

Annex 2 of Operational Manual
MOLDOVA SOCIAL INVESTMENT FUND II

**MICRO-PROJECT AND CDD GRANT
APPRAISAL HANDBOOK**

APPROVED BY THE NATIONAL COUNCIL

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Micro-project and CDD Grant Appraisal Handbook is considered to be a part of MSIF II Operational Manual. This document has been elaborated in order to facilitate the activity of MSIF Officers, Primarias and Implementing Agencies and local consultants over the whole micro-project's/CDD sub-project's evaluation period since the micro-project Proposal or grant Application are registered at the MSIF Office till the Micro-project or CDD Grant are approved for implementation. It describes in details all the procedures of submission and registration of micro-project Proposals/grant Applications at the MSIF, preliminary selection, prioritization, appraisal and final approval of micro-projects and CDD grants. It also describes actions and responsibilities of MSIF Officers, Local Consultants and, Primaria and Implementing Agency members during the micro-project and grant application evaluation process.

Micro-project and CDD Grant Appraisal Handbook can be useful both for MSIF Officers, Local Consultants and, Primaria and Implementing Agency members.

Table of contents

Chapter 1. Identification of Micro-project / CDD Grant

- 1.1. Submission and reception of micro-project Proposals at the MSIF
- 1.2. Preliminary appraisal of Micro-project
- 1.3. Preliminary Approval of Micro-project Proposal
- 1.4. Submission and reception of CDD grant Application at the MSIF

Chapter 2. Microproject / CDD Grant Appraisal

- 2.1. First stage of Micro-project appraisal
 - 2.1.1 Site Visit
 - 2.1.2 Appraisal Criteria
 - 2.1.3 Environmental Evaluation
- 2.2. Second stage of Micro-project appraisal
- 2.3. Evaluation of CDD grant Applications
 - 2.3.1 Community participation in the evaluation process
 - 2.3.2 Office evaluation
 - 2.3.3 Field evaluation
 - 2.3.4 Development of technical drawings

Chapter 3. Micro-project / CDD Grant Approval

- 3.1. Final Approval of micro-projects
- 3.2. Framework Agreement and Memorandum of Understanding
- 3.3. Procurement Authorization
- 3.4. Approval of CDD Grant and community contribution collection

LIST OF ANNEXES:

1. Technical Appraisal Report Form, (stage I)
2. Participative Appraisal Report Form
3. Technical Appraisal Report Form, (stage II)
4. Report on the Technical state of a building
5. Report on the Technical state of a water / sewerage facility
6. Report on the Technical state of a road
7. Guide for technical appraisal of social objects, facilities
8. Letter of Approval,
Letter of Conditional Approval,
Letter of Refusal
9. Framework Agreement
10. Memorandum of Understanding
11. Certificate of Urbanism
Request for Certificate of Urbanism
Address of the Regional Executive Committee
Notification of Primaria
12. Authorization for Construction
Request for Authorization for Construction
Notification to the zonal State Construction Inspection
Notification to the Regional Executive Committee

ACRONYMS

CDD	Community Driven Development
CDC	Community Development Consultant
BA	Beneficiaries Association
EC	Executive Committee
ED	Executive Director
EO	Executive Office
ER	Environmental Review
FAD	Financial and Administrative Department
GCM	General Community Meeting
GoM	Government of Moldova
IA	Implementing Agency
LCE	Local Consultant Engineer
MA	Micro-project Assistant
MMISD	Monitoring and Information System Department
MIS	Management and Information System
MO	Micro-project Officer
ATID	Assistance in Technical Issues Department
MP	Micro-project
MPF	Micro-project Proposal Form
MSIF	Moldova Social Investment Fund
NGO	Non Government Organization
NCA	Needs and Capacity Assessment
NC	National Council
PS	Procurement Specialist
PTA	Parents and Teachers Association
TA	Technical Assistance
UA	Users Association

Chapter 1. Identification of Microproject / CDD Grant

1.1 Submission and receipt of MP Proposals at the MSIF

The Implementing Agency (IA) submits the micro-project Proposal on behalf of community. The following documents should be part of Proposal:

- Micro-project Proposal Form (MPF)
- Extract from the General Community Meeting minutes
- Authorization provided to the Implementing Agency by the community.

The MP Proposal is received at the MSIF Office by the Micro-project Assistant (MA).

The proposal Form may be delivered to the MSIF by an Implementing Agency representative in person or transmitted by a well trusted person. It is also possible that a MSIF Officer, who is in the region on a business visit, will bring the MP Proposal Form to the MSIF Office.

The Microproject Assistant, who has received the MP Proposal shall verify the following:

- completeness of the proposal;
- quality of filling in the submitted documents.

Micro-project Assistant should pay special attention to:

- conformity of information about the GCM with promotion report (number of adult population in the community, % of adult population participated in the meeting, % of women participated in the meeting, the priority problem supported by the population at the meeting, etc.);
- a clear description of the proposed microproject, information about referendum(in communities where the number of population exceeds 2,000);
- a detailed description of the community contribution by categories (cash, materials, labor);
- estimate budget of the microproject;
- the Implementing Agency staff (no less than 2 women and no more than 2 persons from the Primaria of the community);
- mechanism of ensuring sustainability proposed by the community;
- number of beneficiaries for the selected microproject;
- bank account to be used by the IA.

If the submitted documents are filled out correctly, the Micro-project Assistant registers the MP proposal in the MIS and starts a separate file where all original documents related to this microproject will be kept.

At the same time the Micro-project Assistant will make two copies of the Micro-project Proposal. One copy should be given to the IA with an accompanying letter, confirming the acceptance of the Micro-project Proposal by the MSIF, signed by the ATID Director.

If the documents are filled out incorrectly or contain mistakes, the Micro-project Assistant should provide needed Technical Assistance (TA) on the spot to remedy all drawbacks.

If the documents contain irremediable on-the-spot drawbacks, the Micro-project Assistant should revert the Micro-project Proposal with an accompanying letter confirming the submission of the proposal to the MSIF and stating that the proposal can not be accepted by the MSIF and will be accepted when all the drawbacks are remedied. The letter will be signed by the ATID Director.

In case when the Micro-project Proposal is transmitted to the MSIF by a third person or mailed, the procedure is as follows:

- the documents comprising the Micro-project Proposal are studied by the Micro-project Assistant and if he/she finds them correct, they are registered in the MIS and a microproject file is opened, while the copies of the documents are mailed back to the IA or transmitted with a well trusted third person with an accompanying letter confirming the acceptance of the Micro-project Proposal by the MSIF, signed by the ATID Director.
- If the documents are incomplete or contain mistakes, they are reverted to the IA with an accompanying letter stating the necessity to remedy the drawbacks.

The Micro-project Assistant should be welcoming with the IA representatives, provide Technical Assistance (TA) if needed, and is responsible for the quality of filling out the accepted documents, keeping an archive of original documents and registering the Micro-project Proposal into the MIS.

1.2 Preliminary Appraisal of Micro-project

The day the Micro-project Proposal was received, the Micro-project Assistant will transmit a copy of all Micro-project Proposal documents to the ATID Director for appraisal.

The ATID Director shall review the documents of the Micro-project Proposal, preliminary verifying if the community submitting the Proposal is ranked among the prioritized communities in the region and if there are funds available to carry out microprojects in this region. The shortlist of communities prioritized for targeted TA will be adopted by the MSIF EC for each region, (see the MSIF Promotion Handbook).

The following criteria will be used for prioritization:

- first consideration of top priority villages from the short list of communities in the region
- first come – first served
- first come – first served for non - priority villages (after the deadline established by EC for every district)
- availability of district allocations (based on the targeted matrix).

The ATID Director will verify if the Micro-project Proposal conforms to the preliminary criteria for selecting a micro-project, and following the principle of “first come - first served”, will list the Micro-project Proposal among microprojects to be submitted for preliminary approval at the next meeting of the MSIF EC.

Preliminary Criteria to be considered by the ATID Director includes the following:

Exclusive preliminary criteria:

- cost of submitted proposals should not exceed the ceiling costs of MPs and CDD grants
- micro-project should meet the MSIF typology criteria as described in the MSIF Operational Manual

Preliminary evaluation criteria:

- Does micro-project target a prioritized community?
- Does the proposal include the required community support documentation?
- Does the micro-project benefit a substantial portion of the community (beneficiaries should comprise at least 30% of community members)?
- Are there local government or community funds and commitment available for operation and maintenance?
- Does the micro-project benefit women and children?
- Does the micro-project benefit (or not negatively impact) the environment?

If the Micro-project Proposal meets the preliminary criteria stated above, the ATID Director will present it to EC for the preliminary approval for passing the micro-project to the appraisal stage.

1.3. Preliminary Approval of Micro-project Proposal

The micro-project preliminary approval procedure is as follows:

- In order the Micro-project Proposals included into the shortlist to be approved, the Micro-project Assistant will prepare a draft Resolution for the MSIF EC, which will be passed over to the ATID Director.
- ATID Director will include the Micro-project Proposals submitted to the MSIF into the agenda of the MSIF EC next meeting.
- The Micro-project Proposal will be presented and reported to the MSIF EC meeting by the ATID Director.
- If approved, the Micro-project Assistant will be responsible for providing ATID with the copy of Decision of the MSIF EC signed by the ED and the micro-project will be evaluated based on the appraisal criteria.

The MSIF Executive Committee (EC) shall meet once a week to discuss issues and take decisions within its competence. The Micro-project Assistant will keep minutes of every EC meeting and EC Decisions.

- In case the Micro-project Proposal for some reason does not conform to preliminary criteria of MP selection, the IA will be officially informed about the unconformity and will be requested to amend its Micro-project Proposal, or to submit a different Proposal. The official letter will be drafted by the Micro-project Assistant and signed by ATID Director.
- If the microproject Proposal does not conform with the preliminary criteria at all, based on the MSIF EC's Resolution, it will be rejected and the IA will be informed with a formal letter signed by the ATID Director. This does not mean that the community may not submit a different microproject Proposal, identified and submitted under the MSIF procedures.
- Micro-project Proposals submitted to the MSIF by the communities that are not ranked as the priority in the region, but are filled out correctly and comply with the preliminary criteria for the MP appraisal, are received by the Micro-project Assistant and registered into the MIS, strictly following the above procedures. These Proposals will be included in a different list and will be presented to the following EC meeting. In this case, the microproject Assistant will inform the IA by phone about the decision taken.

The ATID Director is responsible for the quality of the preliminary appraisal of the MP and for submitting them for timely approval.

The documents comprising the microproject Proposal shall be kept in the MSIF archive for the whole duration of the MSIF.

1.4 Submission and reception of CDD grant Application at the MSIF

After the General Meeting of the village and, in some cases, the organization of a referendum, the MSIF consultants in community development (technical and social issues) will facilitate the Beneficiaries Association in preparing the Grant Application for obtaining financial resources from MSIF. The Grant Application will be developed in accordance with the MSIF standard form (Promotion Handbook).

The Beneficiaries Association will submit to MSIF along with the Grant Application the following documents:

- Minutes of the discussions in focus groups and of the General Meeting (standard forms) (Annex 2).
- Lists of participants to the discussions in focus groups and the General Meeting with their signatures.
- Decision of the local Council on the creation of the village Development Committee.
- Copy of the Strategic Plan of social economic development of the village approved by the local Council.
- Decision of the local Council on the approval of the Strategic Plan.

The Grant Application will be registered with MSIF in accordance with the procedures of the Project. The Grant Applications after registration will be handled by MSIF according to the principle “First come, first served” at every stage of subprojects’ cycle. It means that, if the request was registered first, it will be the first one to go through the evaluation process.

Chapter 2. Microproject Appraisal

The appraisal of micro-project, accepted by the MSIF EC, will start with assigning an Community Development Consultant (CDC) responsible for the appraisal and will last through the period until the MP is approved for Implementation. The CDC will evaluate and prepare the MP for approval jointly with the Primaria and IA. Actually, the period of MP appraisal will be from two (when the Proposal contains the drawings) to eight weeks (when the MP Proposal needs additional drawings).

The MP appraisal has a purpose of both, verifying the information about the MP provided by the community (participation of community members in the identification and submission of the MP, ensuring sustainability, environmental impact of the MP, impact on women and children, amount and technical feasibility of the MP, and to provide Technical Assistance to community to prepare the identified MP for implementation.

MP appraisal phase will actually consist of **two stages**:

First stage: The micro-project will be evaluated against the following criteria:

- social
- institutional
- environmental
- sustainability
- technical feasibility and need for the additional studies will be assessed.
- legal and individual permits

The CDC will also provide TA to the IA during evaluation of all MP aspects mentioned above.

Second stage: The micro-project will be provided with additional drawings (when necessary), Bill of Quantities and estimated Budget and evaluated against:

- technical criteria
- economic and cost efficiency
- cost benefit criteria

2.1. First stage of MP appraisal

After the MP proposal has been allowed for evaluation, the assigned CDC will be informed about the MSIF EC’s Decision. He/she will study the General Information about Community produced by Promotion and the documents comprising the micro-project Proposal. He/she will verify to what extent the microproject Proposal conforms with the preliminary appraisal criteria and will take liaison with the Chairman of the IA and Primaria to inform about EC’s Decision and agree on a meeting with the IA at the MP site.

If necessary to clarify some data related to the MP, the CDC shall contact PCDD specialists who carried out the social evaluation in the community and participated in the General Community Meeting (GCM).

2.1.1 Site visit

According to the ATID work plan, CDC will make a site visit authorized by the ATID Director at least one day prior to leaving.

During this field visit, the CDC will have a meeting with the Primaria and IA members, will consult the public opinion through extensive interviews and discussions with members of the community. Such discussions with the community must be used for the following purposes:

- ensuring that the proposed micro-project reflects the priorities of the various members of the community and has full community support;
- verifying general information about community, beneficiaries, participation of the community members in the project identification, impact on genders;
- verifying the environmental impact;
- appraisal of institutional capacity of the IA;
- verifying the mechanism of ensuring sustainability of the social infrastructure facility proposed by the community (plan, budget, Operation Agency).
- examining the possibility of forming a Beneficiary Association (BA);
- identifying the origin of the need, contents and nature of the microproject on the site;
- making the cost analysis of the microproject proposed by the community and the period of its execution;
- verifying on the site the formal permits, the feasibility and technical capacity of the proposed MP.
- advising the community of benefits and costs of different implementation options as well requirements;
- discussing the capacity of the community to invest in the micro-project, levels of participation in the implementation and processes to ensure transparency and accountability in use of funds;
- identifying community preferences on suitable intermediaries and contractors, (where the community does not have adequate institutional capacity) to act on behalf of the community;
- assessing needs for the training and TA; and
- identifying the communities needs for training and capacity building.

The AE will be required to make a thorough analysis of the micro-project using the appraisal criteria described below.

2.1.2 Appraisal Criteria

First the following **exclusive criteria** must be met:

- **Need for Basic Infrastructure**

The micro-project must be located in the area where the community lacks appropriate basic infrastructure or where the infrastructure rehabilitation needs are acute.

- **Community Investment.**

The community investment must meet the minimum requirements (15%, out of which 20 % are in cash for social infrastructure micro-projects and 50% for economic infrastructure micro-projects) as outlined below. The greater the level of community contribution, the higher the project will be ranked.

- **Sustainability and Maintenance.**

The micro-project must have a plan, budget and schedule of operation and maintenance which meets the general requirements outlined in the Operational Manual.

- **Environmental Criteria.**

The proposal must include measures to mitigate any small degree of environmental damage.

- **Consolidation Plans.**

The proposed micro-project must not be targeted for closure, restructuring or government cutbacks.

- **Duplication of Resources.**

The proposed infrastructure facility must not be targeted for construction or renovation by other programs (NGO or government). There must be no other plans to provide such facilities in the area.

- **Legal and Individual permits.**

When required by Moldovan regulations, there must be a written authorization or permit from local/regional government for execution of works .

When applicable, there must be a written agreement or other evidence from individuals authorizing use of their land for access to the micro-project site.

Evaluation Criteria

The CDC will appraise the following aspects of micro-project:

Social Criteria

Community Participation

- at least 25-30% adult population attendance at GCM or 50% of adult population support to micro-project through petition;
- at least 40% of female attendees;
- no more than 2 village council/municipality officials on the micro-project committee
- at least 2 women on Micro-project Committee;
- at least 15% of the community investment, indicating sources;
- programs to be implemented by the community to improve services; and
- plan by community to supervise the micro-project implementation.
- the micro-project has a beneficial impact on women and children, and if it does not, the appropriate measures are incorporated into micro-project design.

Institutional Criteria

The CDC must examine the institutional capacity of the implementing agency proposed by the community and assess the possibility to form a micro-project committee if it was not formed. This will include an evaluation of the IA's capacity to meet the MSIF institutional criteria such as:

- efficiency of the IA in preparing the micro-project proposal in comparison with the average duration (as per MIS generated data);
- the capacity of the IA to implement the micro-project (skills, experience, leadership, motivation, team spirit etc.) ;
- the existence of community organizations or other agencies which can act in that capacity, when such capacity is lacking within the benefiting community;
- successful establishment of a Micro-project Committee, i.e., an elected body with a chairman, secretary, and treasurer, representing the benefiting community;
- where the community can implement micro-projects themselves, the existence of an organization to provide any technical assistance the Micro-project Committee may require;
- the existence of other organizations with the necessary expertise, e.g. contractors, consultancies, NGOs, etc.;
- IA financial management, which will include examination of the IA's procurement or commodity tracking, accounting and reporting mechanisms;
- review of IA's staffing and their skills in the area of the proposed micro-project;
- review of the primaria's cooperation/participation with the IA;
- ability/capacity of IA to remain as organized entity to undertake operation and maintenance;

- determine the need for training/technical assistance and will make the necessary arrangement to satisfy the need;
- the soundness of the sustainability plan, budget and schedule for operation and maintenance;
- the community has mobilized/cooperated in infrastructure repair, maintenance and operational costs in the last two years.

Environmental Criteria

- the micro-project has no adverse impact on the environment, and if it does suitable mitigating measures are incorporated into micro-project design
- compliance with the environmental impact checklist as per type of the micro-project (refer to the Environmental Guidelines).

Sustainability Criteria

- existence of organization/s (including Government or private institutions) that would take responsibility for the recurrent costs and maintenance after withdrawal of MSIF;
- capability of community for absorbing incremental operating costs;
- creation of Beneficiary/Users' Association or possibility of the IA to continue involvement in management of facility;
- creation of "sustainability fund".

Technical Appraisal Criteria for the Micro-projects

- Feasibility study has been done.
- The main gas network in the region has enough capacity to provide with gas the village which submitted a gas MP.
- The water resource in the locality has enough capacity to provide with water the village which submitted a water MP and a certificate on water quality has been obtained.
- Efficient space utilization of educational and social care service buildings has been ensured.
- Technical expertise of the buildings has been done.
- Technical conditions, terms, specifications, from services providers have been obtained.
- Geological study and topographical survey have been done.
- The micro-project is provided with technical design documentation, registered and coordinated with relevant state institutions.
- The technical design documentation has passed technical and ecological expertise. The micro-project has no adverse impact on the environment.
- Technical feasibility double check and evaluation against norms and standards must be done. The design documentation has to comply with the MSIF adapted construction norms and standards, modern efficient technologies, ecological and durable materials, etc.
- There must be a written authorization or permit from local government, primaria, for execution of works.
- There must be done a transparent participatory verification of the actual volume and costs of works proposed by the Community. The community investment amount should be updated.
- Economic and cost efficiency evaluation must be done.
- IRR should be 15-20%

During the appraisal of micro-project the CDC should pay particular attention to the following three issues described below: (i) community investment into micro-project; (ii) community capacity to assure the sustainability of micro-project, and (iii) environmental impact of the micro-project.

2.1.3 Environmental evaluation

The Environmental Evaluation will be carried out according to the Environmental Guidelines annexed to the MSIF II Operational Manual. Environmental evaluation of micro-projects, submitted to MSIF, represents a very useful tool, which could result in the following achievements:

- Identification and prediction of diverse negative and positive impacts on the environment, which can be generated during the implementation of the submitted micro-projects on the environmental components (soil, air, water, living organisms and social and cultural amenities);
- Elaboration and integration into the micro-project proposal the necessary mitigation measures for the impacts generated on the environment;
- Effective and efficient use of financial, material and human resources needed for the implementation of micro-projects;
- Increased public awareness of environmental issues and development of relevant attitudes to the environment in the communities.

2.2. Second stage of MP appraisal

The second stage of the MP appraisal includes the following actions and evaluations:

- verification of the actual volume of works proposed by the Community,
- working out of additional drawings (when necessary),
- technical feasibility double check and evaluation against Norms and Standards accepted by MSIF,
- calculation of the estimated budget,
- updating of the community investment amount,
- economic and cost efficiency evaluation,

This phase of appraisal will be developing in two directions:

First

In case when the CDC in his/her Appraisal Report confirms that the MP does not require working out of additional drawings, he/she will address the ATID Director, in writing, to transfer, upon the Decision of the MSIF ED, the micro-project to the second stage of appraisal. The CDC's Report with a positive notification from the ATID Director approved by the MSIF ED will serve as a basis to transfer the microproject to the second stage of the appraisal phase.

Upon the receipt of authorization from the ATID Director the CDC will make a site visit with a duration of one day or more, depending on the MP type and amount of work to be carried out. During this visit CDC will verify in details the quantities of works included in the micro-project proposal and double check the technical feasibility of the micro-project and the period of execution;

At the second stage of evaluation CDC also will have to carry out the following:

- pass over the list of quantities of Works to the MSIF Estimator to prepare the Bill of Quantities, estimate the budget and introduce the data into the MIS;
- After the budget and the Bill of Quantity are generated, the CDC visits the community, where he Participate and provides technical assistance in the participatory evaluation of the quality of proposed technical solution and the correctness of works' quantities in the Bill of Quantity. These quantities and estimated budget are discussed with Primaria, IA and other community representatives. If it is necessary, the Bill of Quantity and micro-project budget are changed.
- request from the Primaria and IA the authorization and registration of the microproject by the local government and State Construction Inspection, as required by the Law;
 - verify the conformity of the microproject with the technical Standards and Norms accepted by the MSIF giving more attention to the aspects such as:
 - efficiency of space utilization,
 - efficiency of heating systems and warmth conservation,
 - people's health and security ensuring,

- protection of the environment,
- aesthetics
- economical rationality e.t.c.
- fill out the Appraisal Report (part2) accompanied with Technical Appraisal Annex (according to the MP typology);
- make cost and economic evaluation of the microproject that includes the analysis under the following aspects:
 - the cost of micro-project is not more than ceiling cost according to the MSIF II Operational Manual;
 - the costs are realistic and take into account all potential items of expenditure;
 - conditions of community investment funding disbursement;
 - the procurement of materials and labor required;
 - cost benefit analyses of micro-project, such as cost per beneficiary, cost per unit;
 - the capacity of the infrastructure facility vis-à-vis the actual and expected demand.
 - the labor intensity of the micro-project (at least 20% of total cost);
- consult the Primaria and IA opinion on the most preferred methods of hiring a Contractor and Local Supervisor of the construction works.

At the second stage of MP appraisal, for technically more complicated projects, the CDC will use a Local Consultant – a design Engineer (LCE). The shortlist of design engineering companies will be developed according to the MSIF Procurement procedures and maintained in the office of the MSIF Procurement Specialist.

Second

- In case when the microproject requires development of additional drawings by a design engineering company, CDC will draft a Decision of the MSIF EC and forward it to the ATID Director.
- The ATID Director will forward this proposal, with the estimate cost of services to the next MSIF EC meeting for approval.
- In this case, the EC decision will serve as basis for passing the microproject to the second stage of the appraisal phase.
- The design engineering company will be contracted according to the MSIF procurement procedures.
- The CDC will have to prepare in no more than two days the Terms of Reference for the design engineering company and to submit them to the Procurement Specialist who will manage the procurement process.
- The Design engineering firm will develop technical design, the drawings and the Bill of Quantities for the project in the terms stipulated in the Contract, and provide project expertise certificate by relevant authorities.
- During this work, the CDC and the IA will provide assistance to design engineering firm, and will sign the acceptance report.
- The MSIF Estimator will verify the cost of the project calculated by the design engineering firm and will adjust the microproject cost to the market prices, introducing the data in the MSIF MIS.
- The IA will be responsible for obtaining the authorization for and approval of the microproject from the local and regional government, and for registering it with the State Construction Inspection.

- Regardless the way the microproject was transferred to the second stage of the appraisal phase, it will end with Appraisal Report, part 2, submitted by the CDC and accompanied by the completed Technical Appraisal Attachments (according to the MP typology), and the Bill of Quantities estimated in the MIS.

The Executive Committee or in case ED will approve the micro-project proposals to the 2nd stage of appraisal if - besides other requirements are satisfied - the community transfers to the MSIF bank account for community contribution the reimbursable commitment fee amounting 5,000 leis. This reimbursable commitment fee is considered as a guaranty of serious intentions of community to implement the micro-project. The CDC provides community with a Letter of Commitment.

2.3. Evaluation of CDD grant Applications

2.3.1. Community participation in the evaluation process

After the registration of the Grant Applications, the Beneficiaries Associations and local public administration representatives will benefit from training by MSIF on “Role of Beneficiaries Association and local mayoralities in the process of evaluation of the Grant Applications”. Chairpersons of the Beneficiaries Associations and community mayors will attend the training.

After the seminar, the Beneficiaries Associations responsible for the implementation of Grant Applications will develop and prepare within two weeks all the necessary documents for the first stage of evaluation, including:

- Confirmation that the objects are on the Mayorality’s balance.
- Confirmation regarding preservation of the statute of a social infrastructure object for a period of 15 years.
- Plan of ensuring objects’ sustainability after handover and financial resources that will be available.
- Confirmation from the relevant bodies regarding the salaries of staff activating in the given social service.
- Commitment of the Beneficiaries Association to collect the 15% contribution of the grant proposal cost.
- Guarantee letter from the Mayorality about the collection of community contribution
- Permissions of access to the object from private persons.
- Authorizations from relevant institutions for designing and construction of the object.

The evaluation of Grant Applications will be done in two stages: office evaluation and field evaluation.

2.3.2 Office evaluation

The office evaluation will be carried out on the basis of the documents submitted in the Grant Application file, by two consultants in community development (technical and social issues) within 10 days since receipt of the documents for the first stage of evaluation.

The evaluation at the office level will be carried out from the point of view of the following criteria: technical and investment consistency, expected benefits, community involvement and participation in the development of the Plan of social economic development of the village and in the process of prioritization of subproject proposals submitted to MSIF, Beneficiaries Association’s capacity to

implement the Grant, partnership between the Beneficiaries Association and local public administration in view of implementation of the strategic Plan and subproject proposals, the concept of subproject sustainability, subproject's impact on the environment.

The evaluation of the Grant Applications will be done on the basis of scores to be given for each selection criterion. Thus:

Evaluation criteria	Scores
Technical consistency of subproject	15
Economic and investment consistency	10
Community involvement in the process of planning and problems prioritization	20
BA capacity to implement the Grant	15
Expected benefits as results of implementation	20
Established partnership between BA and LPA	10
Sustainability concept of subprojects	10

If the accumulated score is higher than 60, the Grant Application will pass to the stage of evaluation on the field.

2.3.3 Field evaluation

The field evaluation will be carried out only for the Grant Applications that passed the office evaluation. The community development consultants (for technical and social issues) will go on field trips to verify the following:

- The degree of involvement of social-demographic groups in the process of elaboration of the Strategic Plan of the village social economic development.
- Subproject proposals included in the grant Application represent an integral part of the Strategic Plan of social economic development of the village and are a priority for the village.
- Partnership established between the Beneficiaries Association that submitted the grant Application and the local mayoralty in view of implementation of the subproject proposals included in the grant Application.
- Feasibility of the subprojects included in the grant Application from a technical point of view.
- Feasibility of the subprojects included in the grant Application from an ecological point of view.
- Institutional capacity of the Beneficiaries Association to carry out subprojects included in the grant Application.
- Community capacity to provide the 15% investment of the grant Application cost.

- Community capacity to ensure sustainability and development of subprojects when MSIF funding ends.
- Identification together with the community members of the risks to which efficient grant implementation may be subject.
- Elaboration of measures to abate possible risks.

The evaluation in the field has a participative nature and is done together with the Beneficiaries Association that has submitted the grant Application, and the representatives of the local mayoralty.

Based on following the procedures, observations and findings, evaluation form filled out, the community development consultants (for technical and social issues) will put together a report on field findings. The report will describe: verification of eligibility criteria, technical soundness of subprojects, community involvement, implementation capacity of the Beneficiaries Association, the Beneficiaries Association's capacity to manage finances, subprojects' sustainability after MSIF financing ends, environmental protection aspects, and other relevant aspects. Each evaluation report contains a separate recommendation of the community development consultants regarding the acceptance or rejection of financing for the grant Application, as well as the risks that can appear during subprojects' implementation.

2.3.4 Development of technical drawings

Training Beneficiaries Associations in procurement issues

After carrying out the field evaluation, MSIF organizes a training for the representatives of the Beneficiaries Association and local mayoralty regarding the procurement of services of design companies and local supervisors. The training will be focused on the issues: role and responsibilities of the local supervisor in the process of subprojects' implementation, MSIF procurement procedures of services, consultants and goods, partnership relations between the local supervisor and the community etc.

Procurement of the design company

The Beneficiaries Association together with the mayoralty will organize, with the technical assistance of the local supervisor, a tender for the procurement of the design company. The tender will be organized in accordance with the MSIF procedures (see MSIF Operational Manual).

The Beneficiaries Association together with the local mayoralty will supervise the process of technical design development.

The development of the technical design is done at the expense of the community contribution within 3 months only from the moment of signing the contract with the design company.

The Beneficiaries Association will develop with MSIF technical assistance the estimates of subprojects included in the grant Application and Grant implementation plan.

Participative evaluation of the developed technical design

When the technical design is finalized, the Beneficiaries Association together with the mayoralty and MSIF consultants in community development (for technical and social issues) will organize a participative evaluation of the degree of compliance between the developed technical design and beneficiaries' needs.

In the process of participative evaluation, there will be evaluated the quality of the executed technical design, size of works included in the cost estimates, correspondence of the works included in the estimates to the beneficiaries' needs, the expected social impact of the project on the community. At the

same time, the consultants in community development will provide the necessary technical assistance to the Beneficiaries Association in MSIF Project procedures.

As a result of the participative evaluation, the Beneficiaries Association will elaborate with MSIF technical assistance the estimated budget of the Grant Application.

Chapter 3. Micro-project Approval

The transfer of microprojects from one phase of the implementation cycle to another should be done only upon the approval of the MSIF EC. The MSIF EC approves:

- preliminary selection of the communities in the region;
- preliminary approval of the microproject for passing to the appraisal phase
- approval of the micro-project for the second stage of appraisal
- final approval of the microproject for implementation.

3.1. Approval of microprojects for implementation

- Only the fully appraised micro-projects technically well prepared, authorized and registered as required by the law, with community investment: cash, materials, labor, and well determined mechanism of sustainability, can be transferred to the implementation phase.
- Concurrently with the Appraisal Report, Part 2, the CDC will prepare and transmit to the ATID Director a draft Decision for the MSIF EC related to approval of microprojects for implementation, stating the MIS estimated cost of the microproject in MD lei and US dollars.
- The DATI Director will verify the degree of the microproject readiness for approval, its conformity with the MSIF appraisal criteria and will include it in the agenda of the next MSIF EC meeting.
- At the next meeting of the MSIF EC the CDC will report about the microproject, based on which the EC will take a decision to approve it.
- The Micro-project Assistant shall keep minutes of the EC meeting, will make two copies of the decision taken by the EC on microproject implementation and will transmit these copies to the CDC responsible for microproject.
- Upon the MSIF EC Decision, the CDC will prepare a notification of acceptance for the IA, indicating the term to collect the community investment and will designate a date for signing the Framework Agreement between the IA and the MSIF. The MSIF ED shall sign this notification.
- The CDC will include a copy of the EC Decision in the microproject file and will give one copy to the Procurement Specialist (PS) to start the procurement procedures.

3.2 Framework Agreement and Memorandum of Understanding

After the micro-project is approved for implementation the MSIF will send a notification of acceptance to the IA as stated above.

Based on this notification, the CDC together with CDC in social issues will prepare two copies of the Framework Agreement draft that will be signed by the IA and the MSIF and two copies of the Memorandum of Understanding draft that will be signed by the MSIF and the Primaria.

Each time, depending on the type of the micro-project, the ATID Director jointly with the CDC will review the conditions of the Framework Agreement and the Memorandum of Understanding. The ATID Director shall preliminary coordinate the drafts of these documents with the MSIF ED.

On behalf of the MSIF, both Framework Agreement and Memorandum of Understanding shall be signed by the MSIF ED.

On behalf of the IA the Framework Agreement shall be signed by the Chairman of the IA.

On behalf of Primaria, the Memorandum of Understanding shall be signed by the mayor. All copies should be sealed. A copy of the Framework Agreement and Memorandum of Understanding shall be kept in the Micro-project File, another copy shall be kept within the MSIF FAD. The micro-project Assistant shall keep a copy of these documents in the ATID file.

Signing of the Framework Agreement and the Memorandum of Understanding shall confirm the completion of the appraisal phase.

3.3. Procurement Authorization

The micro-project shall be considered prepared for the start of the Contractor procurement process from the moment the IA reports and the CDC in charge confirms that the community has collected the contribution. This means that community contribution in cash should be transferred on the MSIF account, or on a special account of the IA, and the contribution in materials and labor shall be made available on the site.

The CDC jointly with the MSIF Estimator will provide the MSIF Procurement Specialist with Bill of Quantities, technical specifications of the microproject, and specification of the community investment for each item in the Bill of Quantities.

Based on the CDC and CDC in social issues report, the MSIF ED will require the MSIF Procurement Specialist to initiate the process for procurement of Contractor according to the MSIF procurement procedures.

The CDC will provide the procurement Specialist with information necessary to advertise for bidding.

3.4 Approval of Grant Application and collection of contribution

Approval of Grant Application by the MSIF EC

After developing the estimated budget of the Grant Application and Grant implementation plan, the Beneficiaries Association with LPA representatives will defend the Grant Application at the MSIF Executive Committee.

Having analyzed the Grant Application, the Executive Committee of MSIF will either approve, or reject the Grant Application submitted by the Beneficiaries Association on behalf of the community.

If the Grant Application is approved, MSIF will sign a Grant Agreement with the Beneficiaries Association and local Mayoralty, where all the rights and obligations of the parts involved in grant implementation will be stipulated.

After signing the Grant Agreement, the Beneficiaries Association will obtain the right to collect the community contribution within one month.

Collection of contribution by the community

In the case of subprojects related to the renovation of social or social-economic infrastructure, the community has to contribute at least 15% of the total cost of subprojects. 85% will be financed by MSIF. The Beneficiaries Associations and mayoralties will cover 100% of the operational costs. The

remaining costs will be financed by MSIF. Larger investment from communities will be encouraged. Larger amounts of finances will be necessary for the economic infrastructure objects.

In the case of subprojects related to creation of community services for disadvantaged groups, the community contribution will be no less than 3% of the investment costs and 100% - the operational costs for operating services. The Fund will cover 97% of the investment costs.

The community contribution, in the case of investment costs, can be done in the following forms:

- a. **Investments in kind**, including:
 - Investments in the form of construction materials, and
 - equipment, outfit offered by the community.
- b. **Financial investments**, including:
 - Financial resources from the population of the whole community (at least 3% of the investment cost); and
 - larger investments from wealthier members of the community.

MSIF will do its best to obtain larger investments directly from the beneficiary or applying community. But any organization or the local administration can contribute to the subproject on behalf of the beneficiary or applying community. At least 3% of the community investment should be collected in money from the beneficiaries themselves – for social infrastructure objects and 7.5% - for social-economic infrastructure objects.

All the details about the community investments, such as terms of payments, will be described in the Grant Agreement signed by the Beneficiaries Association, Mayoralty and MSIF. The Beneficiaries Association will be responsible to guarantee the collection of the community share of investment.

The hiring of the contractor should not start unless the community investment is collected on the special account of the Beneficiaries Association and until MSIF accepts the investment in materials and equipment.