

Call for Expressions of Interests

Invitation for Investment Proposals in Agri-enterprise establishment in CARLEP Programme Areas for 2023-24 FY

1 Background

The commercial Agriculture and Resilient Livelihoods Enhancement Programme (CARLEP) aims to facilitate transformation of a subsistence-based rural agricultural economy into a sustainable value chain and market driven productive sector by promoting climate smart approaches in agriculture and strengthening capacities of communities and local institutions. It builds on prior IFAD interventions focused on increased agricultural production and makes a basic shift in approach towards marketing and climate resilient farming practices.

In addition, the Programme provides a window of support for entrepreneurs, particularly young entrepreneurs, to start businesses linked to the selected value chains. One of the strategies adopted to stimulate private investments in small and medium-scale Agri-enterprise and achieve relatively quick result is introduction of a matching grant scheme. Using matching grant as an interim instrument to co-finance (in kind) productive investments is to attract youths in agri-businesses that would have wider benefits across the agricultural value chains besides fulfilling the goal of national food self-sufficiency.

The MG will initially operate under three Windows for investments (*Window 1: Production Enterprise; Window 2: Service Provider Enterprise; Window 3: Manufacturing Enterprise*), each targeting a particular scale of innovation investment and linked to the function and support services along the value chain.

2 Thematic investment priorities

CARLEP will support Agri-enterprise development in 6 Programme Dzongkhags (Lhuentse, Monggar, Pemagatshel, Samdrup Jongkhar, Trashigang and Trashiyangtse). The aim is to allow youth entrepreneurs to engage in productive Agri-businesses and obtain gainful employment in agriculture sector. Depending on the gap in agricultural value chains, supply and demand mismatch and inadequate support of agricultural entrepreneurs, matching grant scheme will be prioritized to the following thematic areas:

2.1 Commercial Heifer Production Enterprise

The region has been outsourcing dairy cattle from India and other regions within the country. Live animal import has huge implications in terms of economy, importation of diseases and animal welfare aspects. The project that engages in sustainable production of dairy heifers and cows could minimize import besides contributing towards dairy value chain development in the region. In addition, such an enterprise could be in a position to fill the demand gap of dairy heifers and cows from other regions. **A total of six such enterprises will be selected and approved.**

2.2 Dairy equipment maintenance and service enterprise

Dairy sector in the east has grown considerably and lot of dairy value chain infrastructures and equipment (milk chillers, deep freezer, refrigerator, chaff cutter, display chillers, etc.) have been supported by the Projects. The maintenance of those equipment has become an issue which will impact on the sustainability without a single maintenance and service center in place. With the continuous growth of dairy sector in the region, the demand for this service will grow further which is a compelling force for taking it up as an enterprise capable of

catering to 6 Programme Dzongkhags. The Programme anticipates at least one such enterprise in the region.

2.3 Commercial Dairy farming

Although the Programme supports smallholders' dairy farmers and groups, their goals and trajectories of growth have inherently been unclear and yet there are break-even herd sizes required for a viable commercial business. Thus, there is a need to support inclusive horizontal models in which smallholders grow into small commercial and subsequently larger-scale farmers, so that they can make a proper living out of dairy and can be shareholders in milk processing plants. The project has targeted establishment of 6 semi-commercial/commercial dairy farms (>10 cows) in the programme areas.

2.4 Commercial Poultry Enterprise (>3000 birds)

This project is targeted towards increasing self-sufficiency in chicken and eggs, and reducing dependency on the import of livestock products and in doing so, helping reduce the negative balance of trade. With low investment and easy adoption of poultry farming; it provides a great opportunity to encourage young farmers to take up on a commercial scale. Under this initiative, with the CARLEP project providing a space for quick implementation of the projects on the ground, the unemployed youth can not only be gainfully engaged and improve their own lives but they would also contribute significantly to the nation's effort to achieve food security. In total, three such proposals will be selected and approved.

2.5 Commercial Trout Farming

The project will support the establishment of one number trout hatchery and 3 units trout culture within the project area. With increased per capita purchasing power and concern for health care, there is a growing demand for fish which is currently substituted through import from neighboring countries.

2.6 Oyster Mushroom Enterprise

Mushroom is a nutritionally rich food and fetches good income in the market. Although consumer demand for mushroom is growing, there is hardly any successful mushroom enterprise engaged in commercialization. Investments driven by market brings good returns and mushroom farming is one of the avenues to be explored by our youths. A total of three best mushroom proposals will be selected.

2.7 Fruit tree nursery

Two best proposals will be selected for establishment of fruit tree nursery in the Programme areas to meet the demand of fruit tree seedlings.

2.8 Agro-based processing enterprise

The project will support any agro-based processing enterprise ranging from small-scale processing to medium to large-scale processing. With prior and on-going project interventions in agricultural production, production base has increased substantially. However, value addition component is found to be missing in the value chain link because of which our farmers face difficulty in marketing their produce.

3 Eligibility

An applicant showing EOI shall fulfil following eligibility criteria:

- Eligible actors shall be all private actors working in the targeted supply chain cluster, including producers, traders, agribusinesses, service providers and input providers. The producer group from Identified value chain clusters shall be prioritized.
- Solid business plans which include a proper assessment of markets, risks, technical feasibility, financial viability, cost per beneficiary, reliability of other actors in the value chain.
- Producers may be individuals or those organized in informal farmer groups or formal associations or agricultural cooperatives; other private sector actors may have a different legal status such as company/joint-stock, partnership or sole proprietorship;
- Applicants have demonstrated to have access to sufficient funds for investment and working capital;
- An accredited financial institution has approved /sanctioned the loan in principle (for grant applicants requiring a loan);
- The intended sub-project is financially viable and technically feasible;
- No double financing of the same activity under different grant mechanisms, regardless of the fund source.
- Matching Grant shall be one-time support.
- Preference shall be given to youths

4 Expression of Interests

An applicant wishing to apply for matching grant scheme for enterprise establishment on the above thematic areas is required to send an official communication containing detailed project proposal/business plan addressed to: **Office of the Programme management, CARLEP, Wengkhaz, Mongar** and sent to carlep2016@gmail.com duly verified and endorsed by **Dzongkhag Agriculture Officer and Dzongkhag Livestock Officer**.

A template for the Expression of Interest is attached hereto as Annex 1.

The Expression of Interest shall include the Applicant's identification, Project proposal/Business Plan duly verified by Dzongkhag RNR Sector Heads. The business plan/project proposal template is attached hereto as Annex 2.

The Expressions of Interest, including the submitted documents, shall be either in English or Dzongkha.

5 Submission of expression of interests

- The Expressions of Interest shall be submitted by both (i) e-mail **and** (ii) registered mail. The Expressions of Interest sent by registered mail shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form.
- **The submission of EOI is opened with immediate effect and shall be closed on 31st March 2024**
- The Expressions of Interest shall indicate the reference number of the call and the name of the Applicant and shall be sent to the following address:

Postal Address:

Office of the Programme Management

Commercial Agriculture and Resilient Livelihoods Enhancement Programme
Wengkhar: Monggar
Post Box No. 146
Telephone No. 04 641 237

- The electronic version of the Expression of Interest shall be sent to: carlep2016@gmail.com , stating in the subject of the email: “Call for EoI – name of applicant”
- The Applicants may withdraw their Expression of Interest at any stage of the Selection process, by sending (i) an email and (ii) a letter to the above-mentioned addresses.

6 Evaluation/Selection process

The proposal meeting eligibility criteria and the proposed investment consistent with the priority investment area and within the budget limit set out in the matching grant guideline (Attached hereto as Annex 2) will be short-listed for field verification. The following documents should be attached with proposal for **W2** and **W3** to confirm their eligibility:

- Organization registration and renewal documents.
- Certificates /proof of experience in the relevant field
- Proof of adequate credit in the personal account for beneficiary contribution, or If not, loan approval from credible financial institutions.
- Social and Environment clearance, in case of **Medium-scale enterprise under W3**.

Gewog Extension Officer and Dzongkhag Sector head shall conduct field verification for applicant under **W1**, while Technical Evaluation Team will conduct field verification for **W2** and **W3**.

The field verification team will conduct an onsite visit, interact with proponents and stakeholders to ensure the credibility of both the proponent and the investment plan. The verification team will ensure the compilation of all the eligibility and selection criteria, grant solicitation, evaluation, and approval process, and also ensure that the proposed cost is eligible. The verification team will verify the following:

- Documents supporting eligibility criteria,
- Records of past financial documents (books of account, financial reports),
- Technical feasibility of the proposed investment,
- Market and marketing channels
- Financial viability
- Reliability and correctness of the proposal,
- Credibility, management and financial capacity of the applicant,
- Expected benefit to the beneficiary community.

If the proposed investment is not found feasible through technical, financial, business or managerial perspective during assessment, the evaluation team will report to MGC. Accordingly, MGC will immediately notify the applicant on the rejection of proposed investment along with the ground of rejection.

The Matching Grant Committee shall recommend PD to invite expert (technical, Management, Financial) as needed for appraisal of **W3** proposal.

All the members of the Committees should disclose any potential conflict of interest. If any member has a potential conflict of interest he/she will not be involved in the evaluation process. In such a case, the Programme Director will arrange for the replacement of such members.

7 Project support under CARLEP matching grant scheme

Matching Grant (MG) is a partial grant mechanism to stimulate private investment in small and medium-scale agri-enterprises based on a specific project rationale for particular purposes and on condition that the recipient makes a specified contribution for the same purpose or sub-project. A matching grant is a one-time support to project beneficiaries in the form of materials (support in kind), while the matching contributions can be either in cash or in-kind, or a combination of both. They may or may not be provided together with other financial services, such as loans, or linked to them. For more information and matching grant guideline, please visit www.carlep.gov.bt.

Fund Ceiling for Each Investment Window Against Scale of Investment is as shown in the Table.

Investment Scale	Fund ceiling/Percentage for cost-sharing
Semi-Commercial Producer (W1) <i>(Investment Scale do be decided based on production scale)</i>	Fund ceiling – Nu.1.0 million or 60% of total fixed cost or whichever the lower
Commercial Producer (W1) <i>(Investment Scale do be decided based on production scale)</i>	Fund ceiling – Nu. 2.0 million or 60% of total fixed cost or whichever the lower
Micro-scale Service Provider (W2) <i>(Total investment less than Nu. 1 million)</i>	Fund ceiling – Nu. 1.0 million or 60% of total fixed cost or whichever the lower
Small to Medium-scale Manufacturing Enterprise (W3) <i>(Total investment – Nu. 10 – 100 million)</i>	Fund ceiling for small scale– Nu. 5 million or 50% of total fixed cost or whichever the lower Fund ceiling for medium-scale- Nu. 10.0 million or 40% of eligible total fixed cost or whichever the lower

Annex 1. Cover letter

Date:

The Program Director,
Office of the Programme Management
CARLEP,
Wengkhar: Monggar.

Sub: **Expression of Interests (EOI) for**.....(*Insert name of proposed enterprise*)

Sir/madam,

Herewith I am submitting my Expression of Interest in response to call for the expression of interests vide letter No.....(*Insert call for EOI No.*) for establishment of.....(*Please insert proposed name of enterprise*).

The undersigned, by signing this form certifies/certify and declare(s) that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements.

The undersigned has enclosed the following documents:

1. Applicant identification form as annex 2
2. Eligibility criteria form as annex 3
3. Project proposal/Business plan duly verified and endorsed by RNR Sector Heads as annex 4

The Applicant acknowledges and agrees that, if selected, to be abided by the project implementation guidelines.

Yours sincerely,

Signature(s):

Applicant's name:

Date and Place:

Annex 2. Applicant identification

APPLICANT NAME	
CID No. (Please attach a copy of identity card)	
House No.	
Thram No.	
CONTACT DETAILS	Address: Telephone: E-mail:
Business Registration No. if any	

Annex 3. Eligibility criteria

SI No.	Criteria	Check-list
1	Minimum Qualification	
	1.1 School Drop-out	<input type="checkbox"/>
	1.2 VTI/TTI Graduate	<input type="checkbox"/>
	1.3 Diploma	<input type="checkbox"/>
	1.4 Graduate	<input type="checkbox"/>
	1.5 Others (NFE, monastic education, etc)	<input type="checkbox"/>
2	Mode of Farm Operation	
	2.1 Individual Youth	<input type="checkbox"/>
	2.2 Youth Group	<input type="checkbox"/>
3	Financing Mode	
	3.1 Self-Finance	<input type="checkbox"/>
	3.2 Loans from CSI/PSL, etc (Financial Institutions)	<input type="checkbox"/>
	3.3 Both	<input type="checkbox"/>
4	Land tenure for enterprise establishment	
	4.1 Private Owned Land	<input type="checkbox"/>
	4.2 Private Leased Land	<input type="checkbox"/>
	4.3 Community Leased Land	<input type="checkbox"/>
	4.4 Institute Land	<input type="checkbox"/>
	4.5 SRL Land	<input type="checkbox"/>
5	Type of enterprise	
	5.1 Heifer production farm	<input type="checkbox"/>
	5.2 Dairy equipment maintenance and service enterprise	<input type="checkbox"/>
	5.3 Dairy farming	<input type="checkbox"/>
	5.4 Poultry farm	<input type="checkbox"/>
	5.5 Trout culture	<input type="checkbox"/>
	5.6 Mushroom enterprise	<input type="checkbox"/>
	5.7 Fruit tree nursery	<input type="checkbox"/>
	5.8 Agro-based processing enterprise (Please specify)	<input type="checkbox"/>

Annex 4. Project proposal template (This proposal outline is not exhaustive)

1. Title page (Cover)
 - It should include: date, project title, Location of the project, name of the organization and other necessary single line information
2. Introduction
 - Background (Causes of the problem, why your project is needed, project areas, reasons for making this proposal, circumstances leading up to the project, broader plans and strategies of which it is a part
 - Goals and objectives
3. Organizational structure
 - Organizational profile
 - Human resource
4. Technical description (Please describe technical requirements in this section)
5. SWOT analysis
6. Production Plan
 - Define clearly your production cycle
 - Your main product
 - Value addition if any
7. Market analysis
 - Pricing
 - Market place
 - Competitors
 - Marketing network (Product marketing and distribution channel)
8. Financial plan
 - Investment costs
 - Costs of production
 - Profit and loss statement (For minimum five years)
 - Cash flow statement
 - Balance sheet
9. Conclusion