

United Nations Capital Development Fund

TERMS OF REFERENCE

Engagement of NGO to support financial institutions in Uganda to increase financing to agri-business SMEs under the START facility Phase II.

240823 - UGA

I. BACKGROUND

Founded by the UN General Assembly resolution in 1966, the United Nations Capital Development Fund (UNCDF) is the United Nations' flagship catalytic financing entity for the world's 46 Least Developed Countries (LDCs). With its unique capital mandate and focus on the LDCs, UNCDF works to invest and catalyse capital to support these countries in achieving the sustainable growth and inclusiveness envisioned by the 2030 Agenda for Sustainable Development and the Doha Programme of Action for the least developed countries, 2022–2031.

UNCDF builds partnerships with other UN organizations, as well as private and public sector actors, to achieve greater impact in development; specifically, by unlocking additional resources and strengthening financing mechanisms and systems contributing to transformation pathways, focusing on such development themes as green economy, digitalization, urbanization, inclusive economies, gender equality and women's economic empowerment.

A hybrid development finance institution and development agency, UNCDF uses a combination of capital instruments (deployment, financial & business advisory and catalysation) and development instruments (technical assistance, capacity development, policy advice, advocacy, thought leadership, and market analysis and scoping) which are applied across five priority areas (inclusive digital economies, local transformative finance, women's economic empowerment, climate, energy & biodiversity finance, and sustainable food systems finance).

UNCDF's expertise is in three primary areas of work: (1) **development and financing of inclusive digital economies** through a market development approach, largely driven by digital finance and innovation; (2) **local development finance** through fiscal decentralization (including local climate adaptation finance), municipal finance and structured project finance, to drive market transformation in local economic development; and (3) **investment finance**, to drive capital accumulation and market transformation in financially underserved areas, including investment sourcing, due diligence, de-risking, deployment of loans and guarantees, and crowding in of investment capital from domestic and international investors.

II. PROJECT CONTEXT

On 6th March 2024, with support from the European Union Delegation in Uganda (EUD), UNCDF Uganda launched the second phase of the START (Support to Agricultural Revitalization & Transformation) facility project which will be implemented until December 2027. The 2nd phase of the START facility project is designed to promote growth and job creation by investing in fully integrated and sustainable agribusiness Small and Medium Enterprises (SMEs) that create and retain wealth within Uganda. The Facility is intended to support SMEs to access affordable medium-term finance in Uganda through strengthening institutional capacity of agribusiness SMEs in value addition & processing to conduct sustainable business and business operations (including digital solutions), develop bankable green investment proposals based on green and circular economy principles.

The 2nd phase of the START Facility project will be implemented by UNCDF in partnership with Private Sector member institutions and selected financial institutions including Uganda Development Bank Ltd (UDB).

START Facility is structured as a blended facility providing a customized mix of Business Development Services, project development and structuring services, and financial products.

Through this call for proposal, UNCDF seeks to engage an NGO to support financial institutions in Uganda to increase access to finance for agri-business SMEs under the START facility Phase II through deployment of derisking instruments including portfolio guarantees.

1. Development Challenges

The SME sector in Uganda accounts for approximately 90 % of the entire private sector, over 80 percent of manufactured output and contributes about 75 % to the gross domestic product (GDP). The sector employs more than 2.5 million people, equivalent to 90 % of total non-farm sector workers, and comprises about 1,100,000 enterprises which makes the sector one of the largest employers in the country, with most of the SMEs largely concentrated in the major urban and peri-urban areas of Uganda and relying on rural communities for raw materials, agribusiness SMEs are pivotal to the growth and transformation of the country to the middle-income status.

Agribusiness SMEs present a sustainable and empowering response to the persistent challenge of unemployment and underemployment in addition to creation of market for primary agricultural products and enabling national economic structural transformation. Yet, these SMEs face various growth and survival constraints on several fronts which undermine their development, thereby limiting their impact on the economy.

For many agribusiness SMEs, growing their business enterprises remains a distant dream since they lack access to appropriate and affordable financing. Most agribusiness SMEs are considered risky and less profitable by most financing institutions in the country and rarely prioritised for investment. This situation is even worse with the high risk and high impact agribusiness SMEs, who are the focus of the START facility.

UNCDF is looking for NGOs that have existing relationship / networks with financial institutions / lenders in Uganda to leverage their network of partner financial institutions / lenders to unlock financing to risky but high impact agri-business SMEs under the START Facility. This will ensure that START facility phase II works with more financial lenders compared to START phase I that had one financial partner.

2. Target Development Outcomes of the Project

SMEs are considered the engine of growth for Uganda's economy yet often struggle to access affordable and tailor-made finance for business expansion and sustainability. While there are private financing options available, the loan interest rates at over 20 percent are high with short term repayment periods which the businesses cannot afford. There is particularly low uptake of agricultural financing. Credit to private sector will most probably remain weak due to weak economic activity and the tightening financial conditions as several banks have embarked on the upward adjustments of their prime lending rates. The implementation of the first phase of the START facility has generated critical lessons that will be vital in the implementation of the 2nd phases.

To enhance access to finance for agribusiness SMEs, the START facility has identified areas requiring improvement and recognized three key outcomes:

- a) Outcome 1: Strengthen institutional capacity of agribusiness SMEs and FIs to conduct sustainable business and business operations (including digital solutions);
- b) Outcome 2: Improve technical capacity of agribusiness SMEs to develop bankable green investment proposals acceptable by financial institution;
- c) Outcome 3: Unlock affordable medium-term finance for agribusiness SMEs in value addition and responsible agro processing.

For this TOR, the selected partner is expected to work with UNCDF in the delivery of Outcome 3 of this project: Unlock affordable medium-term finance for agribusiness SMEs in value addition and responsible agro processing.

The implementation of the START facility mechanism is well aligned to the UNCDF's Strategic Framework 2022-2025. The Facility fully integrates the UNCDF investment continuum concept which is critical in enhancing the holistic approach conceived within START I. The intervention will mainly contribute to outcome 2, additional finance mobilised and catalysed (in particular OC 2.1 a) US\$ value of finance mobilized in association with UNCDF investments) and output 2.1, the number *and estimated US\$ value of opportunities that are investment-ready following UNCDF support*. The proposed action will support implementation of key priorities of New European Consensus on Development, i.e. Planet and Prosperity and will support achievement of Agenda 2030 through the following Sustainable Development Goals (SDGs): SDG1, SDG2, SDG5, SDG7, SDG8, SDG13 and SDG 17.

III. REQUEST FOR APPLICATIONS

1. Problem Statement

START facility is focused on supporting access to finance for small and medium agribusiness enterprises across the country. The loan ticket sizes under the facility range from shs 50m to shs 900m targeting small and medium agribusinesses. It is important to note that lenders often tend to avoid lending to small borrowers or those with only short-term, seasonal needs because such loans are typically considered to be less profitable. This is because, lenders usually incur significant fixed costs while lending yet interest revenues are linked to loan size, term, and price, thus making small agribusinesses less attractive to lenders.

While banks have significant ability to mobilize funding for agriculture, they also face the biggest opportunity costs given the profitability of African banking overall (i.e., non-agriculture lending). Similarly, innovators are attracted to other markets with lower barriers to entry and higher returns, perpetuating the unattractive economics for agri-SME lending.

The START facility aims to use derisking instruments, such as 1st loss portfolio guarantees and other incentives, to unlock funding available in financial institutions for the benefit of the agribusiness SMEs in Uganda. In this context, the project seeks to partner with an NGO to leverage resources to unlock financing from financial institutions / lenders for the benefit of agribusiness SMEs. This NGO/ partner will work with UNCDF and other project partners (public and private sector) to encourage agribusiness SMEs to take advantage of the opportunity and benefit from the accredited financial institutions.

2. Objectives

The overall objective of the work described in this TOR is to incentivise accredited financial institutions / lenders to extend credit to high impact agribusiness SMEs across the country to further value addition and agro processing.

The specific objectives of the work required in this TOR are:

- a) Onboard at least 10 lenders to support agribusiness SMEs under the START facility.
- b) Develop / customise an incentive structure for accredited financial institutions including portfolio guarantees and any other incentives that will unlock US\$ 20m in financing to at least 250 loans or more to agribusiness SMEs while creating /retaining jobs and market for smallholder farmers.
- c) Approve eligible loans in accordance with the START facility criteria and evaluate default claims submitted by accredited lenders to determine eligibility to benefit from financial incentives, including first loss cover (FLC).

3. Requirements

The project aims to leverage this selection process to:

- Enhance access to finance for agribusiness SMEs involved in value addition and agro processing across Uganda.
- Enlist at least 10 financial institutions / lenders to extend financing to agribusiness SMEs.
- Provide targeted business development services and technical assistance to agribusiness SMEs.

Thematic Scope and Areas of Intervention:

The proposed grant aims to address the following key areas of intervention:

Activity 1: Onboard at least 10 lenders to support agribusiness SMEs under the START facility.

The activity includes identifying, accrediting and contracting the appropriate lenders / financial institutions under the START facility. Additionally, it involves capacity building of lenders / financial institutions together with their teams to understand the requirements / qualifying criteria of agribusiness SMEs under the START facility and the applicable incentive structure and instruments.

Activity 2: Develop / customise an incentive structure for accredited financial institutions including portfolio guarantees and any other incentives that will unlock US\$ 20m in financing to 250 loans to agribusiness SMEs while creating /retaining jobs and market for smallholder farmers.

The activity includes proposing an appropriate portfolio guarantee structure and any other incentives to financial institutions to help unlock the US\$20m in commercial loans to agribusiness SMEs. The incentive structure should be calibrated to prioritize agribusinesses that pay particular attention to vulnerable groups and green practices.

In the context of START phase II, vulnerable groups are defined as follows:

- *Women and youth* - the facility will focus on women and youth-led businesses or businesses providing services to or employing women and/or youth.
- *Refugees and host communities* - the facility will focus on refugees and host communities-led businesses or businesses providing services to or employing refugees and host communities.
- *Persons with disabilities* - the facility will focus on businesses led by persons with disabilities or providing services to or employing them; and
- *Persons from the least developed sub-regions* - the facility will focus on businesses led by persons from least developed sub-regions or offering services to or employing persons from the least developed sub-regions.

In the context of START phase II, a green agri-business is an agri-business that is committed to the principles of environmental sustainability in its operations, strives to use renewable resources, and tries to minimize the negative environmental impact of its activities.

Activity 3: Approve eligible loans in accordance with the START facility criteria and default claims submitted by accredited lenders to determine eligibility to benefit from financial incentives, including first loss cover (FLC).

The activity involves reviewing and undertaking field verification missions to ensure that submitted loans meet START facility criteria, approving loans submitted by accredited lenders for financial incentives, including FLC, providing any other incentives in addition to technical assistance (TA) for SMEs and lenders, monitoring among others timely approval and payment of acceptable default claim submitted by lenders and results reporting.

Gender Considerations

The program emphasizes gender-specific objectives to ensure that both male and female owned / managed SMEs benefit from the interventions. Key elements include:

- Qualification criteria that give women owned / managed agribusiness enterprises more score and increasing chances of benefiting.
- Setting a target of reaching at least 40% female engagement, with a commitment to increase over time.
- Addressing gender-specific risks and opportunities through tailored life skills modules.
- Ensuring that monitoring and reporting mechanisms are gender-sensitive and all the data collected is gender disaggregated.

Risk and Constraints

The proposal should include a comprehensive risk mitigation plan, ensuring it is gender inclusive and consider other vulnerable groups as specified above. The overall risk matrix should consider special gender considerations, with particular attention to women in rural areas, who often face greater barriers to accessing financial services compared to men. Periodic risk assessments (at least annually) are required to evaluate the effectiveness of risk mitigation strategies and adapt them as needed.

| | Areas In Need of intervention | Specific Development Challenges | Target Results/Outcomes to be Achieved¹ |
|---|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Unlocking financing to agribusiness SMEs | <ul style="list-style-type: none"> • Lenders often do not favour lending to small borrowers or those with only short-term, seasonal needs because they are not profitable. This is due to the nature of loan economics (where there are significant fixed costs and revenues are linked to loan size, term, and price). | <ul style="list-style-type: none"> • Accredite and onboarding at least 10 financial institutions • At least 250 agribusiness SMEs to access US\$20m from accredited financial institutions • At least 75,000 smallholder farmers benefit from supplying raw material to agribusiness SMEs. |

¹ Targets to be validated through an independent third-party expert review

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| | | <ul style="list-style-type: none"> • Lending to agri-SMEs compounds the high inherent risks of agriculture with the informality of SMEs. As a result, lenders experience relatively high losses and often face pressure from their leadership and investors to limit exposure to the sector. • Banks have significant ability to mobilize funding for agriculture, they also face the biggest opportunity costs given the profitability of African banking overall (i.e., non-agriculture lending). Similarly, innovators are attracted to other markets with lower barriers to entry and higher returns, perpetuating the unattractive economics for agri-SME lending | |
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The examples above are not exhaustive. The applicants are encouraged to expand the list as they deem relevant and essential. The team at UNCDF is open to hear what applicants have in mind outside the above example as long as the scale, viability and outcomes / results are aligned with those of the project. Additionally, achievement of targets/outcomes will be validated through an independent third-party expert review.

4. Target segment / Sectors

- The project targets to **unlock US\$20million** in lending to at least **250 loans** to at least 150 agribusiness SMEs by financial institutions during the implementation period
 - 40% gender inclusive, of which 15% are women owned (51% shareholding)
 - 40% youth inclusive, of which 10% are youth owned (30% shareholding)
 - 25% green business.
- **5,000 jobs** retained and created
 - Retain 4,500 jobs (40% women, 40% youth), including fulltime and casual jobs
 - Create 500 new jobs (40% women, 40% youth) fulltime and casual jobs
 - 25% incremental income for FTEs (Full Time Employees) and 5% for casuals
- Support SMEs that provide ready market to at least **75,000 smallholder farmers** (40% women).
- Shift in lender behavior- changes in loan terms for repeat borrowers, specifically on interest rate,

collateral requirements, loan size and loan tenor

- **50% of loans to new borrowers** (i.e SMEs that have never received \$15k prior to application in the last 3 years)

5. Geographical scope

The geographic coverage for START phase II is countrywide (cover all regions of Uganda) as part of scaling up START phase I (2018-2023), whose geographic focus was 40 districts in the Northern Uganda sub-regions. Special consideration will be given to agribusiness SMEs that empower vulnerable groups, from rural geographies and SMEs that encourage green practices.

6. Duration

The implementation of the Agreement to be signed between UNCDF and the selected applicant is expected to have a 36-month duration. Activities are expected to be completed by September 2027, with the final report should be submitted by December 2027.

7. Budget

UNCDF will provide a grant to the selected applicant in accordance with the Evaluation Criteria provided in the later section of this document.

The total budget for this grant is **USD 2,000,000** to the successful applicant. Applicants are requested to submit a financial proposal with costs broken down.

This includes all activities, administrative costs, and the direct project management (including technical and administrative oversight cost) of the partner. The budget must be detailed in the financial part of the applicant's submission.

The Applicant must contribute at least thirty percent (30%) in co-funding to the total project's cash costs.

Eligible and Ineligible costs are listed in the latter section of this document.

² With up to US\$ 2,000,000 available for the intervention, an applicant is expected to commit at least US\$ 857,143 in their budget to access the available funding from UNCDF. An applicant unable to meet this minimum will not be selected. Applicants are encouraged to contribute more than the minimum if possible.

8. Expected Results/Outcomes from the Completion of the Activities under the Grant

UNCDF will implement a comprehensive monitoring process to ensure achievement of all set targets. This will involve periodic assessments and reviews of project progress against the predefined indicators and milestones. UNCDF's monitoring will include both **quantitative and qualitative evaluations, site visits, data collection and analysis, and regular reporting by the grantees**. This rigorous monitoring process aims to ensure that the activities are effectively contributing to the desired outcomes and promptly address any issue. Furthermore, achievement of the project targets will be validated through an independent third-party expert review.

Applicants may expand the list of indicators and targets beyond the initial set provided by UNCDF to capture more specific or emerging aspects of the project's impact aligning with the overarching goals of the grant. Applicants should consider incorporating additional indicators that can offer deeper insights into project performance and outcomes. These supplementary indicators will help in creating a more comprehensive understanding of the project's success and areas for improvement.

Applicants may develop and provide a detailed monitoring framework complementing UNCDF requirements. This framework should outline methodologies, tools for tracking progress, measuring outcomes, ensuring data accuracy and reliability. Additionally, applicants may propose additional Key Performance Indicators (KPIs) that align with their specific project activities and objectives. These KPIs could be designed to provide actionable insights and facilitate continuous improvement throughout the project lifecycle.

However, UNCDF is not bound to accept nor apply the said KPIs and monitoring framework. UNCDF reserves the right to modify the monitoring framework or introduce changes, or introduce a completely different set, in accordance with the best interest of both UNCDF and the final beneficiaries.

The inclusion of a robust monitoring framework and additional KPIs will enhance the ability to demonstrate impact and achieve sustainable results.

| Performance Indicators | Disaggregation of Data | Current Situation | Target Outcome/Results |
|---------------------------------------------------------------------------------------|----------------------------------|-------------------|---------------------------------------------------|
| <i># of loans disbursed to agri- business SMEs</i> | <i>Male Female Green</i> | 0 | 250 loans (40% female, 40% youth and 25% green) |
| <i>Amount of loans disbursed to agri- business SMEs</i> | <i>Male Female Green</i> | 0 | US\$ 20m |
| <i># of jobs retained by the agri- business SMEs during the implementation period</i> | <i>Male Female Youth</i> | 0 | 4,500 jobs 40% female and 40% youth, 10% refugees |

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| # of jobs created by the agri- business SMEs during the implementation period | Male Female Youth | 0 | 500 jobs 40% female and 40% youth, 10% refugees |
| # of smallholder farmers benefiting from improved market access through the agri- business SMEs | Male Female Youth | 0 | 75,000 smallholder farmers 40% female and 40% youth, 10% refugees) |

Applicants who are not able to report on one or multiple indicators or provide disaggregated data should provide a justification.

The performance indicators indicated above are only a preliminary list. The specific performance indicators and monitoring framework shall be developed and finalized between the applicant and UNCDF and be aligned with the results framework of the project document

9. Grant Disbursement Schedule

The grant that UNCDF will provide shall be disbursed based on the following schedule and milestone accomplishments:

| Target Milestones/ Accomplishment | Performance/ Success Indicators | Method to Verify Milestone ³ | Grant Amount Due |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------|
| Milestone 1: | <ul style="list-style-type: none"> Responsible Party (RP) Agreement signing project workplan is submitted and approved by UNCDF for the entire project duration as well as a detailed first year project plan submission | <ul style="list-style-type: none"> Signed RP agreement Workplan approved by UNCDF | 10% |
| Milestone 2: | <ul style="list-style-type: none"> 10% project KPIs across all | <ul style="list-style-type: none"> Evidence of Agreements with | 10% |

³ UNCDF will engage an independent assessor to validate the milestones achieved, and amend the agreement that will be signed to incorporate more detailed methods of verification and validation of milestone accomplishments as basis for disbursement of payment tranches.

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| | <p>objectives achieved</p> <ul style="list-style-type: none"> • 10 lenders onboarded under the program • Necessary partnerships to facilitate project objectives have been institutionalized | <p>lenders / partners</p> <ul style="list-style-type: none"> • Evidence of loan agreements signed between banks and SMEs • Evidence of disbursement of loans to the SMEs • Database and necessary calculations for milestones reached • Quarterly technical and financial report • UNCDF monitoring and validation report • Independent third-party expert review | |
| Milestone 3: | <p><i>50% project KPIs (cumulative) across all objectives achieved</i></p> | <ul style="list-style-type: none"> • Evidence of loan agreements signed between banks and SMEs • Evidence of disbursement of loans to the SMEs • Database and necessary calculations for milestones reached • Quarterly technical and financial report • UNCDF monitoring and validation report • Independent third-party expert review | 20% |
| Milestone 4: | <p><i>90% project KPIs across all objectives achieved</i></p> | <ul style="list-style-type: none"> • Evidence of loan agreements signed between banks and SMEs • Evidence of disbursement of loans to the SMEs • Database and necessary calculations for milestones reached | 20% |

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| | | <ul style="list-style-type: none"> • Quarterly technical and financial report • UNCDF monitoring and validation report • Independent third-party expert review | |
| Milestone 5: | <i>100% project KPIs across all interventions achieved</i> | <ul style="list-style-type: none"> • evidence of loan agreements signed between banks and SMEs • Evidence of disbursement of loans to the SMEs • Database and necessary calculations for milestones reached • Quarterly technical and financial report • UNCDF monitoring and validation report • Independent third-party expert review | 20% |
| Milestone 6: | <i>Project closure and sustainability interventions institutionalized</i> | <ul style="list-style-type: none"> • Project closing and sustainability report • Financial Report • Project final report entailing challenges, lessons learnt, and recommendations going forward. • Independent third-party expert review | 20% |

10. The Role of the Independent Assessor in the Disbursement of Payment

Prior to UNCDF's signature of the agreement with the successful applicant, an independent assessor shall review, validate, clarify, the following sections:

- a) The theory of change, and its alignment with achieving expected results under the agreement.
- b) The indicators to be used to measure the achievement of the results and performance targets against these indicators, ensuring that they are clearly articulated, measurable, verifiable and include detailed conditions for trigger disbursement of payments to the Responsible Party; and
- c) The adequacy and feasibility of risk management measures, including compliance with social and environmental standards.

The independent assessor shall also develop a methodology plan and monitoring framework which shall be used to verify the achievement of milestones and shall serve as a guide for UNCDF to confirm that targets have been met and results reported by the successful applicant are validated.

UNCDF and the successful applicant shall collaborate and agree on the outputs arising from the recommendations of the independent assessor, and incorporate all such conditions on the agreement, either prior to the signing of the agreement or in the form of an amendment to a signed agreement.

During the implementation of the agreement, and upon reporting of their achievements by the Responsible Party, the independent assessor shall be requested by UNCDF TO conduct verification of milestones using independent data collection and validation methods, based on the agreed upon methodologies and frameworks. The independent assessor shall provide the following to UNCDF :

- a) a confirmation of the results achieved and a recommendation to authorize the disbursement of the corresponding payment as agreed in the agreement; or
- b) a confirmation of partial achievement or non-achievement of results, together with recommendations on action points to be undertaken in order to fully achieve the targeted results; or
- c) other important recommendations that are necessary for both UNCDF and the successful applicant to consider, in order to achieve the development results agreed in the agreement, including best practice observed and lessons learned.

IV. ROLE OF UNCDF

UNCDF takes a tailored approach to engagement with partners, working with them throughout to identify business and customer needs, and helping to design, pilot and scale up the solution along the way.

For this particular work, UNCDF will provide both grants and technical assistance to NGOs. Specific roles include:

- **Programmatic Support:** Providing training modules (financial literacy and entrepreneurship), communication tools (design and templates), field coordination, and support.
- **Monitoring and Evaluation:** Regular monitoring of programme activities, reviewing monthly reports, and conducting periodic project monitoring.
- **Auditing and Payment:** Conducting audits, designating an agreement Administrator, and managing payments as per agreement provisions.

UNCDF will work closely with the partner NGO to effectively achieve the project objective by providing extensive support, including the development of joint communication and outreach materials, as well as assistance in structuring incentives to align with the START facility selection criteria.

Some other examples of the ways in which UNCDF works with partners include:

- **Product Research:** Sharing market research and knowledge to deepen partners' understanding of customers' behaviours, needs, constraints and aspirations. This also includes providing transaction data analysis and training to the business teams.
- **Product design:** Providing human-centred design expertise to better understand the customer journey - physical and financial – for better product design and use-case development tailored to the needs of low-income customers and their families. The efforts may also involve analysing the transaction data from a customer lens.
- **Provisioning:** Providing technical assistance to help design, pilot, deploy, and scale up solutions for impact. Technical assistance is provided by digital finance experts who are experienced in product design, business model development and go-to-market strategies in some of the most challenging markets in Africa and Asia.
- **Partnerships:** Facilitating strategic partnerships with stakeholders – including cross-border payment hubs, mobile network operators, financial institutions, and non-bank financial institutions – to enable partners to reach last-mile customers, and to grow sustainably. UNCDF is uniquely positioned to be a neutral broker of partnerships and has a record of building strong relationships with private and public organizations across Africa, Asia, and Pacific.
- **Policy and Advocacy:** Convening efforts to support an enabling environment and build policy and advocacy capacity for human-centred products and services to be piloted and potentially scaled.

For this TOR, UNCDF will provide both grant and technical assistance. UNCDF’s TA will be aligned with the guidance provided above and is linked with the mandate to ensure project objectives are met in an efficient and timely manner.

In the TOR, applicants may identify and suggest specific areas where the technical support from UNCDF and its network of expertise will be needed by the applicant.

V. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

1. Applicants

Eligible entities can apply alone or as lead applicant in a consortium of firms, as long as they comply with the eligibility requirements set forth in this document. Only applications that meet the eligibility requirements will proceed to the next stage of evaluating compliance to the criteria.

In case of a consortium of entities applying to the selection process, the lead applicant shall be the only one to comply with the eligibility requirements. The lead applicant will be directly accountable to UNCDF and shall be responsible for the following:

- Submitting the application form, for and on behalf of the consortium.
- Ensuring that each consortia member is fully aware of the composition of the partnership and of the contents of the Application Form.
- Signing the Agreement with UNCDF.
- Fulfilling all obligations set out in the Agreement with UNCDF.
- Ensuring the allocation and the fulfilment of the funds amongst the partner in the consortium in compliance with the Agreement with UNCDF; and
- Ensuring the allocation and the fulfilment of the tasks amongst the partner in the consortium in compliance with the Agreement.

2. Eligibility Requirements

UNCDF is looking to work with Non-Government Organizations (NGOs) (National or international) for the purpose of this grant, and consortiums of entities led by an NGO are also encouraged to apply.

The NGO must have the following minimum eligibility and qualification criteria:

| Eligibility Requirement | Document to be provided |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Registered | <ul style="list-style-type: none"> • Registration of the business, including Articles of Incorporation, or equivalent document if Applicant is not a corporate entity • Members of the Governing Board and their Designations duly certified by the Corporate Secretary, or its equivalent document, if the Applicant is not a corporate entity • List of Shareholders and Other Entities |

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| | <p>Financially Interested in the Firm owning 5% or more of the stocks and other interests, or its equivalent if Applicant is not a corporate entity</p> <ul style="list-style-type: none"> • Official Letter of Appointment as local representative, if Applicant is submitting for and on behalf of an entity located outside the country |
| <ul style="list-style-type: none"> • The NGO must have a minimum of 5 years of overall experience to work with UN agency or INGO or donor or GoB under different ministries. • The NGO and/or its consortium member must demonstrate direct experience working with the target beneficiaries in Uganda. • The NGO must have carried out at least two assignments in any of the following fields: access to finance technical assistance and BDS support | <ul style="list-style-type: none"> • Organization profile with list of experiences with a brief summary of the achievement highlighting primarily the previous work that are similar to the requirements of this TOR, the no. of years of working with UN agency client and/or rural communities in Uganda • Statement of Satisfactory Performance from the Top 3 Clients in the past 5 <i>years</i> specially where the work is similar to the requirements of the RFA • List of top 5-10 clients who have previously benefitted from the solutions being proposed to UNCDF, their contact person, contact details: |
| The NGO must have prior experience of collaborating with relevant government institutions, private institutions and local government bodies in the applied zone. | Proof of collaboration such as snapshot of agreement / MoU / letter of appreciation / any other from the respective organization. |
| The NGO must have operational presence in Uganda | <ul style="list-style-type: none"> • Physical office in Uganda |
| The organisation must have the experience of implementing projects with a cumulative value of USD 2,000,000 of within last 03 (three) years. | <ul style="list-style-type: none"> • Copies of the highest valued contracts / agreements over the past 3 years that accumulate to at least \$2,000,000 per calendar year • Latest Audited Financial Statement (Income Statement and Balance Sheet) including Auditor's Report and opinion for the past 3 <i>years</i> |
| The company is not in the UN Security Council 1267/1989 List, UN Procurement Division List or Other UN Ineligibility List. | <ul style="list-style-type: none"> • Self-Declaration letter • All information regarding any past and current litigation during the last five (5) years, in which the Applicant is involved, indicating the parties |

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| | concerned, the subject of the litigation, the amounts involved, and the final resolution if already concluded. |
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Consortiums

Joint applications between NGOs in the target country are encouraged if the solution proposed will expand delivery networks and promote rural and/or other last-mile access to financial services for migrants and their families.

Applications from consortiums of organizations must show that the partnership was legally established prior to this call for applications, and proof of such formalization must be provided.

The lead applicant and its partner/s must be registered entities with at least one year of operations and must have statutory accounts and audited financial statements for at least one operating year.

The Eligibility Documents shall consist of the following:

Mandatory Documents

- Organization Profile, which should not exceed fifteen (15) pages, highlighting the work that are similar to the requirements of the TOR
- Registration of the business, including Articles of Incorporation, or equivalent document if Applicant is not a corporate entity
- Members of the Governing Board and their Designations duly certified by the Corporate Secretary, or its equivalent document, if the Applicant is not a corporate entity
- List of Shareholders and Other Entities Financially Interested in the Firm owning 5% or more of the stocks and other interests, or its equivalent if Applicant is not a corporate entity
- Trade name registration papers, if applicable or if required in the location
- Latest Audited Financial Statement (Income Statement and Balance Sheet) including Auditor's Report and opinion for the past 3 years
- List of top 5-10 clients who have previously benefitted from the solutions being proposed to UNCDF, their contact person, contact details;
- Statement of Satisfactory Performance from the Top 3 Clients in the past 5 years specially where the work is similar to the requirements of the RFA
- List of Bank References (Name of Bank, Location, Contact Person and Contact Details)
- Official Letter of Appointment as local representative, if Applicant is submitting for and on behalf of an entity located outside the country
- All information regarding any past and current litigation during the last five (5) years, in which the Applicant is involved, indicating the parties concerned, the subject of the litigation, the amounts involved, and the final resolution if already concluded.

If any of the documents below cannot be provided, the Applicant must provide an explanation.

Optional Documents

- International Accreditation Certificates, awards, citations, and other recognitions received in the past by the applicant

Only applications that follow the Submission Formats and include all the necessary documentation will be considered. Please see the Instructions to Applicants herein attached for other information on the grounds for exclusion of Applicants.

3. Criteria for the Selection of the Applicants

The Evaluation Committee will review and rate the applications according to the below evaluation criteria, based solely on the documents/information that will be submitted by the Applicant.

| | <u>CRITERIA</u> | <u>DOCUMENTS TO BE SUBMITTED TO ESTABLISH COMPLIANCE WITH THE CRITERIA</u> | <u>MAX POINTS</u> |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------|
| 1 | <u>Organization profile and experience</u> UNCDF will rate the applicant’s profile, the extent of its compliance with the eligibility requirements, its track record, reputation, experience in similar work/projects and in the country/region, check also if the applicant has successfully completed any form of engagement with UNCDF in the past. | Eligibility documents that will be submitted by the Applicant | 20 |
| 2 | <u>Suitability of Team Composition and Qualifications</u> UNCDF will rate the applicant’s proposed team structure, and if the experiences of the team members are suited for implementing the agreement that will be signed with UNCDF, including, but not limited to, their management skills, technical know-how, on the field footprint, monitoring and RM capacities, etc.) | CVs of Team Leader and Members that will directly work with UNCDF | 20 |
| 3 | <u>Appropriateness of the Proposed Solution</u> UNCDF will rate the appropriateness of the applicant’s proposed solution to the development challenges and the project environment, if the solution has been piloted/tested and proven to have been effective and successful in the past, determine if it serves the objectives of the TOR, if it will directly translate into the results/outcomes intended for this TOR, if the workplan is realistic and achievable, assess risk management, quality control, reporting and other project management good practices. | Description of Proposed Solution | 30 |

| | | | |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------|
| 4 | <u>Applicant Contribution</u> The applicant has committed at least 30% of the total required budget towards implementation of the proposed interventions. | Corresponding Narrative Provided in the Description of Proposed Solution | 15 |
| 5 | <u>Partnerships with financial institutions</u> The applicant has demonstrated actual ongoing partnership engagements with at least 10 financial institutions in Uganda. | Corresponding Narrative Provided in the Description of Proposed Solution | 15 |
| TOTAL | | | 100 |

Only applications that score at least **70 out of 100** will be considered successful and move up to the due-diligence and assessment stage.

4. Eligible costs⁴

The general criteria for eligibility of costs under UNCDF funding include the following.

- The costs were incurred by the applicant during the project (after the signature of the Performance-based Agreement and up to the end of the Grant period);
- The costs have been indicated in the estimated overall budget of the action attached to the Performance-based Agreement.
- The costs are identifiable and verifiable, in particular being recorded in the accounting records of the applicant and determined according to the applicable accounting standards of the country where the lead applicant is established.
- The costs comply with the requirements of applicable tax and social legislation.
- The costs are reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.
- The costs are for consultancy services – under studies, technical assistance and other advisory services under the programme carried out by international and national consultants – are eligible as follows. Professional and consultancy services are services rendered by people with a special skill, and who are not officers or employees of the organization applying for the grant. Consulting services must be justified, with information provided on their expertise, primary organizational affiliation, normal daily fee, and number of days of expected service.
- The costs are for consultants’ travel costs, including subsistence allowances. These should be shown as travel expenditure. The applicant may be required to justify the daily fee.
- The costs are for workshop venue, food and beverages, and publication materials.

• ⁴ The applicant is expected to contribute at least thirty percent of the eligible project cash costs, as explained in Section 7 – Budget.

- The costs are for Training (financial education, digital education, soft skills), for the project's final beneficiaries are eligible. If applicable, this will include all related expenditure, such as the cost of the venue, participant travel, and so on. Training for the employees of the institution applying for the grant is also eligible as long as it has been demonstrated that it will link directly to the project output.
- The costs are investment costs directly attributable to the project, relating to research and innovation.

5. Ineligible costs

The following costs are ineligible and not acceptable for UNCDF funding:

- Returns on capital and dividends paid by a beneficiary.
- Debt and debt service charges.
- Provisions for losses or debts.
- Interest owed.
- Indirect costs, also called overhead.

VI. APPLICATION REQUIREMENTS AND APPLICATION PROCESS

1. Structure of the application

The applicant must submit a complete application online. All applications should be done in the following structure:

- Eligibility Documents – The documents listed in the succeeding section should be compiled.
- Description of Proposed Solution – this should make use of UNCDF's template. When preparing this section, applicants are expected to ensure that this will be developed and organized in a manner that will clearly demonstrate to UNCDF how the Applicant meets each of the criteria listed above and cite evidence of such compliance.
- Budget and Resources Plan – this should make use of UNCDF's template, and breakdown the budget into what the Applicant will fund, as well as how and where the UNCDF grant amount will be spent.
- Curriculum Vitae of Team – this should make use of UNCDF's template.

2. Application Details

The applicants are expected to observe and be mindful of the below information governing the Application process:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deadline of Submission of Application | September 13, 2024 |
| Time of Latest Submission* | 23:59 EDT TIME |
| Language of the Application and all supporting documents | English. |
| Method for Submission of Application | UNCDF e-investment platform: https://apply.uncdf.org/prog/240823 - uga - start facility phase ii |
| Date and Time of Meeting / Q&A between UNCDF and Prospective Applicants Another virtual or in-person Q&A session can be organized based on the discussion and requirement | Date: Friday, August 30, 2024 Time: 11:30 AM Uganda Time Meeting Link ⁵ : Join the meeting now Meeting ID: 338 509 748 387 Passcode: TJR2Nt |
| Last day for the transmission of questions/queries | September 2, 2024 |
| Email address for submission of Questions | queries@uncdf.org |
| Areas of Intervention where an Applicant can apply (Applicant indicate the areas targeted in the application they are submitting) | Countrywide |
| Validity of the Application | 150 calendar days |
| Currency of the Budget Proposal | USD Disbursements in Ugandan shillings |
| Percentage of the Total Budget Proposal that the applicant is expected to fund in cash (for costs such technical resources, staff, and operational expenses). | 30% |
| Range of UNCDF's contributions / Percentage share of the Total Budget Proposal | 70% |
| Type of Agreement to be Signed with Successful Applicant/s | Responsible Party Agreement |
| No. of Applicants that Will be Selected and Awarded an Agreement (depending on the investment readiness level and outreach potential of the solution proposed). | One |
| Latest Expected Date of Signing the Agreement with the Successful Applicant/s | 30 September 2024 |

⁵ Meeting link: https://teams.microsoft.com/join/19%3ameeting_YzU1ZjE3YmQtNTcwZC00ZGMzLWI3MTItOTQ1OTQwMzZiNTU4%40thread.v2/0?context=%7b%22id%22%3a%22b3e5db5e-2944-4837-99f5-7488ace54319%22%2c%22oid%22%3a%22cf511592-e166-4176-9709-d40fafab346b%22%7d

| | |
|------------------------------------|-------------------------------------------------|
| Expected Duration of the Agreement | 36 months from signing date till September 2027 |
| Other Information | NA |

**All Potential Applicants are encouraged to visit the TOR site frequently to check on any change in TOR information, particularly deadline extensions and answers to queries.*

3. Selection Process

The successful applications shall be determined by following these stages of selection process:

- a) Eligibility screening / Longlisting;
- b) Evaluation of eligible applications based on the extent the application complies with criteria set forth in the previous section;
- c) A due diligence on the selected applications that will be conducted by UNCDF – at this stage, additional documentation and evidence may be requested by UNCDF from the applicants;
- d) Notification of applications of the status of their applications, both successful and unsuccessful.

VI. ANNEXES TO THIS TOR

1. [Instructions to Applicants](#)
2. [Template Agreement to be signed by UNCDF with the Successful Applicant/s \(attached\)](#)
3. [Proposal template](#)
4. [START facility project document](#)
5. [Partner Capacity Assessment – the successful applicant will be subjected to the partner capacity assessment.](#)
6. [Micro Assessment](#) – the successful applicant will be subjected to micro assessment since the value of the grant is above US\$150,000 per year.