about the signing of the grant agreements. Eligible beneficiaries with approved business plans will be informed by MAF. Before the grant agreement signing ceremony, MAF (legal counsel) will conduct a session on the legal requirements of the grant agreement with the eligible

<sup>10</sup> For the first round of the MGP Windows 2, a total of 5 completed business plans from the respective sub-categories (i.e. Fisheries, Crops and Livestock) will be submitted to the WB for their No Objection before the first disbursements are made to the beneficiaries.

beneficiaries. MAF will maintain one set of original grant agreements in the project files while the respective beneficiaries will maintain their original grant agreements. Copies will be provided to SBH for their records if required. The template for the grant agreement is provided in Annex 6.

#### 5.5.4. Stage 4: Grant Disbursement and Project Monitoring



**Figure 8: Grant Disbursement & Project Monitoring Process (Window Two)**

*1. Grant Disbursement Scheduling:* All MGP grants will be disbursed in tranches of up to three. The number of grant disbursement tranches and the milestones that need to be met in order to receive subsequent tranches will be specified in the Grant Agreement and will vary depending on the nature of the project activities. For window two, grants will be disbursed via the e-voucher system using accredited participating suppliers. Where the purchases cannot be made in this way (e.g. direct purchases such as for cattle or seedlings from MAF), they should be covered by the beneficiaries' own resources and borrowed funds (e.g. loan from DBS will be paid directly into the suppliers account). On an exceptional basis, the Government's Finance One System will be used. Exceptions are further clarified in section 6.

*2. Monitoring Field Visits:* There will be a mandatory monitoring field visit to trigger the second grant disbursement for all projects. Upon completion of the first disbursement, the MGPC shall undertake an on-site monitoring visit to verify progress against milestones, and help the beneficiaries complete the progress report to trigger release of the second tranche. This process will be repeated for the third tranche disbursement. In the event that only one disbursement may be required (depending on the nature of the project (e.g. procurement of a heavy-duty tractor)), verification will be done on the beneficiary's contribution prior to the release of the matching grant. MAF will be responsible for organizing the monitoring field visits in consultation with the MGPC and eligible beneficiaries.

*3. Implementation Technical Support:* MAF will make regular contact (fortnightly) with / visits (at least monthly) to beneficiaries to provide technical support during implementation of projects and identify potential issues. These visits will ensure grants are being used in accordance with the approved business plans, so returns from their investments are maximized. The information and observations from all the visits and the technical support provided will be recorded and shared through the Management Information System (MIS).

*4. Project Completion Reporting:* After the final disbursement and visit to confirm full implementation of the investment projects, MAF will work with the eligible beneficiaries to prepare project completion reports for submission to the MGPC. Template for the project progress/completion reports is provided in Annex 7.

## **5.6. Reporting Requirements**

The MGPC will visit the beneficiaries to follow up on the progress of activities in line with approved business plans, after the release of each tranche. During these monitoring visits, beneficiaries will be assisted in completing project progress reports. These progress reports will be used to trigger the next disbursement tranches. Upon completion of projects, beneficiaries with assistance of MAF will prepare and submit project completion reports. Both project progress and completion reports will be presented to the MGPC quarterly meetings for monitoring of the overall MGP. These reports will be consolidated into the overall project semi-annual progress reports presented to the SAFPROM Advisory Committee for review and endorsement prior to submission to the Bank via MOF.

## **5.7. Ineligible Activities and Expenditures**

The following is a list of activities which are not eligible for MGP financing under Window Two:

- Any investments and expenses not directly related to conduct activities of the investment projects as defined in the business plan.
- Personal Road Vehicles (excludes farm vehicles, refrigerated fish trucks), computers, and cell phones.
- Land purchase.
- Salaries as recurrent expenses.
- Insurance
- Debt repayments from existing obligations
- Operating costs exceeding 30% of the total investment project costs
- Activities that are not in compliance with the World Bank ESMF